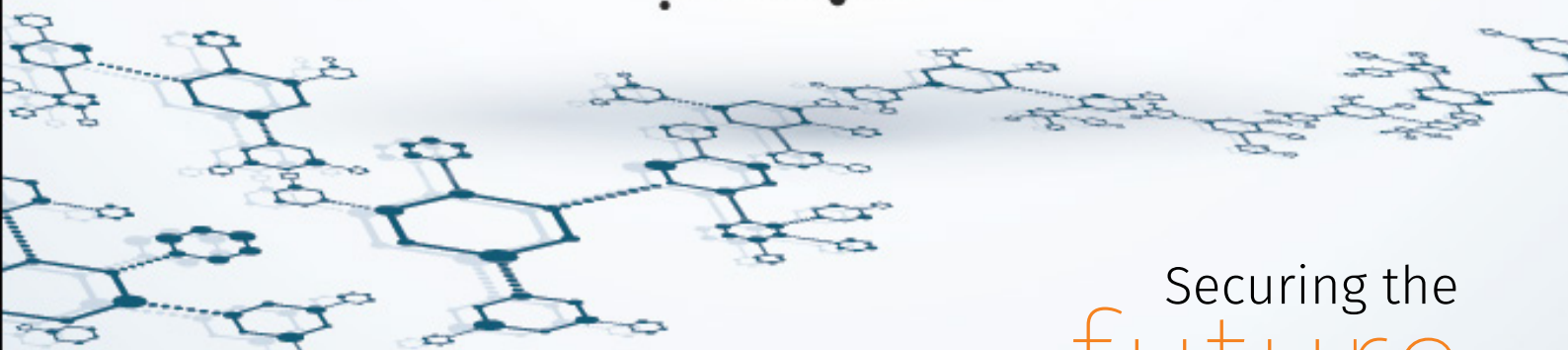
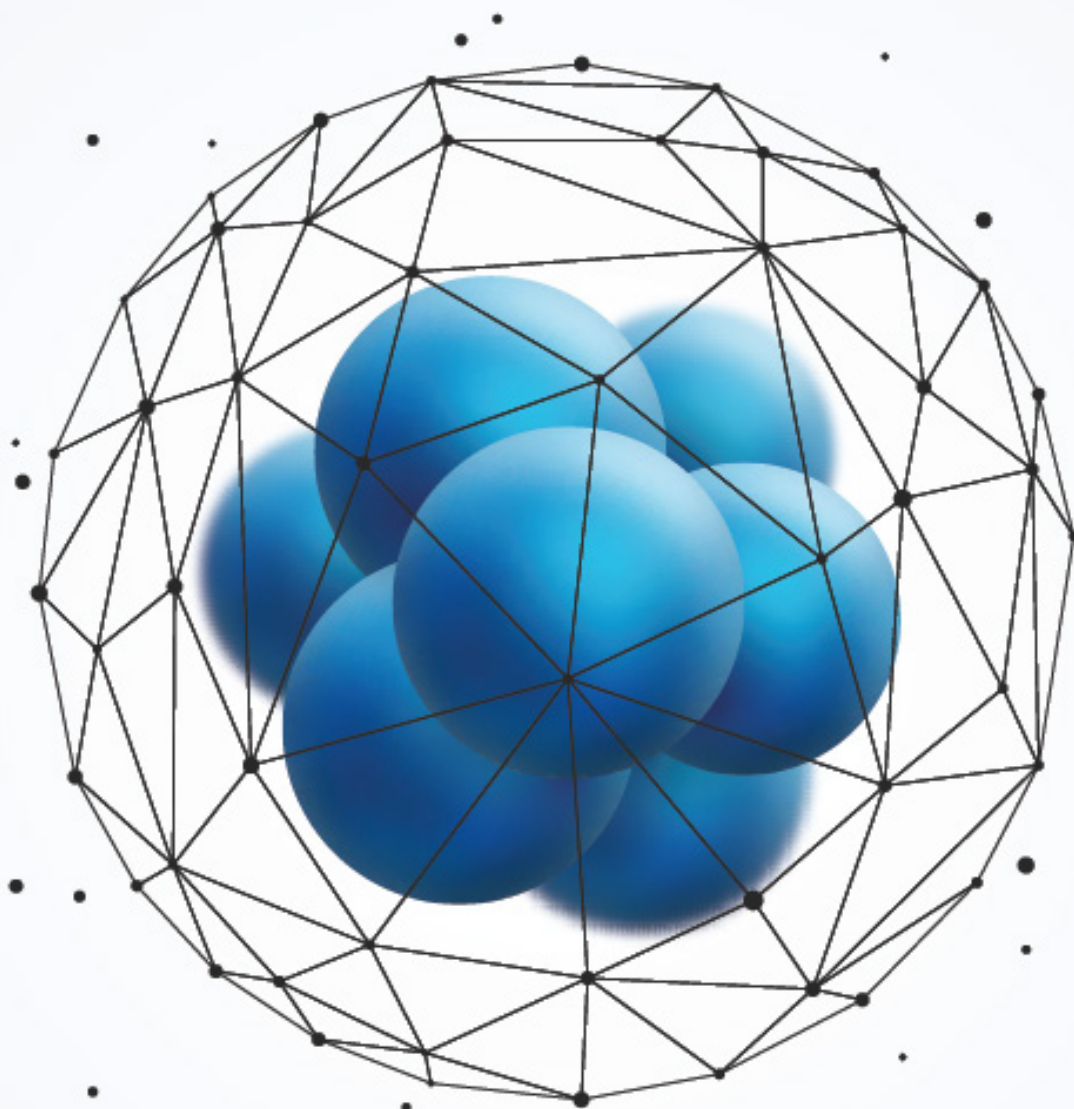




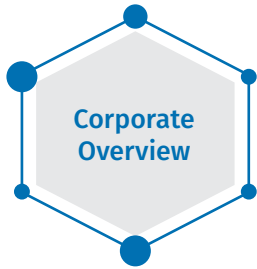
Vinati Organics Limited

28<sup>th</sup> Annual Report  
2016-17



Securing the  
future

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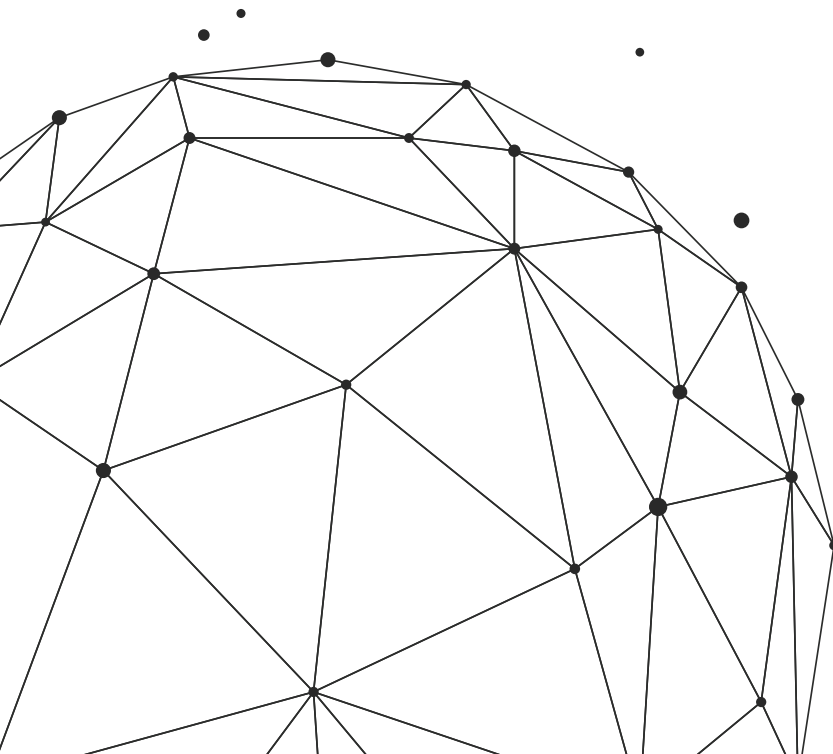
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## DISCLAIMER

We have exercised utmost care in the preparation of this report. It contains forecasts and/or information relating to forecasts. Forecasts are based on facts, expectations, and/or past figures. As with all forward looking statements, forecasts are connected with known and unknown uncertainties, which may mean the actual result deviate significantly from the forecast. Forecasts prepared by the third parties, or data or evaluations used by third parties and mentioned in this communication, may be inappropriate, incomplete, or falsified. We cannot assess whether information in this report has been taken from third parties, or these provide the basis of our own evaluations, such use is made known in this report. As a result of the above mentioned circumstances, we can provide no warranty regarding the correctness, completeness, and upto-date nature of information taken, and declared as being taken, from third parties, as well as for forward looking statements, irrespective of whether these derive from third parties or ourselves. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

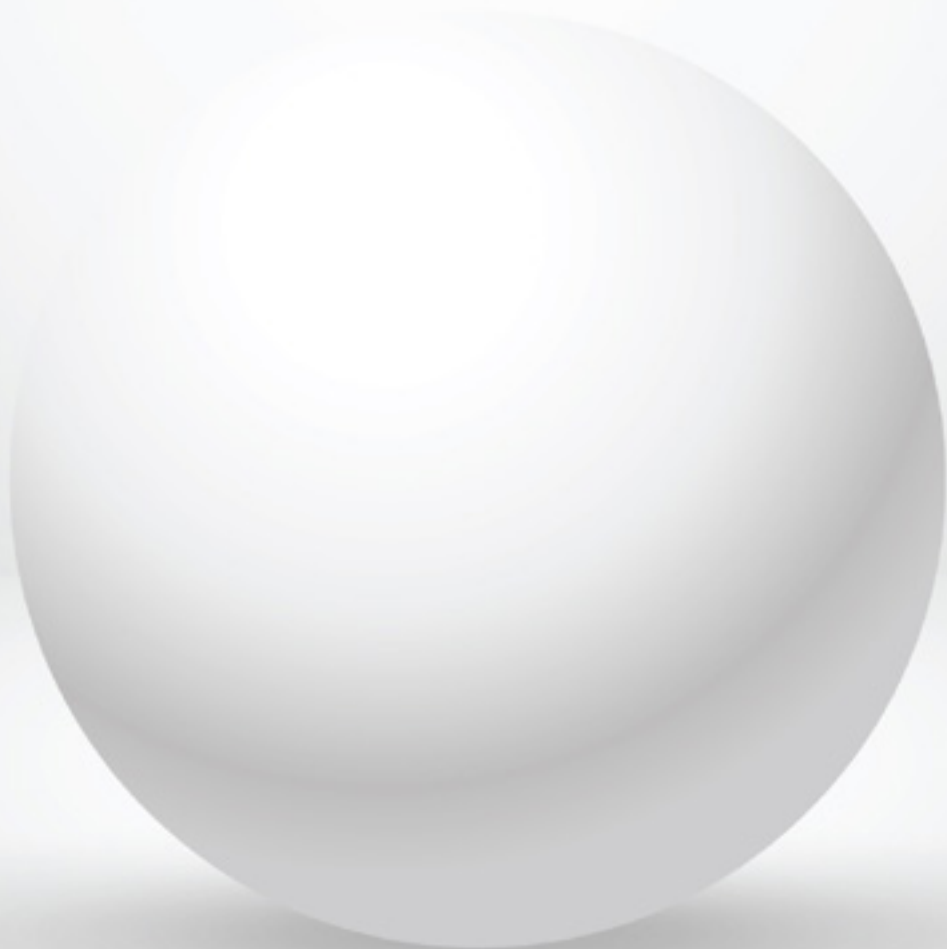


The future is nothing but a culmination of the present.

Hence for us, doing something for our future means doing the right things right now. Be it by integrating our business model to be productive, further expanding our product basket or by taking our financial management a notch higher.

By creating a more solid and versatile foundation today, we have set the precedent for a more sustainable and growth-oriented business framework of tomorrow.

By strengthening our present, we are **securing our future!**



# Performance highlights

## Revenue from operations

2016-17	66,633	<b>+6%</b>
2015-16	63,095	

## Operating EBIDTA

2016-17	22,757	<b>+9%</b>
2015-16	20,855	

## Profit before tax

2016-17	20,464	<b>+10%</b>
2015-16	18,656	

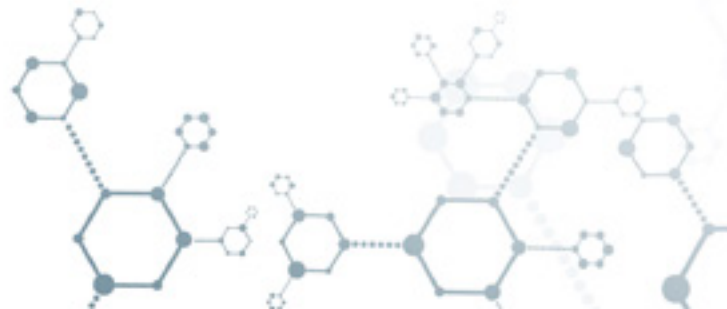
## Profit after tax

2016-17	13,930	<b>+6%</b>
2015-16	13,157	

## Gross block

2016-17	59,783	<b>+23%</b>
2015-16	48,508	

\* All figures in ₹ Lacs



### Operating EBIDTA margin (%)



### PAT margin (%)



### PBT margin (%)



# ZERO

LONG TERM DEBT



# About us

1989



Established in 1989, Vinati Organics Ltd. is a specialty chemical company producing aromatics, monomers, polymers and other speciality products. Headquartered in Mumbai, the Company operates through its two manufacturing facilities with an integrated B2B business model to derive maximum operational efficiencies.



## Partners in progress

Our technical knowhow association with Institut Francais du Petrole (IFP), France, Saipem, Italy and National Chemical Laboratories (NCL), Pune have enabled us to launch new products and sustain market leadership in existing products.

**WORLD'S LARGEST  
MANUFACTURER WITH**

~65%

**MARKET SHARE IN IBB**

**WORLD'S LARGEST  
MANUFACTURER WITH**

~45%

**MARKET SHARE IN ATBS**

**INDIA'S LARGEST  
MANUFACTURER WITH**

~70%

**MARKET SHARE OF IB  
INDIA**



## Certified plants

Both the plants at Mahad (Raigad) and Lote (Ratnagiri), Maharashtra are certified with national and international certifications.

ISO

**9001:2008**

ISO

**14001:2004**

OHSAS

**18001:2007**



## Products that are benchmarked globally

Our focus on producing niche specialty chemicals addressing specific applications has allowed us to manufacture high-quality products with high purity levels.

99.8%

THE PURITY LEVEL OF IBB IS THE HIGHEST IN THE WORLD

99.97%

THE PURITY LEVEL OF HP-MTBE IS THE HIGHEST IN THE WORLD

0.5%

THE VARIATION LEVEL IN PURITY STANDARDS OF ATBS COMPARED TO 3% OF GLOBAL TOLERANCE LEVELS



## Environment friendly

At Vinati we continuously strive to minimise emissions from our manufacturing process. With an integrated business model, the residues of one product are absorbed as an input for another, thereby creating a holistic and eco-friendly process chain.

₹ 10000 lacs

INVESTED IN EFFLUENT TREATMENT PLANT



# Message from the MD & CEO



**AFTER THE FEW INITIAL YEARS OF STRUGGLE, OUR COMPANY PERFORMED QUITE STEADILY AND HAS GROWN OVER 25 YEARS. BUT FY2016-17 PROVED TO BE VITAL AS WE EMBARKED ON THE PATH OF SECURING LONG-TERM FUTURE GOALS THROUGH THE DEVELOPMENT OF NEW PRODUCTS.**

## Dear shareholders,

2016-17 proved to be a big stepping stone in the history of our Company. At this critical juncture I am pleased to present the excellent annual performance of our Company despite the gloomy global economic scenario and the demonetisation impacted Indian economy.

After the few initial years of struggle, our Company performed quite steadily and has grown over 25 years. But FY2016-17 proved to be vital as we embarked on the path of securing long-term future goals through the development of new products. Commencing in FY2016-17, we laid out a few primary objectives such as

improving free cash flow generation and expanding our product offerings to minimise the product risk, thus positioning our Company for long-term sustainable growth. And I am proud to say that during this past year, we delivered on each of these objectives, while significantly strengthening our balance sheet and delivering impressive returns to shareholders.

Our Company has always strived to be the best in terms of identifying and developing niche products, possessing a differentiated R&D approach and also undertaking development of green products; this has helped us come a long way by creating a strong

differentiation while catering to global MNCs. Unlike many in our sector we focused mainly on inventing better and greener chemical processes, having higher purity levels and better cost-efficiency. Thus today the purity levels of our Company's products are among the best globally. There are however downsides to this strategy like slower product launches and a concentrated product portfolio. But at our Company, we have successfully overcome this challenge by focusing on a long product pipeline which will ensure continued growth for the next 5 years.



## Importance of FY2016-17

Our Company has three major products – ATBS, IBB and IB which have been highly successful. But during FY2016-17 we broke a silence of almost 4 years and announced three of the largest capex investments in our history, for the development of products like IB derivatives PTBBA and butylated phenols (an import substitution used in fragrances, resins and antioxidants. among others), PAP (used in paracetamol manufacturing) and forward integration to IBAP. With all these facilities expected to become operational over FY2017-18 to late FY2019-20, our Company is not just expected to widen portfolio but to double revenues by FY2020-21 and at the same time ensure a sustainable future growth. Further our Company embarked on the path of building a 8 megawatt co-generation based captive power plant at our Lote facility, which is expected to provide our Company with a cost saving of ₹8 crores in power cost. By improving access to reliable and affordable energy, our Company intends to meet its energy goal: we are also doing our part to minimise impacts to the environment. Interestingly, majority of our capex has been funded from internal accruals only, thus enabling our Company to maintain its zero-debt status. Moving forward I expect the free cash-flow to strengthen from FY2019-20 as the capex cycle subsides.

From a macro perspective, despite a number of challenges in terms of fluctuating oil prices, uncertain geopolitical scenarios and slower than expected growth in the emerging economies, a number of micro economic factors like lower cost of labour, availability of key raw materials, large consumer markets

and adaptability to technology along with strong policy support from the Government, has worked in favour of the Indian chemical industry. Further I believe that recent market changes have created notable challenges for our industry. However, they also present new opportunities for our business. Thus, our Company is uniquely suited to compete effectively throughout the cycle.

At Vinati, of paramount importance are Vinati's high standards for operational performance, strict norms for emerging as the greenest chemical company and judicious capacity building has helped us steer our business successfully over the years. These standards of integrity and excellence allow us to set high performance and efficiency goals, measure our achievements, and improve our operations every year. None of this would be possible, however, without the knowledge, skill, and dedication of our employees, who again demonstrated this year that they possess the best technical and leadership skills in the industry.

We plan to enhance our focus on developing a greener, cost-efficient manufacturing processes for existing products, integrating it forward, backwards or horizontally, to further build scale benefits on raw materials and thereby capture a higher share of the value chain. All these efforts will increase our competitive strength, drive growth and lead to our emergence as a responsible global corporation.

I can assure you that we will continue our intense focus on the value creation for shareholders. We appreciate the confidence and trust that you have shown in our Board, management and our employees. Initially our Company

was just a raw material supplier but our innovation-led approach helped us address client's supply chain concerns through integrated intermediate chemicals and greener technology thus solving complex client problems. We have undertaken this journey for 25 years now. But I believe we are still far away from achieving our best. The coming years would be an exciting time for our shareholders as I believe they would be our transformative years. We continue to keep our commitments to our shareholders and unlock the value within our Company. We continue to maintain an unparalleled financial position in the industry. This enables us to pursue and finance attractive investment opportunities as and when they arise. I look forward to a year of transformation and value creation with you, our shareholders.

With warm regards,

**Vinod Saraf**

Managing Director & CEO

# Securing the future

Vinati Organics is a renowned specialty chemicals company in India, leading globally in manufacturing some of the key products.

Starting operations almost

**two AND A HALF DECADES BACK,**

Vinati Organics serves global clients and is their preferred supplier in the products we are present in.



Our products serve sectors like:



Water Treatment



Emulsions and Paints



Construction



Agrochemical



Mining



Pharmaceutical



Paper



Leather



Oil Drilling

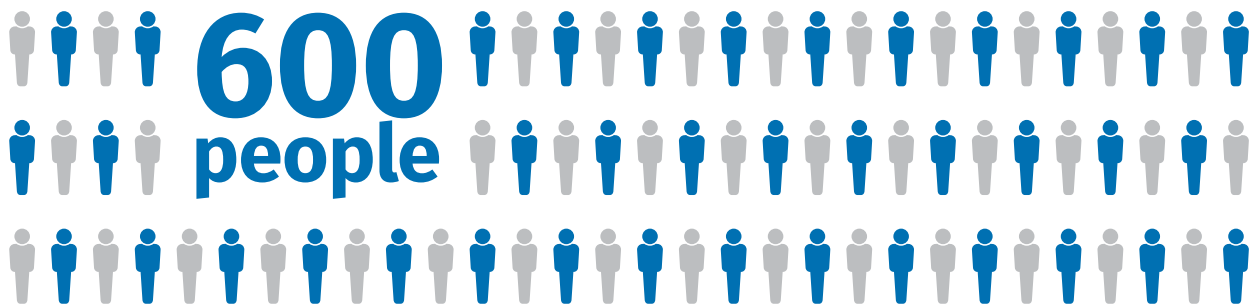


Operating from India, we export our products to more than

**22** COUNTRIES  
ACROSS THE  
GLOBE.

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Our team of more than



comprising a diverse set of intellectuals with different skill sets forms an essential building block for our sustained growth.

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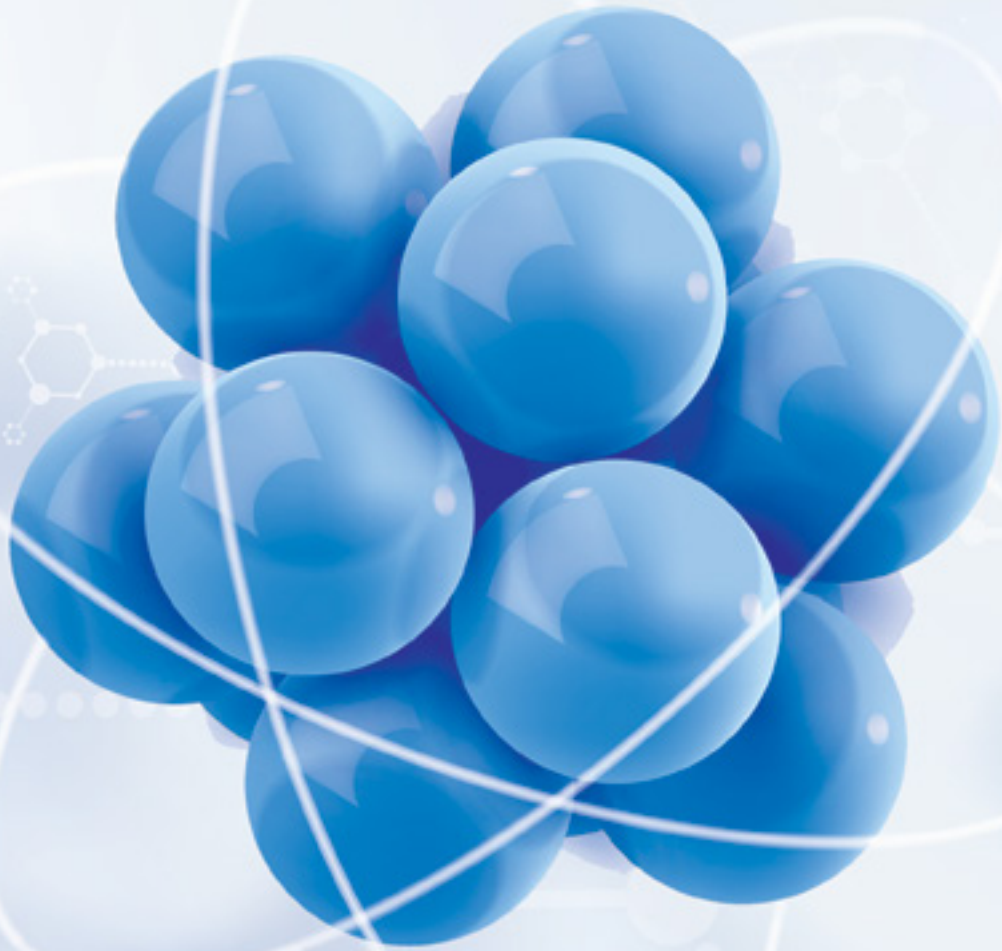
This has helped us serve our domestic clients, substitute imports, export to global MNCs and emerge as a truly



**‘MAKE IN INDIA’**

Company.

# Integration is the key



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OUR INTEGRATED BUSINESS MODEL AND EFFICIENT PRODUCTION SET UPS ARE THE KEY TO OUR PAST LAURELS AND FUTURE GROWTH. OUR PRODUCT VALUE CHAIN HELPS US POSITION GLOBALLY IN ORDER TO RELIABLY SUPPLY TO A WIDER CUSTOMERS BASE.

Having started modestly with 1000TPA production capacity for ATBS, today we are the largest producer in the world. The expansion and success was at the backdrop of our captive and self-sustaining business model.

Understanding the growing demand for ATBS, we consciously started manufacturing IB – key raw material ingredient for ATBS. It brought in two fold benefits, one, helped us cut down our import of IB and save costs; two, increased revenues with sale of Co-products and by-products from manufacturing process (TBA, Industrial Polymers and Methanol).

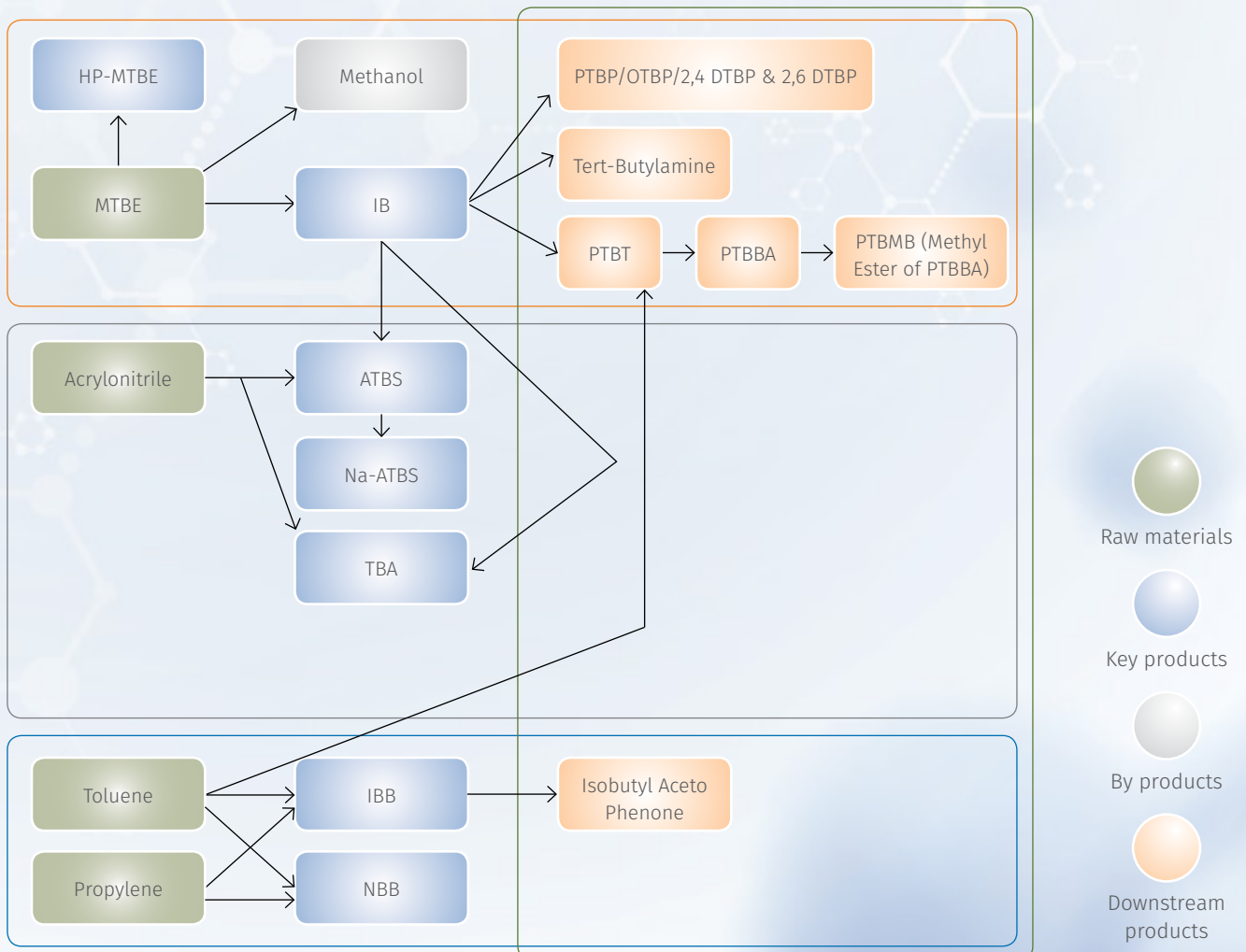
We are the largest manufacturer of IB in India and taking that competitive advantage we have now started manufacturing IB derivatives which add value to our entire play on synergy and integration. TB Amine, which is an IB derivative, has now started contributing to our sales mix from FY17 onwards. PTBBA, which is another IB derivative, will start contributing to our revenue from FY18 onwards.

We are also working on butylated phenols project which consists of 4 more IB derivatives (PTBP, OTBP, 2,4 DTBP & 2,6 DTBP). These products find applications as intermediates in

various industries like fragrance, resins, lubricants and antioxidants. Presently, these products are not manufactured in India and are being imported. We intend to substitute these imports and would also look at catering to the global demand. These plants are expected to be commissioned towards the end of FY19.

We also intend to forward integrate our IBB business by manufacturing IBAP, which is the intermediary between IBB and Ibuprofen. This forward integration will be value additive to our existing set of operations.

### Our integrated product profile





# Widening the product basket

---

OUR INVESTMENTS IN RESEARCH AND NEW PROCESS DEVELOPMENT FORM A STRONG FOUNDATION FOR OUR SUSTAINABLE GROWTH. OUR FOCUS ON DEVELOPING INNOVATIVE AND COST COMPETITIVE PROCESSES FOR OUR PRODUCTS ENABLE US TO STRENGTHEN OUR MARKET LEADERSHIP.

At Vinati Organics, we founded our business on identifying innovative products and backing them with competitive advantages. With focused products, continuous process innovation and sustained capacity expansion, we demonstrated a healthy growth in revenue and profitability. The result: We are the largest producer of IB and HPMTBE in India, largest producer of IBB and ATBS in the world.

Leveraging our integrated business model supported by technological tie-ups with National Chemical Laboratories (India), Institut Francais du Petrole (France), Saipem S.p.A. (Italy)

and IICT, Hyderabad, we have been able to enrich our product profile. As a strategic step, we have forward integrated into developing IBAP, PTBT/PTBBA/butylated phenols.

Our investment in Para Amino Phenol (PAP) will further widen our product basket and drive revenues.

Para amino phenol is one of the most widely used intermediate in the pharmaceutical industry. Primarily, PAP is used in the manufacture of paracetamol, a widely used over-the-counter analgesic (pain reliever)

and antipyretic (fever reducer). India presently imports PAP from China. We have developed a one-step process to manufacture PAP, which is both greener as well as cost effective than the Chinese process.

These new products have good market potential which we expect to capitalise in the near short-term. We expect to leverage our cost efficiencies, produce high quality products and gain maximum market share. Our access to a wider client base and greater process improvisation strengthens our competitive edge on a global scale.



Of manufacturing IBB  
65% Global market share



# Prudent financial management

IN AN UNCERTAIN ECONOMIC ENVIRONMENT IT IS EASY TO BECOME CONSUMED BY CHALLENGES AND MARKET VOLATILITY. AT VINATI ORGANICS, WE HAVE MADE SUBSTANTIVE PROGRESS IN THIS VOLATILE ENVIRONMENT BACKED BY OUR PRUDENT FINANCIAL MANAGEMENT.



Today, Vinati Organics is more focused, less leveraged, better capitalised and highly liquid. In our journey towards achieving greater financial strength, we continue to generate superior returns compared to the industry while expanding our business portfolio.

Over the years, we expanded our capacities only when we achieved excellence in technology absorption required to manufacture the product. So as we increased our cash flows through volume and value-driven

activities, we successfully balanced our reinvestments and borrowings. On one hand we steadily kept increasing our capacities and on the other we reduced our gearing and improved financial stability.

With a stable working capital of ₹244 crore and zero gearing as on March 31, 2017, we have been able to expand our business largely through internal accruals.

A combination of robust profit growth and sustained payout also translated into a growth in market capitalisation and enterprise value. Our average dividend payout ratio in last five years has been at 17%.

20%

RETURN ON EQUITY

21%

PAT MARGIN

34%

EBIDTA MARGIN

1.4x

FIXED ASSET TURNOVER

ZERO

DEBT-EQUITY

28%

RETURN ON CAPITAL EMPLOYED

(Figures as on March 31, 2017)

(Last 10 years CAGR)

23%

NET REVENUE

44%

NET PROFIT

67%

MARKET CAPITALISATION

# Being responsible and sustainable

A key factor for the growth and success of any company is being responsible and sustainable. Our ethical business framework and sustainable code of policies provide the guidance for us to move in the right direction.



## WE PROACTIVELY ENGAGE IN CONVERTING WASTE/RESIDUALS FROM OUR MANUFACTURING PROCESS INTO USEFUL PRODUCTS

Since inception, we have always focused on being an environment friendly company. Our R&D team works closely to understand the impact of each new products, new raw materials and manufacturing process on the environment. We are among the few chemical companies in India to have zero waste, with our processes and technologies being clean and green.

Another aspect of sustainability is health and safety of our workers. With each passing year we have delivered improvements in work culture of our employees with better risk management, investments in training and continued promotion of work recognition. This has resulted in improvements in our overall health and safety measures.

India is at the verge of becoming a major manufacturing base for the world with the government

initiating steps like "Make in India", GST, reformation of labour laws. Globalisation has made supply chains for the businesses more complex; therefore a joint initiative of 'Together for Sustainability' (TfS) by global chemical companies has been introduced to encourage their suppliers to implement sustainable practices in their management, manufacturing and procurement systems. The member companies of TfS, have assigned their resources into building up a worldwide program to audit and evaluate suppliers under pre-defined criteria regarding management, environment, health and safety, labour and human rights, and governance issues. TfS selected EcoVadis as its partner for Supplier sustainability Scorecards.

Our efforts towards social responsibility have been recognised and appreciated by EcoVadis's recent CSR evaluation program. We were awarded a 'Gold Rating' and were among the top 5% performers based on defined parameters for corporate social responsibility.



# Corporate information

## Board of Directors

Mr. Girish M. Dave, Non-Executive Chairman and Director  
Mr. Vinod Saraf, Managing Director  
Mr. C. B. Gokhale, Director  
Mr. A. A. Krishnan, Director  
Mr. R. K. Saraswat, Director  
Ms. Vinati Saraf Mutreja, Executive Director  
Ms. Viral Saraf Mittal, Director - Corporate Strategy  
Mr. Mohit Mutreja, Director  
Mr. Sunil Saraf, Director

## Company Secretary Cum Finance Controller and Compliance officer

Mr. Gunvant S. Singhi

## Bankers

State Bank of India  
Citibank N.A.

## Auditors

M/s. Karnavat & Co.  
Chartered Accountants

## Registered Office & Mahad Works

B-12 & B-13/1, MIDC Indl. Area,  
Mahad – 402 309, Dist. Raigad,  
Maharashtra.

## Lote Works

A-20, MIDC, Lote-Parashuram-415 722,  
Taluka – Khed, Dist. Ratnagiri, Maharashtra.

## Registrar & Transfer Agents

Sharex Dynamic (India) Pvt. Ltd.,  
Unit No. 1, Luthra Indl. Premises, Safed Pool,  
Andheri-Kurla Road, Mumbai – 400 072.

## Corporate Office

Parinee Crescenzo, 1102, 11th Floor, "G" Block,  
Plot No. C38 & C39, Behind MCA, Bandra Kurla  
Complex, Bandra (E), Mumbai – 400 051.

# DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their Twenty Eighth Annual Report on the business and operations of your Company together with the Audited Financial Statements for the year ended March 31, 2017.

## 1) FINANCIAL RESULTS

The summarised position of these results is given below:

		(₹ in Lacs)	
		2016-2017	2015-2016
Net sales up by 6%	Net Sales/Income from Operations	66632.99	63094.80
	Other Income	956.48	615.80
	<b>Total Income</b>	<b>67589.47</b>	<b>63710.60</b>
EBITDA up by 7%	Profit before Finance cost, Depreciation & Taxes	22875.89	21293.44
	Finance cost	275.32	785.94
	Profit before Depreciation & Taxes	22600.57	20507.50
	Depreciation & Amortisation Expense	2136.83	1851.79
	Profit before Taxation	20463.74	18655.71
	Provision for Taxation - Current	4707.39	5298.14
	Deferred	1881.39	710.89
	Provision for earlier year W/back/Provided	(55.26)	(510.50)
PAT up by 6%	Net Profit	13930.22	13157.18
	Balance brought forward	44031.90	34708.47
	Less: Adjustment on account of depreciation	-	-
	Balance available for appropriations	57962.12	47865.65
	<b>Appropriations</b>		
	Interim dividend on equity shares for the year	-	1805.68
	Proposed dividend on equity shares for the year	-	257.96
	Dividend distribution tax	-	420.11
	Transfer to General Reserve	-	1350.00
	Surplus carried to Balance sheet	57962.12	44031.90

## 2) REVIEW OF OPERATIONS

The net sales/Income from operations during the year has gone up to ₹66632.99 Lacs from ₹63094.80 Lacs.

The Company's profit before tax has gone up from ₹ 18655.71 Lacs in previous year to ₹20463.74 Lacs in current year registering growth of 10%.

## 3) DIVIDEND

Your Directors are pleased to recommend a dividend of 25% i.e. Re.0.50 per equity share.

The total outgo on dividend account will be ₹310.47 Lacs (inclusive of dividend distribution tax).

The dividend is tax free in the hands of the shareholders

## 4) SUBSIDIARY COMPANY

The Company does not have subsidiary company.

## 5) PROSPECTS

To further its growth plans the company is undertaking capital expenditure of around ₹800 crores towards the below mentioned projects:

- New Plant to produce p-Amino Phenol (PAP) which is starting material for Paracetamol, in a new plot at MIDC Mahad
- New plant to manufacture Isobutyl AcctoPhenone (IBAP) which is the intermediary between IBB & Ibuprofen

- New Plant to produce Isobutylene based Phenol derivatives like p-Tert Butyl Phenol (PTBP), o-Tert Butyl Phenol (OTBP), 2,4-Di-tert Butyl Phenol (2,4 DTBP), 2,6-Di-tert Butyl Phenol (2,6 DTBP) at Lote. The Company has already purchased plot for this project adjacent to existing plot.

## 6) TURNOVER AND PROFIT (OPERATING RESULTS)

The Company achieved gross turnover of ₹68820.34 Lacs as compared to ₹61632.62 Lacs in the previous year. The net profit after tax increased to ₹13930.22 Lacs as compared to ₹13157.18 Lacs in the previous year.

## 7) INSURANCE

The properties and insurable interest of your company like Building, Plant and Machinery, Inventories etc. are properly insured.

## 8) DIRECTORS

As per Section 149(4) of the Companies Act, 2013 every listed company shall have atleast one third of the total number of directors as independent directors. They shall hold office for a term upto five consecutive years on the Board of the Company as per section 149(10).

As per Section 152(6)(e) total number of directors shall not include independent directors. Mr. Girish M. Dave, Mr. R. K. Saraswat, Mr. A. A. Krishnan and Mr. C. B. Gokhale, as they shall hold a term upto five consecutive years on the Board of the Company, i.e. upto March 31, 2019.

Out of remaining 5 directors 3 are executive directors. Therefore Mr. Sunil Saraf and Mr. Mohit Mutreja retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

## 9) AUDITORS

M/s. Karnavat & Co., Chartered Accountants (Firm Registration No. 104863W) were first appointed as auditors at Company's 2nd AGM held on 20th August, 1991. Currently, they are holding office of the auditors up to conclusion of the 28th AGM. As per second provision to Section 139(2) of the Companies Act, 2013, a transition period of three years from the commencement of the Companies Act, 2013 is provided to appoint a new auditor if the existing auditor's firm has completed two terms of five consecutive years. Accordingly, as per the said requirements of the Companies Act, 2013, M/s. M. M. Nissim & Co., Chartered

Accountants (Firm Registration No. ICAI/FRN/107122W) are proposed to be appointed as auditors for a period of five years commencing from the conclusion of 28th AGM till the conclusion of the 33rd AGM, by shareholders, as may be applicable, in place of M/s. Karnavat & Co., Chartered Accountants. M/s. M. M. Nissim & Co., Chartered Accountants, have consented to the said appointment, and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Companies Act, 2013. They have further confirmed that they are not disqualified to be appointed as statutory auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Companies Act, 2013 and the provisions of the Companies (Audit and Auditors) Rules, 2014. The Audit Committee and the Board of Directors recommend the appointment of M/s. M. M. Nissim & Co., Chartered Accountants, as statutory auditors of the Company from the conclusion of the 28th AGM till the conclusion of 33rd AGM, to the shareholders.

Members are requested to appoint Auditors for a term of 5 (five) years and to authorise the Board of Directors to fix their remuneration. At previous meeting, M/s. Karnavat & Co., Chartered Accountants, were appointed as Statutory Auditors of your Company from the conclusion of the previous Annual General Meeting. The said statutory auditors retire at the ensuing Annual General Meeting and being eligible under section 139 of the Companies Act, 2013, offer themselves for re-appointment.

## 10) AUDITORS' REPORT

The observations of the present Auditors as referred to in the Auditors' Report are suitably explained in the Notes to the Accounts.

## 11) COST AUDITOR

As per Section 139 of the Companies Act, 2013, M/s. N. Ritesh & Associates have been appointed as a Cost Auditor for the year ending on March 31, 2018, subject to the approval of Central Government, if required.

The Audit Committee has received a Certificate from the Cost Auditors certifying their independence and arm's length relationship with your Company. In accordance with Cost Audit (Report) Rules, 2001, the due date for filing the Cost Audit Report in XBRL for the financial year ended 31.03.2016 was 28.02.2016 and the same was filed on 30.12.2016 vide SRN No.: G31632375 with the Ministry of Corporate Affairs, New Delhi.



**12) POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS**

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 has been disclosed in the Corporate Governance Report, which forms part of this report. The Remuneration policy is set out in the **Annexure 'A'** to this report and is also available on the Company's website.

**13) FINANCE**

The long term borrowings are raised through External Commercial Borrowings (ECBs) and Foreign Currency Term Loan (FCTL) from Banks and Financial Institutions.

**14) FIXED DEPOSITS**

During the year under review the Company did not invite or accept any Fixed Deposits within the meaning of Section 73 of the Companies Act, 2013 and as such, no amount of principal or interest was outstanding as on the date of balance sheet from public.

**15) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO**

Information as per Section 134 of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014, relating to the above head are given in **Annexure 'B'** forming part of this report.

**16) HUMAN RESOURCE**

The Company believes that Human Resources play a very critical role in its growth. Its management has infused a lot of rigor, intensity in its people Development Processes and in honing skill sets. Various initiatives have been launched to provide growth opportunities to Employees. For the development of the Employees, the Company has created a structured training framework for its employees to ensure their ongoing education.

The Group's Corporate Human Recourses function has played and continues to play an integral role in its Company's talent management process.

**17) QUALITY INITIATIVES**

Sustained commitment to highest levels of quality, best-in-class service management, robust information security practices and mature business continuity processes helped the Company attain significant milestones during the year.

**18) LISTING**

The Company's equity shares continue to be listed at BSE & NSE. We confirm that the Listing fee for the financial year 2016-2017 has been paid to them. The stock code of the company at BSE is 524200 and NSE is VINATORGA.

**19) DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed material departures in adoption of these standards;
- ii. they have selected such accounting policies and applied them consistently and made judgements 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;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2016-17.

**20) DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received declaration from all of its Independent Directors under Section 149(7) of the



Companies Act, 2013 that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

## **21) MATERIAL CHANGES AFTER BALANCE SHEET DATE (31ST MARCH, 2017)**

No material changes and commitments affecting the financial position of the Company have occurred between the end of the Financial Year (FY17) of the Company to which the Financial Statements relate and the date of this report.

## **22) CORPORATE GOVERNANCE AND MANAGEMENT'S DISCUSSION AND ANALYSIS REPORTS**

The Corporate Governance and Management's Discussion and Analysis Reports, which form an integral part of this report, are set out in separate annexures to this report, along with the certificate from the Auditors of the Company certifying compliance of the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange. **(See Annexures 'C', 'D' & 'E')**

## **23) EMPLOYEES**

The Company is required to make disclosure under section 134 of the Companies Act, 2013 for its employee drawing remuneration in excess of ₹60 Lacs per annum or ₹5 Lacs per month. **(See Annexure 'F')**

Employee holding 2% or more of the equity shares by himself/herself or along with his/her spouse:

1. Mr. Vinod Saraf – Managing Director – 6973550 shares - 13.52%
2. Mrs. Kavita Vinod Saraf – Spouse – 6228000 shares - 12.07%

## **24) NO CHANGE IN THE CLASS AND NATURE OF THE BUSINESS OF COMPANY OR ITS SUBSIDIARIES**

There has been no change in the class and nature of the business of the Company. The Company does not have any Subsidiary Company.

## **25) DELAY IN COMPLETION OF BUY- BACK**

The Company has not proposed to buy- back any shares.

## **26) COMPOSITION OF AUDIT COMMITTEE**

The Audit Committee of the Company as on March 31, 2017 comprised the following 3 Directors of the

Company:

1. Mr. R. K. Saraswat: Independent Director - Chairman
2. Mr. Girish M. Dave: Independent Director - Member
3. Mr. C.B. Gokhale: Independent Director - Member

## **27) ESOP/ ESOS**

The Company has not issued any ESOP or ESOS.

## **28) SWEAT EQUITY**

The Company has not issued any sweat equity.

## **29) PREFERENTIAL ALLOTMENT**

The Company has not issued any shares as a preferential allotment.

## **30) REDEMPTION OF SHARES/ DEBENTURES**

The Company has not redeemed any Shares or Debentures.

## **31) SHAREHOLDER'S RESOLUTION**

Employee Stock Option Scheme, 2008 for 2,00,000 equity shares face value of ₹10/- each was approved in annual general meeting held on 27.09.2008. So far same is not implemented. Same is being reconsidered.

## **32) DISQUALIFICATION OF DIRECTOR**

No Director of the Company is disqualified under any law to act as a Director.

## **33) INSIDER TRADING PROCEEDINGS/ ENQUIRY**

Letter was received from SEBI inquiring about of purchase of equity shares by two employees on 29.02.2012 and same was replied on 5th March, 2012. Letter was written to SEBI for purchase of equity shares by one employee on 06.06.2012. And as on date we have not received any further communication.

## **34) CORPORATE SOCIAL RESPONSIBILITY**

The Corporate Social Responsibility Committee was constituted on May 10, 2014 and reconstituted on February 26, 2015 as per Clause 49 of Listing Agreement for Corporate Governance. This committee comprises of 4 directors of the Company.

All the members of Corporate Social Responsibility Committee mentioned above i.e. Mr. Vinod Saraf, Managing Director, Mr. R. K. Saraswat, Director, Ms. Vinati Saraf Mutreja, Executive Director & Ms. Viral Saraf Mittal, Director - Corporate Strategy have good knowledge and exposure to utilise the Company's resources towards its corporate social responsibility. The Corporate Social Responsibility policy is available on Company's website.

The average profit of the Company for last three years is ₹16301.01 Lacs. Prescribed CSR expenditure is ₹326.02 Lacs. Details of CSR spent during the financial year 2016-17 is as per **Annexure 'G'** enclosed. Amount unspent during the year is ₹110.53 Lacs.

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company is set out in **Annexure 'H'** of this report and is also available on the website of the Company.

### 35) POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a Policy on Prevention of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Prevention of Sexual Harassment of Women at Workplace Act") and Rules framed there under and an Internal Complaints Committee consisting of Ms. Vinati Saraf Mutreja, Executive Director, Ms. Viral Saraf Mittal, Director - Corporate Strategy and Ms. Priyanka Kheruka, Member has also been set up to redress complaints received regarding sexual harassment.

The Company has ensured organisation wide dissemination of the Policy and the provisions of Prevention of Sexual Harassment of Women at Workplace Act by conducting sessions throughout the Company.

During the financial year 2016-17, no complaints were received by the Company. The Company is committed to providing a safe and conducive work environment to all of its employees and associates.

### 36) MGT - 9

Extract of Annual Return for financial year ended March 31, 2017 (Pursuant to section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014) in Form No. MGT-9 is enclosed (**Annexure 'I'**).

### 37) SECRETARIAL AUDIT REPORT

To comply with the provisions of Section 204 of the Companies Act, 2013 we enclose herewith Secretarial Audit Report received from M/s. VKM & Associates, Practicing Company Secretary for the year ended 31st March, 2017 (**Annexure 'J'**).

### 38) RISK MANAGEMENT

The Board of the Company has formed a risk management committee to frame, implement and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The audit committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The risk management policy is set out in **Annexure 'K'** of this report and is also available on Company's website.

### 39) PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company had not given any loans and guarantees. The Company had made investments in mutual fund units amounting to ₹6178.14 Lacs as given below:

In mutual fund units	(₹ in Lacs)
33281603.62 Units (March 31, 2016 - 0)	3378.00
Mutual Fund Units of Kotak Mutual fund	
2653922.313 Units (March 31, 2016 - 0)	2800.14
Mutual Fund Units of ICICI Prudential Mutual Fund	
<b>Total</b>	<b>6178.14</b>

### 40) DEPOSITS FROM PUBLIC

This Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

### 41) PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

**a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:**

Sr. No.	Whole-time directors	Ratio to median remuneration
1.	Mr. Vinod Banwarilal Saraf, Managing Director & CEO	29.53
2.	Ms. Vinati Saraf Mutreja, Executive Director	20.67
3.	Ms. Viral Saraf Mittal, Director – Corporate Strategy	11.67

**b. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:**

Sr. No.	Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
1.	Mr. Vinod Banwarilal Saraf, Managing Director & CEO	10%
2.	Ms. Vinati Saraf Mutreja, Executive Director	10%
3.	Ms. Viral Saraf Mittal, Director – Corporate Strategy	10%
4.	Mr. Jayesh Ashar, Chief Operating Officer	15.25%
5.	Mr. N. K. Goyal, Chief Financial Officer	13.26%
6.	Mr. G. S. Singhi, Company Secretary cum Finance Controller	12.19%

**c. The percentage increase in the median remuneration of employees in the financial year: 10%**

**d. The number of permanent employees on the roll of Company: 693**

**h. Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:**

Particulars	March 31, 2017 (₹)	November 11, 1991 (IPO)*	% change
Market Price (BSE)	754.00	1.33	56592
Market Price (NSE)	758.00	1.33	56892

\* Adjusted for 1:2 bonus issue in 2007 and split of Face Value of shares from ₹10/- to ₹2/- face value in 2009.

**i. 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 and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Increase in managerial remuneration was 10% only

**e. The explanation on the relationship between average increase in remuneration and Company performance:**

The increase in remuneration is in line with the market trends. In order to ensure that remuneration reflects company performance, the performance pay is also linked to organisation performance, apart from an individual's performance.

**f. Comparison of the remuneration of the key managerial personnel against the performance of the Company:**

	(₹ in Lacs)
Aggregate remuneration of key managerial personnel (KMP) in FY17 (₹ In Lacs)	402.44
Revenue (₹ In Lacs)	66632.99
Remuneration of (KMP) as a percentage of revenue	0.60
Profit before tax (PBT) (₹ In Lacs)	20463.74
Remuneration of (KMP) as % of PBT	1.97

**g. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:**

Particulars	March 31, 2017	March 31, 2016	% change
Market capitalisation (₹ In Lacs)	391059.97	200121.59	95%
Price earnings ratio	28.07	15.21	85%

**j. Comparison of each remuneration of the key managerial personnel against the performance of the Company:**

Name	Total Remuneration ₹	% of revenue ₹ 66632.99	(₹ in Lacs)
			% of net profit before tax ₹ 20463.74
Mr. Vinod Banwarilal Saraf, Managing Director & CEO	114.66	0.17	0.56
Ms. Vinati Saraf Mutreja, Executive Director	87.42	0.13	0.43
Ms. Viral Saraf Mittal, Director – Corporate Strategy	49.25	0.07	0.24
Mr. Jayesh Ashar, Chief Operating Officer	68.00	0.10	0.33
Mr. N. K. Goyal, Chief Financial Officer	55.50	0.08	0.27
Mr. G. S. Singhi, Company Secretary cum Finance Controller	27.61	0.04	0.13

**k. The key parameters for any variable component of remuneration availed by the directors:**

No variable component is paid.

**l. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:**

None.

**m. Affirmation that the remuneration is as per the remuneration policy of the Company:**

The Company affirms remuneration is as per the remuneration policy of the Company.

**n. The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. **Annexure 'L'** Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Companies Act, 2013, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.****42) DISCLOSURE REQUIREMENTS**

The Corporate Governance Report with Auditors' Certificate thereon and Management Discussion and Analysis Report are attached, which forms part of this report.

Appointment letters of the Independent Directors are available on the website of the company.

The Company has formulated and published a Whistle Blower Policy to provide Vigil Mechanism for employees

including directors of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177(9) of the Companies Act, 2013 and the Listing Agreements with stock exchanges (URL: [www.vinatiorganics.com](http://www.vinatiorganics.com)).

**43) TRANSACTION WITH RELATED PARTIES**

None of the transactions with related parties falls under the scope of Section 188(1) of the Companies Act, 2013. Information on transactions with related parties pursuant to Section 134(3)(h) of the Companies Act, 2013 read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure 'M'** in Form AOC-2 and the same forms part of this report.

**44) BOARD EVALUATION**

The board of directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Companies Act, 2013 and the corporate governance requirements as prescribed by Securities and Exchange Board of India ("SEBI") under Clause 49 of the Listing Agreements ("Clause 49").

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board meetings, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the

contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

#### 45) INDEPENDENT DIRECTORS' MEETING

The Independent Directors of the Company met on March 31, 2017, inter-alia to discuss:

- (i) Review the performance of Non-Independent Directors and the Board of Directors as a whole;
- (ii) Review the performance of the Chairperson of the Company, taking into account the views of the Executive and Non-Executive Directors;
- (iii) Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In a separate meeting of Independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its committees and individual directors was also discussed. **(Annexure 'N')**

#### 46) NUMBER OF MEETINGS OF THE BOARD

Five meetings of the board were held during the year. For details of the meetings of the board, please refer to the Corporate Governance Report, which forms part of this report.

#### 47) INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The details in respect of internal financial control and their adequacy are included in the Management Discussion & Analysis Report, which forms part of this report.

#### 48) AUDIT COMMITTEE

The details pertaining to composition of audit committee are included in the Corporate Governance Report, which forms part of this report.

#### 49) CORPORATE POLICIES AND PROCEDURES ON INTERNAL FINANCIAL CONTROLS:

The Corporate Policies and Procedures on Internal Financial Controls policy is set out in **Annexure 'O'** of this report and is also available on Company's website.

#### 50) BUSINESS RESPONSIBILITY REPORT:

The Business Responsibility Report is set out in **Annexure 'P'** of this report and is also available on Company's website

#### 51) APPRECIATION & ACKNOWLEDGEMENTS

Your Directors take this opportunity to place on record their sincere gratitude for assistance and co-operation received from Central & State Governments, banks, financial institutions, shareholders, business associates and esteemed customers for their continued support and assistance during the year.

Your Directors also place on record their appreciation for the excellent contribution made by all employees of Vinati Organics Limited through their commitment, competence, co-operation and diligence to duty in achieving consistent growth of the Company.

For and on behalf of the Board of Directors

Mumbai  
13th May 2017

**Girish M. Dave**  
Non-Executive Chairman

# REMUNERATION POLICY

## Introduction:

The Remuneration Policy of the Company is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits. The policy reflects the Company's objectives for good corporate governance as well as sustained long term value creation for shareholders.

## Applicable:

This Remuneration Policy applies to directors, senior management including its Key Managerial Personnel (KMP) and other employees of the Company.

## Guiding principle:

The guiding principle is that the remuneration and the other terms of employment should effectively help in attracting and retaining committed and competent personnel.

While designing remuneration packages, industry practices and cost of living are also taken into consideration.

## Directors:

As per the Policy followed by the Company since inception the non-executive directors are paid remuneration in the form of sitting fees for attending Board and Committee meetings as fixed by the Board of Directors from time to time subject to statutory provisions. Presently sitting fee is ₹25000/- per Board meeting and per Committee meeting.

Remuneration of Whole Time Directors including Managing Director reflects the overall remuneration philosophy and guiding principle of the Company. When considering the appointment and remuneration of Whole Time Directors, the Nomination & Remuneration Committee (NRC) considers pay and employment conditions in the industry, merit and seniority of the person and the paying capacity of the Company.

The NRC while designing the remuneration package considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the

person to ensure the quality required to run the company successfully.

The NRC while considering a remuneration package must ensure a balance between fixed and performance linked variable pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

The NRC considers that a successful Remuneration Policy must ensure that some part of the remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.

The term of office and remuneration of Whole Time Directors are subject to the approval of the Board of Directors, shareholders and the limits laid down under the Companies Act from time to time.

## Reward principles and objectives:

The Company's Remuneration Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under section 178 of the Companies Act 2013, inter alia principles pertaining to determining qualifications, positive attributes, integrity and independence etc.

## Reward policies:

Remuneration packages for Whole Time Directors are designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly.

The Whole Time Directors' remuneration comprises of salary, perquisites and performance based commission/ reward apart from retirement benefits like P.F., Superannuation, Gratuity, etc. as per Rules of the Company.

Remuneration also aims to motivate personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Whole Time Directors are entitled to customary non-monetary benefits such as company cars, furnished accommodation, health care benefits, leave travel, communication facilities, etc. Their terms of appointment provide for severance payments as per the Companies Act.

**Key Managerial Personnel [KMP] Senior Management:**

Appointment of KMP & senior management and cessation of their service are subject to the approval of the NRC and the Board of Directors. Remuneration of KMP and other senior management personnel is decided by the Managing Director (MD) on the recommendation of the Whole Time Director concerned, where applicable, broadly based on the Remuneration Policy in respect of Whole Time Directors. Total remuneration comprises of:

- 1. A fixed base salary** - set at a level aimed at attracting and retaining executives with professional and personal competence, showing good performance towards achieving Company goals.
- 2. Perquisites** - in the form of house rent allowance/ accommodation, furnishing allowance, reimbursement of medical expenses, conveyance, telephone, leave travel, etc.
- 3. Retirement benefits** - contribution to PF, superannuation, gratuity, etc. as governed by respective acts and rules prevailing in the Company from time to time.
- 4. Motivation /Reward** - A performance appraisal is carried out annually and promotions/ increments/ rewards are decided by MD based on the appraisal and recommendation of the concerned Whole Time Director, where applicable.
- 5. Severance payments** - in accordance with terms of employment, and applicable statutory requirements, if any.

**Other employees:**

The remuneration of other employees is fixed from time to time as per the guiding principles outlined above and considering industry standards and cost of living. In addition to basic salary they are also provided perquisites and retirement benefits as per schemes of the Company and statutory requirements, where applicable. Policies of motivation / reward / severance payments are applicable to this category of personnel as in the case of those in the management cadre.

**Disclosure of information:**

Information on the total remuneration of members of the Company's Board of Directors, Whole Time Directors and KMP/ senior management personnel may be disclosed in the Company's annual financial statements as per statutory requirements.

**Application of the Remuneration Policy:**

This Remuneration Policy shall continue to guide all future employment of Directors, Senior Management including Key Managerial Personnel and other employees.

Any departure from the policy can be undertaken only with the approval of the Board of Directors.



## PARTICULARS REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014

### a) CONSERVATION OF ENERGY

The Company is engaged in the continuous process of further energy conservation through improved operational and maintenance practices and also undertaken effective measures to minimise energy consumption and the measures have resulted / will result in the consumption of power, fuel and coal, ultimately resulting in savings in the cost of production.

### b) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

#### (i) Efforts, in brief, made towards technology absorption, adoption and innovation

The technologies acquired by the Company in the past for the production of IBB, ATBS & Na-ATBS have been fully absorbed. The technologies have been further upgraded over the years through in-house innovation and knowledge engineering to achieve better material and energy efficiencies.

#### (ii) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc

Full understanding of the technology helped the Company to identify and develop schemes for the recovery of by-products. Better process knowledge and simulation facilitated achievement of higher production volumes, quality improvement and energy conservation.

### c) RESEARCH & DEVELOPMENT

#### (i) Specific areas in which R & D is carried out by the Company

The R&D unit is engaged in developmental activities such as developing alternate products and attaining

better production efficiencies and has spent ₹ 50 Lacs on R&D during the year.

To foster technical excellence and to maintain its leadership position, your Company continues to accord high priority to R&D.

#### (ii) Benefits derived as a result of the above efforts

The Company has been successful in new products and process development, quality, safety, standard, environmental protection measures and conservation of energy improvement.

At Mahad we recover pure NBB.

At Lote we manufacture Tertiary Butyl Acrylamide and recover ATFE Bottom Polymers.

#### (iii) Future plans of action

R&D in the relevant areas of business operations will continue. Emphasis will be on adopting products and processes to improve performance, be more environment friendly with a view to meeting customer needs.

### d) FOREIGN CURRENCY EARNINGS AND OUTGO

The details of Foreign Exchange Earnings & Expenditure in Foreign Currency is given in Note Nos. 39 and 37 of Notes to Accounts in Annual Report.

ANNEXURE C

# CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd. & National Stock Exchange of India Ltd.)

## 1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

The objective of your Company is not only to meet the statutory requirements of the code but to go well beyond it by instituting such systems and procedures as are in accordance with the latest global trend of making management completely transparent and institutionally sound.

Your Company has always believed in the concept of good Corporate Governance involving transparency, empowerment, accountability and integrity with a view to enhance stake holder value. The Company has professionals on its Board of Directors who are actively involved in the deliberations of the Board on all important policy matters.

## 2. BOARD OF DIRECTORS

### (a) Composition

The Company has a combination of Executive and Non-Executive Directors. The Company has one Non-Executive Chairman. The number of Independent Directors is 4.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee positions occupied by them in other companies.

The Company's Board at present has 9 Directors comprising one Non-Executive Chairman, one Managing Director, one Executive Director, one Director – Corporate Strategy and five Non-Executive Directors.

None of the directors are disqualified under section 164 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014.

Mr. Sunil Saraf and Mr. Mohit Mutreja, Directors' retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

### (b) Attendance at Board Meetings and details of Membership of Directors in other Boards & Board Committees

The Board met four times on the following dates during the financial year 2016-2017 and the gap between two meetings did not exceed four months:

<b>Date of the Meeting</b>	<b>Total Strength</b>	<b>No. of Directors present</b>
May 14, 2016	9	9
July 30, 2016	9	7
October 29, 2016	9	8
February 4, 2017	9	9

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting, as also the number of Directorships and Committee positions as held by them in other public limited companies as on 31st March, 2017 are given below:

Name	Category	No. of Board Meetings Attended during 2016-17	Whether attended AGM held on 6th August 2016	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies	
					Chairman	Member
Mr. Vinod Saraf Managing Director	Promoter, Non-Independent Executive	4	Yes	1	-	-
Mr. Girish M. Dave Chairman – Non-Executive	Independent Non-Executive	3	No	5	1	4
Mr. R. K. Saraswat Director	Independent Non-Executive	4	Yes	3	3	1
Mr. C.B. Gokhale Director	Independent Non-Executive	3	No	-	-	-
Mr. A.A. Krishnan Director	Independent Non-Executive	3	No	1	-	-
Mr. Sunil Saraf Director	Promoter, Non-Independent Non-Executive	4	No	1	-	-
Ms. Vinati Saraf Mutreja Executive Director	Promoter, Non-Independent Executive	4	No	1	-	-
Ms. Viral Saraf Mittal Director-Corporate Strategy	Promoter, Non-Independent Executive	4	No	1	-	-
Mr. Mohit Mutreja Director	Promoter, Non-Independent Non-Executive	4	No	-	-	-

**(c) Code of Conduct:**

The Company has adhered to a Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders and Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information Pursuant to Regulation 8(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 is available on the Company's website.

**(d) Non-executive directors were paid only sitting fees during the year. The details are as under:**

Sr. No.	Name of Directors – Non-executive	₹ in Lacs
1.	Mr. Girish M. Dave	1.50
2.	Mr. R. K. Saraswat	2.50
3.	Mr. C. B. Gokhale	1.50
4.	Mr. A. A. Krishnan	1.00
5.	Mr. Sunil Saraf	1.00
6.	Mr. Mohit Mutreja	1.00

**(e) Shareholdings of Directors as on March 31, 2017 are as under:**

S r. No.	Name of Directors	No. Equity Shares
1.	Mr. Vinod Banwarilal Saraf	69,73,550
2.	Ms. Vinati Saraf Mutreja	6,07,335
3.	Ms. Viral Saraf Mittal	5,22,927

**3. AUDIT COMMITTEE**

**(a) Constitution**

The Audit Committee, which was constituted on 31st January 2001 pursuant to the provisions contained in section 292A of the Companies Act, 1956 was reconstituted as per Clause 49 of Listing Agreement for Corporate Governance on January 24, 2002 and was reconstituted on May 20, 2006 and June 18, 2009 and once again it was reconstituted on January 24, 2011. The terms of reference of the Audit Committee as stipulated by the Board are in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**(b) Composition**

The Audit Committee of the Company as on March 31, 2017 comprised the following 3 Directors of the Company:

1. Mr. R. K. Saraswat	Independent Director - Chairman
2. Mr. Girish M. Dave	Independent Director - Member
3. Mr. C.B. Gokhale	Independent Director - Member

All members of Audit Committee have good exposure to finance as well as general management.

**(c) Meetings & Attendances**

The Audit Committee met four times on the following dates during the last financial year.

Date of the Meeting	Total Strength	No. of Directors present
May 14, 2016	3	3
July 30, 2016	3	2
October 29, 2016	3	2
February 4, 2017	3	3

The necessary quorum was present at the meetings.

Mr. G.S. Singhi being the Company Secretary Cum Finance Controller of the Company acts as the Secretary to the Committee.

**(d) Terms of reference**

The Statutory Auditors, Internal Auditors of the Company and the Cost Auditors are invited to join the Audit Committee Meetings. The Audit Committee holds discussions with the Statutory Auditors on the 'Limited Review' of the half-yearly accounts, quarterly accounts, the yearly Audit Plan, matters relating to compliance of Accounting Standards, their observations arising from the annual audit of the Company's accounts and other related matters. The Committee discusses with the Cost Auditor about his observations in the Annual Cost Audit Reports and allied matters.

The terms of reference includes (a) power of the Audit Committee, (b) role of the Audit Committee and (c) review of information by the Audit Committee.

**4. SUBSIDIARY COMPANIES**

The Company does not have any subsidiary companies.

**5. SHARE TRANSFER COMMITTEE**

The Share Transfer Committee was constituted on 25th January 2008 was reconstituted on 30th January, 2016 for approving transfers, transmission etc. It comprises of following Directors:

- (i) Mr. Vinod Saraf, Managing Director
- (ii) Ms. Vinati Saraf Mutreja, Executive Director
- (iii) Ms. Viral Saraf Mittal, Director-Corporate Strategy

Mr. G. S. Singhi being the Company Secretary cum Finance Controller of the Company acts as the Secretary to the Committee. The Committee met 12 times during the year 2016-2017 for approving transfers, transmissions etc. All transfers & transmissions etc. were approved and share certificates were dispatched within 21 days and requests for dematerialisation were confirmed within 21 days.

**6. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE**

**(a) Terms of Reference**

The Company has an independent Shareholders' Grievance Committee, which was constituted on January 24, 2002 and reconstituted on May 20, 2006 and March 12, 2010 and again it was reconstituted on

24th January 2011 to look into redressal of investor's complaints and requests like delay in transfer of shares, non-receipt of dividend, annual report, etc.

### (b) Composition

The Shareholders'/Investors' Grievance Committee of the Company comprises of the following 3 Directors of the Company:

1. Mr. A. A. Krishnan	Chairman - Independent Non-Executive Director
2. Mr. Vinod Saraf	Member - Managing Director
3. Ms. Vinati Saraf Mutreja	Member - Executive Director

### (c) Meetings & Attendances

The Shareholders'/Investors' Grievance Committee met on the following date during the last financial year.

Date of the Meeting	Total Strength	No. of Directors present
March 31, 2017	3	2

A total number of 15 complaints were received and all of which were, redressed by the Company during the year 2016 - 2017.

### (d) Nomination & Remuneration Policy

As per policy of the Company remuneration paid to the directors is as elaborated in Clause (d), hereunder.

Details of remuneration paid /payable to the directors for the year ended March 31, 2017

Managerial remuneration Name	Salary & Allowances	Contribution to PF	(₹ in Lacs) Other Perquisites
Mr. Vinod Saraf Managing director	103.82	9.58	1.26
Ms. Vinati Saraf Mutreja Executive Director	72.67	6.71	8.04
Ms. Viral Saraf Mittal Director – Corporate Strategy	41.03	3.79	4.43
<b>Total:</b>	<b>217.52</b>	<b>20.08</b>	<b>13.73</b>

Mr. G.S. Singhi being the Company Secretary Cum Finance Controller of the Company acts as the Secretary to the Committee.

## 8. RISK MANAGEMENT COMMITTEE

### (a) Constitution

The Risk Management Committee was constituted on 27th January 2015 as per Clause 49 of Listing Agreement for Corporate Governance.

Mr. G.S. Singhi being the Company Secretary cum Finance Controller of the Company acts as the Secretary to the Committee and is the compliance officer.

## 7. NOMINATION & REMUNERATION COMMITTEE

### (a) Constitution

The Remuneration Committee was constituted on 28th July 2010 as per Clause 49 of Listing Agreement for Corporate Governance and again it was reconstituted on 27.10.2012 which was renamed Nomination & Remuneration Committee on 3rd May 2014.

### (b) Composition

The Nomination & Remuneration Committee comprised the following 3 Directors of the Company:

1. Mr. Girish M. Dave	Independent Director – Chairman
2. Mr. A. A. Krishnan	Independent Director - Member
3. Mr. Sunil Saraf	Non-Independent Director - Member

All the members of Nomination & Remuneration Committee mentioned in (a) and (b) have good exposure to finance as well as general management.

### (b) Composition

The Risk Management Committee was comprised of the following 4 Directors of the Company:

1. Mr. Vinod Saraf, Managing Director
2. Mr. Girish M. Dave, Chairman – Non-Executive
3. Ms. Vinati Saraf Mutreja, Executive Director
4. Ms. Viral Saraf Mittal, Director – Corporate Strategy
5. Mr. N. K. Goyal, Chief Financial Officer

All the members of Risk Management Committee mentioned above have good exposure to finance as well as general management.

**(c) Power of Risk Management Committee:**

The Committee is authorised to exercise all powers and discharge all functions related to risk management. They will review the Risk Management Policy from time to time.

**9. FINANCE COMMITTEE**

**(a) Constitution**

The Finance Committee was constituted on 12th May 2012 as per Clause 49 of Listing Agreement for Corporate Governance. This committee comprised the following 4 directors of the Company:

**(b) Composition**

The Finance Committee was comprised the following 4 Directors of the Company:

- Mr. Vinod Saraf, Managing Director
- Ms. Vinati Saraf Mutreja, Executive Director
- Mr. Mohit Mutreja, Director
- Mr. Sunil Saraf, Director

All the members of Finance Committee mentioned above have good exposure to finance as well as general management.

**(c) Power of Finance Committee:**

The Committee is authorised to exercise all powers and discharge all functions relating to working capital management, foreign currency contracts operation of bank accounts and authorising officers of the Company to deal in the matters relating to excise, sales tax, income tax, customs and other judicial or quasi judicial authorities.

**10. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

**(a) Constitution**

The Corporate Social Responsibility Committee was constituted on 10th May 2014 and reconstituted on 27th January 2015 as per Clause 49 of Listing Agreement for Corporate Governance.

**(b) Composition**

The Corporate Social Responsibility Committee was comprised of the following 4 Directors of the Company:  
Mr. Vinod Saraf, Managing Director

- Mr. R. K. Saraswat, Director
- Ms. Vinati Saraf Mutreja, Executive Director
- Ms. Viral Saraf Mittal, Director- Corporate Strategy

All the members of Corporate Social Responsibility Committee mentioned above have good knowledge and exposure to utilise the Company's resources towards its corporate social responsibility.

**(c) Meetings & Attendances**

The Corporate Social Responsibility Committee met on the following date during the last financial year.

<u>Date of the Meeting</u>	<u>Total Strength</u>	<u>No. of Directors present</u>
March 8, 2017	4	4

**(d) Power of Corporate Social Responsibility Committee:**

The Committee is authorised to exercise all powers available to them as per Companies Act, 2013.

**11. SEXUAL HARASSMENT COMMITTEE:**

**(a) Constitution**

The Sexual Harassment Committee was constituted on 25th January 2014 as per Clause 49 of Listing Agreement for Corporate Governance. This committee comprised of the following 2 Directors of the Company:

**(b) Composition**

The Sexual Harassment Committee comprised the following 2 Directors of the Company and 1 independent person:

- Ms. Vinati Saraf Mutreja, Executive Director
- Ms. Viral Saraf Mittal, Director- Corporate Strategy
- Ms. Priyanka Kheruka - Member

**(c) Power of Sexual Harassment Committee:**

The Committee is authorised to exercise all powers for compliance of the sexual harassment of women at work place (prevention, prohibition and redressal) Act 2013.

**12. INDEPENDENT DIRECTORS MEETING:**

The Independent Directors met on the following date during the last financial year.

<u>Date of the Meeting</u>	<u>Total Strength</u>	<u>No. of Directors present</u>
March 31, 2017	4	2

### 13. GENERAL BODY MEETING

Location, date and time of Annual General Meetings held during the last 3 years:

Year	Location	Date	Day	Time	No. of Special business passed
25 <sup>th</sup> AGM 2014	Regd. Office, B/12 & B-13/1, MIDC Indl. Area, Mahad – 402 309, Dist. Raigad, Maharashtra.	09/08/2014	Saturday	12 Noon	4
26 <sup>th</sup> AGM 2015	- do -	08/08/2015	Saturday	12 Noon	1
27 <sup>th</sup> AGM 2016	- do -	06/08/2016	Saturday	12 Noon	2

None of the special resolutions were put through postal ballot.

### 14. DISCLOSURES

#### (a) Related Party Transactions

There have been no materially significant related party transactions with the Company's Promoters, Directors, the Management or relatives, which may have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in note No. 30 of Notes to Accounts in Annual report. .

#### (b) Statutory Compliance, Penalties and strictures

There have been no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authorities relating to capital market and listing.

#### (c) Compliance with mandatory

The Company has complied with all the applicable mandatory requirements of the revised Clause 49 of the listing Agreement.

(d) No personnel have been denied access to Audit Committee. The Board periodically reviews risk assessment and minimisation and procedure through properly defined framework.

(e) Disclosures of accounting treatment (Already given in Annual Accounts)

(f) Proceeds from Public Issues, Rights Issues and Preferential Issues, etc.: During the year, your Company did not raise any funds by way of Public Issues, Rights Issues and Preferential Issues, etc.

(g) Remuneration of the directors (As mentioned under the head of Remuneration Committee)

(h) Management (As mentioned under different heading of MDAR)

(i) General information of Shareholders (As mentioned under different heading of General Information of Shareholders)

(j) Share Transfer Committee (As detailed in separate head of Share Transfer Committee)

(k) Shareholders' Grievance Committee (As mentioned under the head of Shareholders' Grievance Committee)

(l) Role of committee (Role of different committees have been elaborated under their respective headings)

(m) Voluntary guidelines 2009 - The Ministry of Corporate Affairs has issued a set of Voluntary Guidelines on 'Corporate Governance' and Corporate Social Responsibility' in December, 2009. These guidelines are expected to serve as a benchmark for the Corporate Sector and also help them in achieving the highest standard of Corporate Governance. Most of the provisions of these guidelines are in place.

(n) Finance committee ( As mentioned under different heading)

(o) ESOS Compensation Committee (The Company does not have the said committee)

### 15. MEANS OF COMMUNICATION

The quarterly results, half yearly and annual financial results are published in leading English and Marathi Newspapers i.e. Economic Times and Maharashtra Times.

The financial results, shareholding pattern & code of conduct are displayed on [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com).

All Official News Releases and the presentation made to the investors are displayed on the website of the Company.

### 16. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The discussion on financial performance with respect to the operational performance, review of operations, exports and prospects have been covered in the Director's Report.

The Company has adequate internal control system with regard to purchase of stores, raw materials including



components, plant & machinery, equipments, sale of goods and other assets. The internal control system is supplemented by well documented policies and guidelines and the internal audit report are periodically reviewed by the top management.

The industrial relations during the year continued to be cordial. The Company is committed to provide

necessary human resource development and training opportunities to equip them with the required modern skill and knowledge.

## 17. COMPLIANCE OFFICER

Mr. Gunvant S. Singhi, Company Secretary Cum Finance Controller is the Compliance Officer.

## 18. GENERAL SHAREHOLDER INFORMATION

**(a) Annual General meeting Date, Time & Venue** 29th July, 2017 at 12.00 Noon at Regd. Office, at B/12 & B-13/1, MIDC Indl. Area, Mahad – 402 309, Dist. Raigad, Maharashtra.

### (b) Financial Calendar

Annual General Meeting	29th July, 2017
Unaudited results for the quarter ending Jun'17	4th week of Jul'17
Unaudited results for the quarter/half year ending Sept' 30, 17	4th week of Oct'17
Unaudited results for the quarter ending Dec' 31, 17	4th week of Jan'18
Audited results for the quarter ending Mar' 31, 18	2nd week of May'18
Date of book Closure	20th July, 2017 to 29th July, 2017
Dividend payment date	2nd August, 2017

### (c) Listing on Stock exchange

The Company's Securities are listed on the following stock exchanges in India:

#### **Bombay Stock Exchange Ltd.**

Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai – 400 001, Maharashtra.

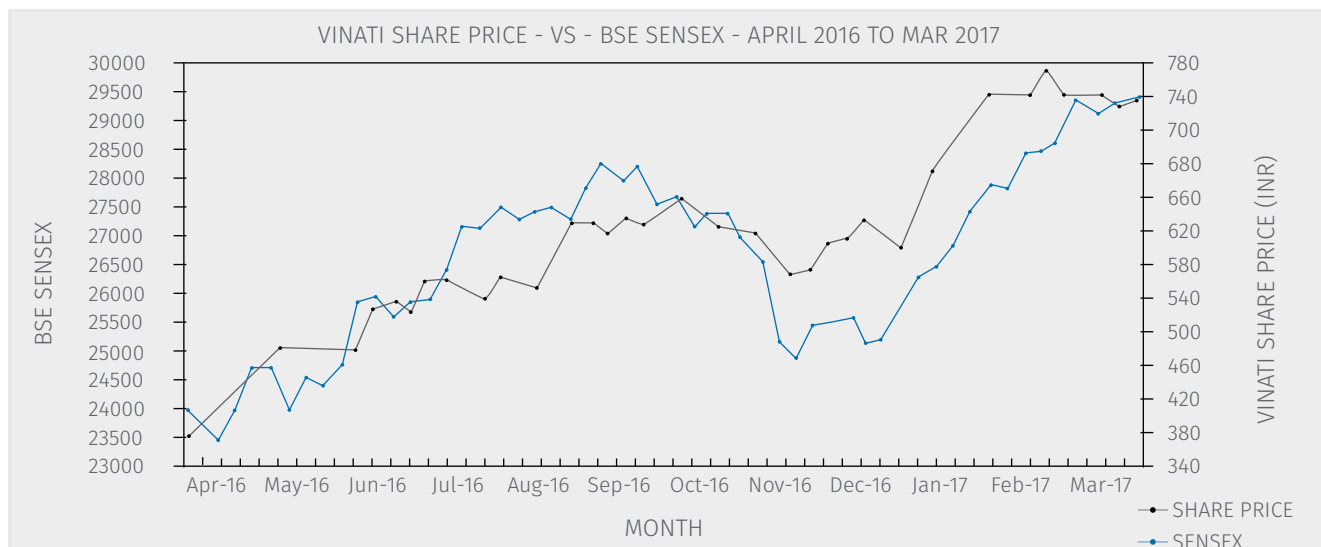
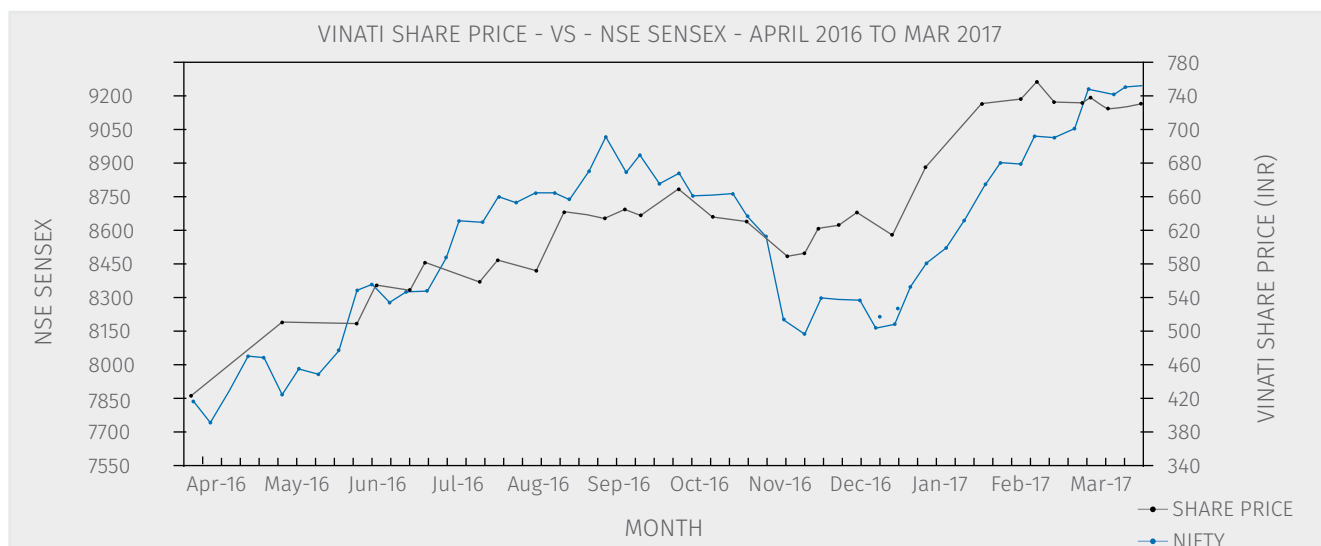
#### **National Stock Exchange of India Ltd.**

Exchange Plaza, Plot No. C/1, 'G' Block,  
Bandra-Kurla Complex,  
Bandra (East), Mumbai – 400 051, Maharashtra.

**(d) Stock Code :** Bombay Stock Exchange Ltd. 524200  
National Stock Exchange of India Ltd. VINATIORGA  
Demat ISIN in NSDL and CDSL for Equity Shares INE410B01029

### (e) Market Price Data:

Month & Year	Bombay Stock Exchange Ltd. (in ₹)		National Stock Exchange of India Ltd. (in ₹)	
	High	Low	High	Low
Apr – 2016	465	363	464	371
May – 2016	495	453	495	452
Jun – 2016	565	461	570	456
Jul – 2016	564	512	565	511
Aug – 2016	631	520	633	519
Sep – 2016	634	577	635	576
Oct – 2016	665	585	664	583
Nov – 2016	638	511	640	500
Dec – 2016	627	560	628	565
Jan – 2017	759	588	760	583
Feb – 2017	800	716	800	710
Mar – 2017	770	700	771	702

**(f) The performance of the Company's shares relating to the BSE Index for the year 2016-2017 is given below:****(g) The performance of the Company's shares relating to the NSE Index for the year 2016-2017 is given below:****(h) Share Registrars and Transfer Agents – Sharex Dynamic (India) Pvt. Ltd.**

Add.: Unit No.1, Luthra Indl. Premises,  
Safed Pool, Andheri-Kurla Road,  
Mumbai – 400 072.  
Maharashtra.

Tel : 2851 5606 / 2851 5644 / 2851 6338

Fax : 2851 2885

E-mail : sharexindia@vsnl.com

Website : www.sharexindia.com

Business Hours : 11.00 a.m. to 1.00 p.m. & 2.00 p.m. to 4.00 p.m.

(Monday to Friday)

**(i) Share Transfer System:**

The Company has appointed Common Agency, name and address of which is given in the report for electronic connectivity and to process share transfer in physical form. The transfers are normally processed and share certificates are dispatched within 30 days from the date of receipt if the documents are complete in all respects. Requests for dematerialisation are confirmed within 15 days.

**(j) Distribution of Shareholding as on March 31, 2017.**

Category	No. of Shares	No. of share holders	% of holders	Total Shares	% of Shares
1 To 100		9712	52.13	369122	0.72
101 To 200		1740	9.34	280740	0.55
201 To 500		2185	11.73	759268	1.47
501 To 1000		3753	20.15	2820229	5.47
1001 To 5000		1065	5.72	2265888	4.39
5001 To 10000		83	0.45	594777	1.15
10001 To 100000		71	0.38	2091561	4.05
100001 and above		19	0.10	42409440	82.20
<b>Total</b>		<b>18628</b>	<b>100.00</b>	<b>51591025</b>	<b>100.00</b>

**(k) Category of shareholders as on March 31, 2017.**

Category	No. of share holders	Voting strength (%)	No. of ordinary shares
Individuals	17228	15.35	7921169
Promoters	5	73.97	38161495
Other Companies	243	0.68	351016
Non-Resident Individuals	639	0.50	256100
Nationalised Banks, Mutual funds and trusts	13	6.88	3549860
FII	47	2.11	1086215
Clearing Members	93	0.15	78097
HUF	359	0.36	186698
Foreign National (FN)	1	0.00	375
<b>Total</b>	<b>18628</b>	<b>100</b>	<b>51591025</b>

**(l) Dematerialisation of shares and liquidity**

49566270 (Total shares demated with NSDL is 29574825 & CDSL is 19991445) of the Company's share capital is dematerialised as on March 31, 2017. The Company's shares are regularly traded on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. as indicated in the Table containing market information.

**(m) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity**

NIL

**(n) Address of Registered Office:**

B/12 & B-13/1, MIDC Industrial Area,  
 Mahad – 402 309,  
 Dist. Raigad, Maharashtra.

**(o) Address of Plant Locations:**
**Mahad Works:**

B/12 & B-13/1, MIDC Industrial Area,  
 Mahad – 402 309, Dist. Raigad, Maharashtra.

**Lote Works:**

A-20, MIDC, Lote – Parashuram – 415 722,  
 Taluka – Khed, Dist. Ratnagiri, Maharashtra.

**(p) Investor's Correspondence Address:**

Mr. Gunvant S. Singhi  
 Parinee Crescenzo, A Wing, 1102, 11th Floor, "G" Block, Plot No. C38 & C39,  
 Behind MCA, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.

## CEO / CFO CERTIFICATE

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31/03/2017 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered in to by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
- (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Mumbai  
13th May, 2017

Vinod Saraf, (C.E.O.) / N. K. Goyal (C.F.O.)

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## DECLARATION

I, Vinod Saraf, Managing Director of Vinati Organics Limited, hereby declare that all the members of the Board of Directors and the Senior Management Personnel have affirmed compliance with the code of conduct for the year ended 31st March, 2017.

I confirm that the Company has in respect of the said financial year, received from the senior management team and the members of the board of the Company a declaration of compliance with the code of conduct as applicable to them.

For the purpose of this declaration, senior management team means the Chief Financial Officer, Chief Operating Officer, Executive President, Sr. Vice President and the Company Secretary as on March 31, 2017.

On behalf of the Board of Directors

Mumbai  
13th May, 2017

**Vinod Saraf**  
Managing Director

**ANNEXURE D**

# **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of  
VINATI ORGANICS LIMITED

We have examined the compliance of conditions of Corporate Governance by VINATI ORGANICS LIMITED, for the year ended on 31st March, 2017, as stipulated in Regulations 17, 18, 20, 21, 22, 23, 24, 25, 26, 27 and Clause (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the condition of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

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

For and on behalf of  
**KARNAVAT & CO.**  
Chartered Accountants  
Firm Reg. No.: 104863W

192, Dr. D. N. Road  
Mumbai - 400001  
Dated: 13th May, 2017

**Viral Joshi**  
Partner  
Membership No. 137686

# MANAGEMENT DISCUSSION AND ANALYSIS

## Global economy overview

Global economic activity is picking up with a long awaited cyclical recovery in investment, manufacturing, and trade. Stronger activity and expectations of more robust global demand, coupled with agreed restrictions on oil supply, have helped commodity prices recover from their troughs in early 2016. Higher commodity prices have provided some relief to commodity exporters and helped lift global headline inflation and reduce deflationary pressures. On the domestic front, policies are supporting demand and balance sheet repair where necessary and feasible; boost productivity through structural reforms, well-targeted infrastructure spending, and other supply-friendly fiscal policy measures; and support those displaced by structural transformations, such as technological change and globalisation. (Source:IMF)

Economic activity gained some momentum in the second half of 2016, especially in advanced economies. Growth picked up in the United States as firms grew more confident about future demand, and inventories started contributing positively to growth. Growth also remained solid in the United Kingdom, where spending proved resilient in the aftermath of the June 2016 referendum in favor of leaving the European Union (Brexit). Activity surprised on the upside in Japan thanks to strong net exports, as well as in euro area countries, such as Germany and Spain, as a result of strong domestic demand. (Source:IMF)

Economic performance across emerging market and developing economies has remained mixed. Whereas China's growth remained strong, reflecting continued policy support, activity has slowed in India because of the impact of the currency exchange initiative, as well as in Brazil, which has been mired in a deep recession. Activity remained weak in fuel and nonfuel commodity exporters more generally, while geopolitical factors held back growth in parts of the Middle East and Turkey. (Source:IMF)

### Outlook

World growth, estimated at 3.1 percent in 2016, is projected to increase to 3.5 percent in 2017 and 3.6 percent in 2018—an upward revision of 0.1 percentage point for 2017. Economic activity in advanced economies as a group is now forecast to grow by 2.0 percent in 2017 and 2018, 0.2 percentage point higher than expected in 2016. This forecast is particularly uncertain in light of potential changes in the policy stance

of the new U.S. administration and their global spillovers. Growth in the group of emerging market and developing economies is forecast to rise to 4.5 percent and 4.8 percent, respectively, in 2017 and 2018, from an estimated outturn of 4.1 percent in 2016. This projected upturn reflects, to an important extent, a stabilisation or recovery in a number of commodity exporters, some of which underwent painful adjustments following the drop in commodity prices, and strengthening growth in India, partially offset by a gradual slowdown of the Chinese economy. (Source:IMF)

Growth	2015	2016	2017	2018
Global economy	3.4%	3.1%	3.5%	3.6%
Advanced economies	2.1%	1.7%	2.0%	2.0%
Emerging market and developing economies	4.2%	4.1%	4.5%	4.8%

(Source:IMF)

## Indian economy overview

India's economy has grown at a strong pace in recent years owing to the implementation of critical structural reforms, favorable terms of trade, and lower external vulnerabilities. The growth in GDP during 2016-17 is estimated at 7.1 per cent as compared to the growth rate of 7.6 per cent in 2015-16 (Source: CSO). In 2016-17, the government's final consumption expenditure emerged as the major driver of GDP growth with an increase of over 23 per cent as against 2.2 per cent in 2015-16. The anticipated growth of real GVA at basic prices in 2016-17 is 7 per cent against 7.2 per cent in 2015-16.

The estimates have been reduced in all the sectors, except for agriculture, which has improved due to the positive monsoon season. The agriculture, forestry and fishing' is expected to expand by 4.1 per cent in 2016-17 from 1.2 per cent. The growth in manufacturing is expected to slow to 7.4 per cent (from 9.3 per cent) and construction activities to 2.9 per cent (from 3.9 per cent).

Eight core industries comprising coal, crude oil, steel, cement, natural gas, electricity, fertilizers and refinery products registered a combined growth of 4.9 per cent during April-November of FY17 compared to 2.5 per cent growth during the same period in FY16.

Total FDI equity inflows stood at USD 21.7 billion during H1 FY17 compared to USD 16.6 billion during H1 FY16, a growth of 30.7 per cent year-on-year. Initiatives such as Make in India, Invest India, Start Up India and e-biz Mission Mode Project under the National e-Governance Plan are expected to further improve the ease of doing business and provide a boost to manufacturing in the country

Growth rate of GDP and its components		
Particulars (Growth rate at constant prices)	2015-16	2016-17
Government final consumption	2.2	23.8
Private final consumption	7.4	6.5
Gross fixed capital formation	3.9	(0.2)
Exports of goods and services	(5.2)	2.2
Imports of goods and services	(2.8)	(3.8)
GVA	7.2	7.0
GDP	7.6	7.1

at provisional estimates; b: first advance estimates

### Outlook

The country's economic growth is facing challenges such as subdued manufacturing, lower exports of services and lower capital expenditure. However, it is expected that FY18, cheap borrowing costs and fading impact of demonetisation could increase the private consumption and thereby drive economic growth. The implementation of Goods and Services Tax (GST) is expected to improve tax compliance and governance and might provide an impetus to the investments and growth in the country. Due to favourable indicators such as moderate levels of inflation, reduced current account deficit, fiscal consolidation and transitory impact of demonetisation, the country is currently characterised as a stable macroeconomic situation, the Government expects India's GDP to expand at a growth rate between 6.75-7.5 per cent per cent during 2017-18.

### Global chemical industry

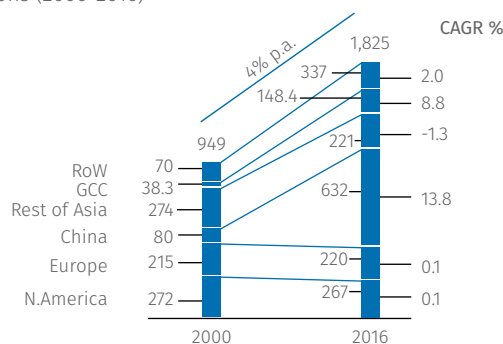
Over the past decade, capacity expansion growth rate has been the 2nd highest after China. Between 2000-2016, the GCC's production capacity almost quadrupled, growing from 38.3 to 148.4 million ton. This represents a CAGR of 8.8%, double the global industry's growth rate and the 2nd highest after China on global level. Over the same period, the region's share of global capacity more than doubled, growing from 3% in 2000 to 7% in 2016. (Source: ICIS)

Global chemical production (excluding pharmaceuticals) will probably grow by 3.4% in 2017, the same pace as 2016 (+3.4%). A marginally higher expansion rate in the advanced economies (2016: +0.9%, 2017: +1.1%). Growth in the emerging markets will presumably weaken somewhat (2016: +5.4%, 2017: +5.1%). The global growth rate of the chemical market will be largely determined by developments in China, which accounts for more than a third of worldwide production. There, the upward trend may continue to slacken but producers in China are nevertheless likely to contribute more than two percentage points to worldwide chemical industry growth. Yet macroeconomic risks in China remain high, therefore, our forecast for global chemical growth is marked by particular uncertainty. (Source: BASF)

Chemical production in the European Union is expected to barely grow faster than in 2016. In general, the increase in production will remain modest against the backdrop of a sluggish domestic market. A competitive pressure is expected on export markets to remain intense, even though the naphtha-based European chemical industry benefits more from low oil prices than the gas-based production in the United States. In the United States, somewhat faster growth is expected in chemical production, at just under 2%, as new production capacity, which will also be used for export, comes onstream. Overall chemical growth is likely to decelerate somewhat in the emerging markets of Asia, mainly due to the slowdown in China, which will affect

### Global Chemicals Industry Capacity Growth

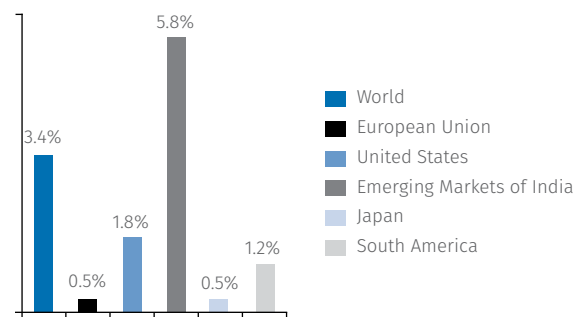
Million tons (2000-2016)



(Source: ICIS, McKinsey analysis)

### Outlook for chemical production 2017 (excl. pharmaceuticals)

(Real Change compared with previous year)



(Source: BASF)



the other developing countries in the region. In Japan, a weak overall economic environment and minimal growth is presumed in chemical production. In South America, the anticipated end of the recession in Argentina and Brazil will result in slight growth in chemical production in the region.

(Source: BASF)

### Indian chemical industry

The Indian chemicals Industry has been an integral part of the Indian economy even as the story has recently gained prominence. The \$ 25 billion Indian speciality chemicals sector has grown from one dominated by small niche players into a multi-faceted global footprint, accounts for a marginal 3% of the global speciality chemicals market.

The industry grew from \$ 16 billion in FY09-10 to \$ 25 billion in FY13-14 and projected to grow to \$ 44 billion by FY18-19 (Source: FICCI).

**The Indian speciality chemicals market is growing at almost 2x the global average**

The production of major chemicals in 2016-17 (up to November 2016) was 6740 thousand MT, compared to 6530 thousand MT during the same period in 2015-16 (up to November 2015) implying a growth of 3.2%. The trend in the production of selected major chemicals is depicted in the chart below.

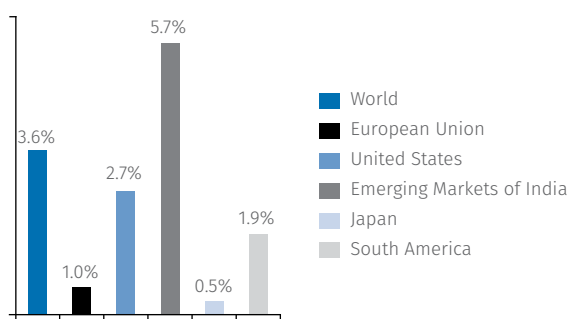
### Trends in exports and imports of chemicals and chemical products (excluding pharmaceutical products and fertilizers) during 2012-13 to 2016-17 (up to September, 2016)

Commodity	2012-13	2013-14	2014-15	2015-16	2015-16 (upto September, 2015)	2016-17 (upto September, 2016)
<b>A. Total national exports</b>	1634318	1905011	1896348	1716378	858623	878318
<b>Total chemical and chemical products</b>	150829	177862	177813	181361	89534	91321
<b>% share in total exports</b>	9.2%	9.3%	9.4%	10.6%	10.4%	10.4%
<b>B. Total national imports</b>	2669162	2715434	2737087	2490298	1298646	1167856
<b>Total chemical and chemical products</b>	209909	241311	262722	261880	137735	134903
<b>% share in total imports</b>	7.9%	8.9%	9.6%	10.5%	10.6%	11.6%

(Source: Government of India Ministry of Chemicals & Fertilizers Department of Chemicals and Petrochemicals)

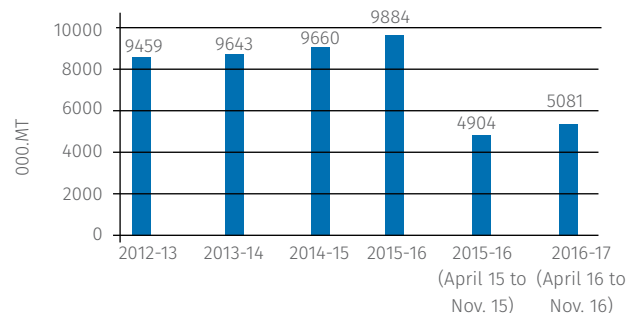
### Trends in chemical production 2017 - 2019 (excl. pharmaceuticals)

(Average annual real change)



(Source: BASF)

### Trend of production data in major chemicals



(Source: Government of India Ministry of Chemicals & Fertilizers Department of Chemicals and Petrochemicals)

India's disadvantages in feedstock position and lack of adequate infrastructure have hindered its progress into the big league. Additionally, due to lack of innovation of new products or applications, these businesses have developed largely to meet immediate local demand, which requires relatively smaller investment. Not surprisingly, this industry is highly fragmented among 40,000 companies – where 60% of volume is produced by SMEs. (Source: Philip Capital)

Speciality chemicals comprise high value, low volume chemicals recognized for their performance enhancing end use applications. Being 'usage-specific', speciality chemicals touch upon every population segment, finding downstream applications in paints, coatings, plastics, home care surfactants, flavours and fragrances.

Traditionally, a majority of the Indian market was characterised by SMEs working around low costs but without processes, quality and customer engagement capabilities at par with global peers. In recent years, there has been a decisive shift, the Indian specialty chemicals industry moving from a generic space to a knowledge based and innovation driven niche.

The structural foundation of the Indian speciality chemicals sector remains strong, catalysed by a visible increase in the consumption of value added high performance products in all spheres of life. India's position as a manufacturing hub for specialty chemicals strengthened following an increasing shift in manufacturing capacities to Asia, following a weakening in Chinese exports and a sustained improvement in India's competitiveness.

Going ahead, the Make in India campaign is set to accelerate sectoral growth by attracting foreign direct investment that validates India's emergence as a leading global speciality chemicals manufacturing location on the back of improvements in infrastructure, regulation, licenses and taxes.

Factors indicating the robust potential of India's specialty chemical demand:

- Large population with lowest per-capita consumption of chemicals in the country
- India's relatively strong GDP growth outlook (7-8% over the next few years).
- Rapid progress in key end-user industries domestically would support growth.

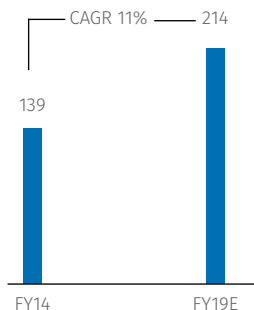
(Source: Philip Capital)

Favourable initiatives by the Indian government

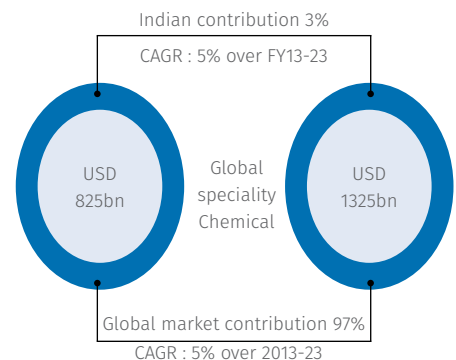
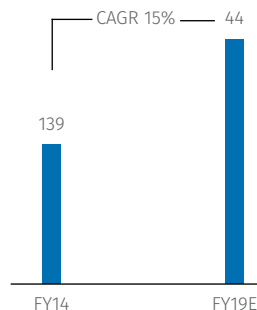
- Developing chemical clusters with adequate infrastructure
- Facilitating international investment
- Make in India campaign giving better visibility for the industry
- Capex into the Indian chemical sector has already seen a 52% year-on-year jump to Rs 1.46tn in 2014
- FDI increased by 49% year-on-year in FY15 to US\$ 4bn (as per Department of Industrial Policy and Promotion).

(Source: Philip Capital)

**Indian chemical industry outlook (USD bn)**



**Indian speciality chemicals industry outlook (USD bn)**



**SWOT Analysis****Strengths**

- Large population and dependence on agriculture
- Per-capita consumption of chemicals in India is lower compared to Western countries
- 100% FDI is permissible in the Indian chemicals sector and the manufacturing of most chemical products is de-licensed.
- Launch of the Draft National Chemical Policy by the Government of India to increase India's share of chemical sector in the GDP.
- Diversified manufacturing base that produces world-class products.
- Raw material requirement is fulfilled domestically and is easily available.
- India's tropical climate facilitates in open storage of bulk chemicals.

**Weaknesses**

- Presence of numerable suppliers in the market lead to high bargaining power to customers.
- High fragmentation of the chemical industry in India with intense rivalry amongst companies.
- Difficulties for the country to compete with developed nations because of low investment in R&D and engineering facilities.
- High cost of power as well as finance is faced by the industry.
- Plant sizes in India are small in comparison to other countries leading to loss of advantages of economies of scale.
- Huge capital requirements together with patent protection are barriers to enter in the market.

**Opportunities**

- Reliable and competitive feedstock supply available in the market.
- Buyers tend to have specific chemical requirements and there is no direct substitute for a specific chemical requirement.
- The domestic industry is likely to grow in the coming years with a growing market and purchasing power.
- Growing disposable incomes and increasing urbanisation are increasing the end consumption demand for paints, textiles, adhesives and construction.

**Threats**

- Tariff levels in India for most chemicals are significantly higher compared to other countries, thereby leading in much pressure to reduce import tariffs.
- The industry may face extinction if competitiveness is not acquired.
- Challenges may be faced by the industry due to bilateral/multilateral trade agreements of the country.

## Company overview

Vinati Organics Limited is a specialty chemicals manufacturer established in 1989 and has plants its plants at Lote and Mahad. The company is based out of Mumbai and has over 600 employees. Vinati Organics is known globally for Iso Butyl Benzene (IBB) and 2-Acrylamido methylpropanesulfonic Acid (ATBS).

With the best technologies and process, Vinati has become the world's largest manufacturer with a share of 65% in IBB and 45% in ATBS. Global leadership in these products was achieved through development of greener and cost efficient process through years of sustained effort on developing a credible alternative to existing manufacturing process.

## Product profile

IBB is primarily used in pharmaceuticals as a raw material for the manufacture of ibuprofen and ATBS is a specialty monomer used as co-monomer in numerous polymerisation processes. IB, which is the key raw material for ATBS, is also used in agro-based chemicals and antioxidants. These 3 key products now contribute around 75% of the revenues of Vinati Organics. Vinati Organics has started diversifying its product portfolio by adding products like HPMTBE, couple of customised products and IB based derivatives like TB Amine, PTBBA.

Product	Market Position	Application/End Usage	Relevance
Isobutyl Benzene (IBB)	Largest manufacturer in the world and holds the largest market share	Pharmaceutical	It is the primary raw material for Ibuprofen and widely used drug across the US, Europe and Asia.
2-Acrylamido 2 Methylpropane Sulfonic Acid (ATBS)	Largest manufacturer in the world and the only manufacturer in the country	Water treatment chemicals, emulsions for paint and paper coatings, adhesives, textile auxiliaries and acrylic fibre, detergents and cleaners, oil field, mining chemicals and construction chemicals	It is used to manufacture dispersants in water chemicals. It acts as an important ingredient to manufacture polymers for Enhanced Oil Recovery (EOR). It is important for giving dye receptability for acrylic fibre.
Isobutylene (IB)	Largest manufacturer in the country	Agro-based chemicals, food Additives and anti-oxidants	It is used as an intermediate.
High Purity- Methyl Tertiary Butyl Ether (HPMTBE)	Largest manufacturer in the country	Pharmaceuticals	It is used as a speciality solvent.
Tertiary Butyl Amine (TB Amine)	Only manufacturer in the country	Agro based chemicals, Pharmaceuticals and rubber	It is an Important building block
N-Tertiary Butyl Acrylamide (TBA)	Only manufacturer in the country	Thickeners, personal care, water Treatment and metal working fluid	It is an important ingredient to increase viscosity of coatings and solutions
N-Tertiary Octyl Acrylamide (TOA)	Only manufacturer in the country	Personal care, adhesives and enhanced oil recovery	It is an important ingredient in personal care products like hair gel and creams.

**Financial performance (₹ in Lacs)**

	2016-17	2015-16	y-o-y growth
<b>Net sales</b>	64766	57821	12%
<b>EBITDA</b>	23887	20677	16%
<b>Net profit</b>	13930	13157	6%
<b>Net worth</b>	68008	54078	26%
<b>Net block</b>	47363	38189	24%
<b>Gross block</b>	59783	48508	23%

Net sales increased 12% from ₹ 57821 lacs to ₹ 64766 lacs. The Operational Profit Before Interest Depreciation and Taxes rose by 9%. Net profit increased by 6% from ₹ 13157 lacs to ₹ 13930 lacs. During FY17, the company has repaid in full its long term debt and also completed the planned capex of ₹ 200 crores which was entirely funded through internal accruals.

**Geographic revenue analysis**

	2016-17	2015-16
<b>Domestic</b>	24%	33%
<b>International</b>	76%	67%

**Risk management**

The Company continues to take proactive approach by identifying and mitigating risks that affect the day-to-day business operations.

**Health and safety risk**

**Mitigation:** Health and safety is in the Company's top list of items for the management meetings as health and safety is one of the integral operational priorities.

**Environmental risk**

**Mitigation:** A positive involvement is ensured to the health and well being of our consumers and the communities we work for. Our corporate social responsibility statement describes our effort in more detailed manner.

**Geographical risk**

**Mitigation:** The Company has two plants in Maharashtra and sells its products locally as well as exports it to more than 22 countries worldwide, spread across the US, Europe and Asia.

**Customer risk**

**Mitigation:** The innovative products are developed according to our consumers' requirements to meet their demand for quality, choice and value. We are also diversifying into products that cater to different industries.

**Client retention risk**

**Mitigation:** We focus on building a strong relationship with our clients based on servicing them products of the highest quality with efficient pricing and timely deliveries. Our business model emphasises on different sectors and geographies.

**People retention risk**

**Mitigation:** Many performance management and training and development programmes are held to ensure that our corporate objectives are met and the best people are motivated and retained through adopting fair performance evaluation and reward scheme.

### Quality risk

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**Mitigation:** The most reliable certifications for quality and environment like ISO 9001:2008, ISO 14001: 2004 and ISO 18001:2007 are held. Additionally EHS audits carried out at our premises by the customers aid us in strengthening our quality commitment.

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### Financing risk

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**Mitigation:** The Company has Zero Long Term debt and is financially strong enough to fund its proposed capital expenditure through internal accruals and can easily raise debt to fund its future planned capital expenditures.

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### Foreign exchange and Raw material price risk

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**Mitigation:** More than 2/3rd of the the Company's revenues are generated from exports and the raw materials are procured through import and local purchases, where local purchases track import parity price. The contracts entered into with customers have provision to pass on the change in the raw material prices and beyond a certain degree even the volatility in the exchange rate is captured in the contract.

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### Internal Control systems and their adequacy

Internal control and proper systems give authenticity to the information, reports, records, documents, transactions and serve as a strong foundation for decision making by the management. The Company has established proper internal control systems and procedures which are compatible with the size of its operations and business. With a view to ensure that systems are adhered to and controls are not flouted, a firm of chartered accountants conduct internal audit of operations, establishments, and stockyards quarterly. The Audit Committee reviews the reports of Internal Auditors and monitors effectiveness and operational efficiency of internal control systems. The Audit Committee gives valuable suggestions from time to time in improving the business processes, systems and internal controls. Annual internal audit plans are prepared by internal auditors in consultation with the Audit Committee and audit is conducted in accordance with this plan.

## ANNEXURE F

Statement of particulars of employees pursuant to Section 134 of the Companies Act, 2013 and forming part of the Directors' Report for the year ending March 31, 2017 employed for whole of the year.

Sr. No.	Name	Designation & nature of duties (as at March 31, 2017)	Qualification	Age (Yrs.)	Date of Joining	Experience	Gross Remuneration received (₹ in Lacs)	Previous employer	Designation
1	Mr. Vinod Banwarilal Saraf	Managing Director	Master of Business Administration from BITS, Pilani	67	15.06.1989	44	114.66	Mangalore Refinery & Petrochemicals Ltd.	Managing Director (Finance & Admin.)
2	Ms. Vinati Saraf Mutreja	Executive Director	Bachelors in Science in Economics & Engineering from University of Pennsylvania	33	20.05.2006	12	87.42	Mercer Oliver Wyman	Consultant



ANNEXURE G

1 Sr. No.	2 CSR Project or activity identified	3 Sector in which the project is covered	4 Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs was under-taken	5 Amount outlay (budget) project or programs wise (₹ in Lacs)	6 Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads: (₹ in Lacs)	7 Cumulative expenditure up to the reporting period (₹ in Lacs)	8 Amount spent Direct or through implementing agency
1	Provided water charges social fund CETP charges, Police welfare fund, School activities, Training, Science exhibition, Computer, Construction of shed, Water pipelines, Plantation and other welfare schemes.	Rural Development & Environment	Lote, Mahad & Ahmednagar (Maharashtra).	25.00	14.00	14.00	Direct
2	Imparting professional educations in the fields of medical science, engineering, technology, management & architecture and higher education.	Education	Mumbai, Nagpur, Mahad, Lote & Ahmednagar (Maharashtra),	276.00	191.50	191.50	Direct
3	Contribution to scientific & industrial research	Technology Development	Pune (Maharashtra)	25.00	10.00	10.00	Direct
				<b>326</b>	<b>215.50</b>		
<b>TOTAL</b>							

**Vinod Saraf**  
Chief Executive Officer  
DIN : 00076708

**R. K. Saraswat**  
Chairman  
DIN : 00015095

# CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR)

## CSR Meaning

Corporate Social Responsibility (CSR) is a form of corporate self regulation integrated into business model. The term stake holder meaning those on whom an organisation's activities have on impact.

There is no other way to run your business rightly. Honesty has to be accepted as an axiom, which is the only way to do business. It gives you the mental and moral strength and the ability to do it the right way.

## Philosophy

Recognising that business enterprises are economic organs of society and draw on societal resources, it is VOL's belief that a company's performance must be measured by its Triple Bottom Line contribution to building economic, social and environmental capital towards enhancing societal sustainability. VOL believes that in the strategic context of business, enterprises possess, beyond mere financial resources, the transformational capacity to create game-changing development models by unleashing their power of entrepreneurial vitality, innovation and creativity. In line with this belief, VOL will continue crafting unique models to generate livelihoods and environmental capital. Such Corporate Social Responsibility ("CSR") projects are far more replicable, scalable and sustainable, with a significant multiplier impact on sustainable livelihood creation and environmental replenishment. These initiatives are independent of the normal conduct of VOL's business. Programmes, projects and activities (collectively "CSR Programmes") carried out in this regard are the subject matter of this Policy.

## CSR Policy

### It is VOL's policy:

1. To direct VOL's CSR Programmes, inter alia, towards achieving one or more of the following - enhancing environmental and natural capital; supporting rural development; promoting education; providing preventive healthcare, providing sanitation and drinking water; creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India; preserving and promoting sports;
2. To develop the required capability and self-reliance of beneficiaries at the grass roots, especially of women, in the belief that these are prerequisites for social and economic development;
3. To engage in affirmative action interventions such as skill building and vocational training, to enhance employability and generate livelihoods for persons from disadvantaged sections of society;
4. To pursue CSR Programmes primarily in areas that fall within the economic vicinity of the Company's operations to enable close supervision and ensure maximum development impact;
5. To carry out CSR Programmes in relevant local areas to fulfill commitments arising from requests by government/regulatory authorities and to earmark amounts of monies towards "Enterprise Social Responsibility (ESR)" activities and to spend such monies through ESR/CSR Cells of such administrative bodies of the government and/or directly by way of developmental works in the local areas around which the Company operates;
6. To provide equal opportunities to beneficiaries of the Company's CSR Programmes as vendors or employees on merit;

## CSR Management

### • Plan

Consult Stakeholders  
Establish code of conduct  
Set targets

### • Do

Establish management  
Systems & personnel  
Promote code compliance

### • Check

Measure progress  
Audit  
Report

### • Act

Corrective action

### • Reform of system

### CSR Governance

1. Every year, the Corporate Social Responsibility Committee (CSRC) will place for the Board's approval, a CSR Plan delineating the CSR Programmes to be carried out during the financial year and the specified budgets thereof. The Board will consider and approve the CSR Plan with any modification that may be deemed necessary.
2. The CSRC will assign the task of implementation of the CSR Plan within specified budgets and timeframes to such persons or bodies as it may deem fit.
3. The persons/bodies to which the implementation is assigned will carry out such CSR Programmes as determined by the CSRC within the specified budgets and timeframes and report back to the CSRC on the progress thereon at such frequency as the CSRC may direct.
4. The CSRC shall review the implementation of the CSR Programmes once a quarter and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR Programmes in accordance with this Policy.
5. Once every six months the CSRC will provide a status update to the CSR and Sustainability Committee on the progress of implementation of the approved CSR Programmes carried out during the six month period. It shall be the responsibility of the CSRC to review such reports and keep the Board apprised of the status of implementation of the same.
6. At the end of every financial year, the CSRC will submit its report to the Board.

### Guiding Principles

To attain its CSR objectives in a professional manner and integrated manner, the Company shall:

- Undertake proactive engagement with stakeholders to actively contribute to the socio-economic development of the periphery/community in which it operates.
- Using environment friendly and safe processes in production.
- Create a positive footprint within the society by creating inclusive and enabling infrastructure/environment for livable communities.
- Ensure environmental sustainability by adopting best ecological practices and encouraging conservation/judicious use of natural resources.

- Work towards mainstreaming the marginalised segments of the society by striving towards providing equal opportunities and making meaningful difference in their lives.
- Focus on educating the girl child and the underprivileged by providing appropriate infrastructure, and groom them as future value creators.
- Assist in skill development by providing direction and technical expertise to the vulnerable thereby empowering them towards a dignified life.
- Emphasise on providing basic nutrition/health care facilities with special focus on establishing health centers for the mother and child as well as the elderly.
- Facilitate water conservation by reducing water consumption at the plants and taking up rain water harvesting projects.
- Create a business value chain which is sustainable – environmentally + socially + economically.
- Promote an inclusive work culture.
- Work towards generating awareness for creating public infrastructure that is barrier free, inclusive and enabling for all including the elderly and the disabled.
- Create positive awareness towards the need to adopt measures that lead towards reducing carbon footprints, dependence on fossil fuels and promote alternate energy approaches.
- Promoting the well being and development of employees and their families through an inspiring corporate culture that engenders good values.
- Employee participation is an important part of developing responsible citizenship. Our company encourages and motivates employees to spend time volunteering on issues of their interest.
- At the time of national crisis, as a company it is imperative for us to respond to emergency situations & disasters by providing timely help to affected victims and their families.

### CSR Expenditure

CSR expenditure will include all expenditure, direct and indirect, incurred by the Company on CSR Programmes undertaken in accordance with the approved CSR Plan. Moreover, any surplus arising from any CSR Programmes shall be used for CSR. Accordingly, any income arising from CSR Programmes will be netted off from the CSR expenditure and such net amount will be reported as CSR expenditure.

## EXTRACT OF ANNUAL RETURN

As on financial year ended March 31, 2017  
Pursuant to Section 92(3) of the Companies act, 2013 read with  
[The Companies (Management and Administration) Rules, 2014] **FORM NO. MGT-9**

### A. REGISTRATION AND OTHER DETAILS:

CIN:-	L24116MH1989PLC052224
Registration Date:	15.06.1989
Name of the Company:	VINATI ORGANICS LTD
Category / Sub-Category of the Company	Company limited by shares - Non-government company
Address of the Registered office and contact details:	B-12 & B-13/1, MIDC Industrial Area, Mahad - 402 309, Dist. Raigad, Maharashtra, India. Tel No.: 02145-232013/14, Website: www.vinatiorganics.com, Email: shares@vinatiorganics.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharex Dynamic (India) Pvt. Ltd., Unit No.1, Luthra Industrial Premises, Safed Pool, Andheri-Kurla Road, Mumbai - 400 072. Tel. No.: 022-28515606/5644, Email: sharexindia@vsnl.com

### B. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service% to total turnover of the company	% to total turnover of the company
a.	Manufacture of organic & inorganic chemical compounds n.e.c	20119	100%

### C. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held
a	Suchir Chemicals Pvt. Ltd. 301-302, Riya Palace, Swami Samarth Nagar, Andheri (West), Mumbai – 400 053.	U24110MH1998PTC114423	Holding	46.19

### D. SHARE HOLDING PATTERN

#### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2016				No. of Shares held at the end of the year 31/03/2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. PROMOTER'S</b>									
<b>(1). INDIAN</b>									
(a). individual	14331812	0	14331812	27.780	14331812	0	14331812	27.780	0
(b). Central Govt.									0
(c). State Govt(s).		0				0			0
(d). Bodies Corpp.	22971435	0	22971435	44.526	23829683	0	23829683	46.190	1.664
(e). FIINS / BANKS.	0	0	0		0	0	0		0
(f). Any Other		0				0			0
<b>Sub-total (A) (1):-</b>	<b>37303247</b>	<b>0</b>	<b>37303247</b>	<b>72.306</b>	<b>38161495</b>	<b>0</b>	<b>38161495</b>	<b>73.97</b>	<b>1.664</b>

**D. SHARE HOLDING PATTERN**

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2016				No. of Shares held at the end of the year 31/03/2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. PROMOTER'S</b>									
<b>(2). FOREIGN</b>									
(a). Individual NRI / For Ind	0	0	0	0	0	0	0	0	0
(b). Other Individual	0	0	0	0	0	0	0	0	0
(c). Bodies Corporates	0	0	0	0	0	0	0	0	0
(d). Banks / FI	0	0	0	0	0	0	0	0	0
(e). Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
(f). Any Other Specify	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>37303247</b>	<b>0</b>	<b>37303247</b>	<b>72.306</b>	<b>38161495</b>	<b>0</b>	<b>38161495</b>	<b>73.970</b>	<b>1.664</b>
<b>(B) (1). PUBLIC SHAREHOLDING</b>									
(a). Mutual Funds	3352675	0	3352675	6.499	3545389	0	3545389	6.872	0.373
(b). Banks / FI	7689	0	7689	0.015	3328	0	3328	0.006	-0.009
(c). Central Govt.									
(d). State Govt.	7580	0	7580	0.015		0			-0.015
(e). Venture Capital Funds		0				0			0.000
(f). Insurance Companies		0				0			0.000
(g). FIs	347400	0	347400	0.673	1004442	0	1086215	2.105	1.432
(h). Foreign Venture Capital Funds		0	0		0	0	0		0.000
(i). Others (specify)		0	0		0	0	0		0.000
<b>Sub-total (B)(1):-</b>	<b>3715344</b>	<b>0</b>	<b>3715344</b>	<b>7.202</b>	<b>4553159</b>	<b>0</b>	<b>4634932</b>	<b>8.983</b>	<b>1.781</b>
<b>2. Non-Institutions</b>									
<b>(a). BODIES CORP.</b>									
(i). Indian	680907	9000	689907	1.337	343159	9000	352159	0.683	-0.654
(ii). Overseas									
<b>(b). Individuals</b>									
(i) Individual shareholders holding nominal share capital upto ₹1 lakh	6166204	2125255	8291459	16.072	5312025	2011505	7323530	14.195	(1.877)
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	1252966	0	1252966	2.429	784337	0	784337	1.520	(0.909)
<b>(c). Other (specify)</b>									
Non Resident Indians	253053	2000	255053	0.494	252225	4250	256475	0.497	0.003
Overseas Corporate Bodies	500	0	500	0.001	0	0	0	0	(0.001)
Foreign Nationals		0				0			0
Clearing Members	82549	0	82549	0.16	78097	0	78097	0.151	(0.009)
Trusts		0				0			0
Foreign Boodies - D R		0				0			0
<b>Sub-total (B)(2):-</b>	<b>8436179</b>	<b>2136255</b>	<b>10572434</b>	<b>20.493</b>	<b>6769843</b>	<b>2024755</b>	<b>8794598</b>	<b>17.046</b>	<b>(3.447)</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>12151523</b>	<b>2136255</b>	<b>14287778</b>	<b>27.695</b>	<b>11323002</b>	<b>2024755</b>	<b>13429530</b>	<b>26.029</b>	<b>(1.66)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>		<b>0</b>				<b>0</b>			<b>0.000</b>
<b>Grand Total (A+B+C)</b>	<b>49454770</b>	<b>2136255</b>	<b>51591025</b>	<b>100.00</b>	<b>49484497</b>	<b>2024755</b>	<b>51591025</b>	<b>100.00</b>	<b>(0.002)</b>

**(ii) Shareholding of Promoters:**

Sr No.	Shareholder's Name	Share holding at the beginning of the year 01/04/2016			Share holding at the end of the Year 31/03/2017			% 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	SUCHIR CHEMICALS PRIVATE LIMITED	22971435	44.526	0	23829683	46.19	0	1.664
2	VINOD SARAF	6973550	13.517	0	6973550	13.517	0	0
3	KAVITA SARAF	6228000	12.072	0	6228000	12.072	0	0
4	VINATI SARAF MUTREJA	607335	1.177	0	607335	1.177	0	0
5	VIRAL SARAF MITTAL	522927	1.014	0	522927	1.014	0	0

**(iii) Change in Promoters' Shareholding (please specify, if there is no change):**

Sr No.	Shareholder's Name	Share holding at the beginning of the year 01/04/2016			Share holding at the end of the Year 31/03/2017			% of total Shares of the company
		No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reson	No. of Shares	
1	SUCHIR CHEMICALS PRIVATE LIMITED	22971435	44.526	01-04-2016	0		0	0
				10-06-2016	157350	Buy	23128785	44.831
				17-06-2016	150	Buy	23128935	44.831
				12-08-2016	562665	Buy	23691600	45.922
				19-08-2016	138083	Buy	23829683	46.19
	-Closing Balance			31-03-2017	0		23829683	46.19

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr No.	Name	No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reson	No. of Shares	% of total Shares of the company
1	MIRAE ASSET EMERGING BLUECHIP FUND	327299	0.634	01-04-2016				
				22-04-2016	17398	Buy	344697	0.668
				29-04-2016	66323	Buy	411020	0.797
				20-05-2016	15000	Buy	426020	0.826
				27-05-2016	37000	Buy	463020	0.897
				03-06-2016	27669	Buy	490689	0.951
				10-06-2016	55000	Buy	545689	1.058
				17-06-2016	5289	Buy	550978	1.068
				30-06-2016	25437	Buy	576415	1.117
				15-07-2016	4368	Buy	580783	1.126
				22-07-2016	4098	Buy	584881	1.134
				05-08-2016	3000	Buy	587881	1.14
				12-08-2016	6439	Buy	594320	1.152
				26-08-2016	50506	Buy	644826	1.25
				02-09-2016	25754	Buy	670580	1.3
				16-09-2016	15000	Buy	685580	1.329
				28-10-2016	42200	Buy	727780	1.411
				04-11-2016	52515	Buy	780295	1.512
				11-11-2016	46330	Buy	826625	1.602
				23-12-2016	40000	Buy	866625	1.68
				30-12-2016	35556	Buy	902181	1.749
				06-01-2017	55000	Buy	957181	1.855
				13-01-2017	15000	Buy	972181	1.884
				24-03-2017	5000	Buy	977181	1.894
	-Closing Balance			31-03-2017			977181	1.894
2	MIRAE ASSET INDIA OPPORTUNITIES FUND	269986	0.523	01-04-2016				
				30-06-2016	10000	Buy	279986	0.543
				26-08-2016	50505	Buy	330491	0.641
				06-01-2017	35000	Buy	365491	0.708
				10-02-2017	16439	Buy	381930	0.74
	-Closing Balance			31-03-2017			381930	0.74
3	HSBC MIDCAP EQUITY FUND	314173	0.609	01-04-2016				
				26-08-2016	(30000)	Sold	284173	0.551
				04-11-2016	(28000)	Sold	256173	0.497
				25-11-2016	20000	Buy	276173	0.535
	-Closing Balance			31-03-2017			276173	0.535

Sr No.	Name	No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reson	No. of Shares	% of total Shares of the company
4	ITPL - INVESCO INDIA MID N SMALL CA	28971	0.056	30-09-2016				
				07-10-2016	13804	Buy	42775	0.083
				14-10-2016	34010	Buy	76785	0.149
				04-11-2016	28232	Buy	105017	0.204
				11-11-2016	14544	Buy	119561	0.232
				25-11-2016	38170	Buy	157731	0.306
				06-01-2017	24103	Buy	181834	0.352
				24-02-2017	9839	Buy	191673	0.372
				03-03-2017	25293	Buy	216966	0.421
	-Closing Balance			31-03-2017			216966	0.421
5	SBI EQUITY OPPORTUNITIES FUND SERIES I	300000	0.581	01-04-2016				
				07-10-2016	(26311)	Sold	273689	0.53
				14-10-2016	(1322)	Sold	272367	0.528
				03-03-2017	(14928)	Sold	257439	0.499
				10-03-2017	(175)	Sold	257264	0.499
				24-03-2017	(47402)	Sold	209862	0.407
	-Closing Balance			31-03-2017	(4400)	Sold	205462	0.398
6	TARAMATI BABUBHAI SHAH	170188	0.33	01-04-2016				
	-Closing Balance			31-03-2017		No Change	170188	0.33
7	CANARA ROBECO MUTUAL FUND A/C CANAR	46179	0.09	27-01-2017				
				03-02-2017	64288	Buy	110467	0.214
				10-02-2017	19215	Buy	129682	0.251
				17-02-2017	24562	Buy	154244	0.299
	-Closing Balance			31-03-2017	10000	Buy	164244	0.318
8	LLOYD BAUGHAN MASTER FUND L.P.	3322	0.006	06-05-2016				
				13-05-2016	6912	Buy	10234	0.02
				20-05-2016	23766	Buy	34000	0.066
				30-06-2016	23000	Buy	57000	0.11
				08-07-2016	13000	Buy	70000	0.136
				05-08-2016	12000	Buy	82000	0.159
				12-08-2016	22514	Buy	104514	0.203
				02-09-2016	11486	Buy	116000	0.225
				16-09-2016	10253	Buy	126253	0.245
				21-10-2016	13747	Buy	140000	0.271
				04-11-2016	12000	Buy	152000	0.295
	-Closing Balance			31-03-2017			152000	0.295
9	TATA TRUSTEE CO. LTD.A/C TATA MUTU	125000	0.242	05-08-2016				
				11-11-2016	20000	Buy	145000	0.281
	-Closing Balance			31-03-2017			145000	0.281
10	L AND T MUTUAL FUND TRUSTEE LTD-L A	81042	0.157	06-05-2016				
				17-06-2016	8066	Buy	89108	0.173
				24-06-2016	9556	Buy	98664	0.191
				26-08-2016	10000	Buy	108664	0.211
				20-01-2017	18712	Buy	127376	0.247
				27-01-2017	7524	Buy	134900	0.261
				10-03-2017	6691	Buy	141591	0.274
				31-03-2017			141591	0.274
11	SBI EQUITY OPPORTUNITIES FUND SERIES II	200000	0.388	01-04-2016				
				25-11-2016	(67000)	Sold	133000	0.258
				03-03-2017	(5492)	Sold	127508	0.247
				10-03-2017	(64)	Sold	127444	0.247



Sr No.	Name	No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reson	No. of Shares	% of total Shares of the company
	-Closing Balance			31-03-2017	(11000)	Sold	116444	0.226
12	HSBC INDIA OPPORTUNITIES FUND	200000	0.388	01-04-2016				
				11-11-2016	(50000)	Sold	150000	0.291
				18-11-2016	(13567)	Sold	136433	0.264
				25-11-2016	(27143)	Sold	109290	0.212
				02-12-2016	(9290)	Sold	100000	0.194
	-Closing Balance			31-03-2017			100000	0.194
13	GLOBE CAPITAL MARKET LTD	174881	0.339	01-04-2016	7634	Buy	182515	0.354
				08-04-2016	(2191)	Sold	180324	0.35
				15-04-2016	(19534)	Sold	160790	0.312
				22-04-2016	(37075)	Sold	123715	0.24
				29-04-2016	(26277)	Sold	97438	0.189
				06-05-2016	100	Buy	97538	0.189
				13-05-2016	(25)	Sold	97513	0.189
				20-05-2016	(300)	Sold	97213	0.188
				27-05-2016	2104	Buy	99317	0.193
				03-06-2016	(79054)	Sold	20263	0.039
				10-06-2016	(2437)	Sold	17826	0.035
				17-06-2016	3981	Buy	21807	0.042
				24-06-2016	(5550)	Sold	16257	0.032
				30-06-2016	350	Buy	16607	0.032
				01-07-2016	(620)	Sold	15987	0.031
				08-07-2016	435	Buy	16422	0.032
				15-07-2016	(75)	Sold	16347	0.032
				22-07-2016	(365)	Sold	15982	0.031
				29-07-2016	142	Buy	16124	0.031
				05-08-2016	1687	Buy	17811	0.035
				12-08-2016	(10049)	Sold	7762	0.015
				19-08-2016	(6915)	Sold	847	0.002
				26-08-2016	275	Buy	1122	0.002
				02-09-2016	4225	Buy	5347	0.01
				09-09-2016	(150)	Sold	5197	0.01
				16-09-2016	(45)	Sold	5152	0.01
				23-09-2016	(75)	Sold	5077	0.01
				30-09-2016	1324	Buy	6401	0.012
				07-10-2016	4275	Buy	10676	0.021
				14-10-2016	(1594)	Sold	9082	0.018
				21-10-2016	90	Buy	9172	0.018
				28-10-2016	128	Buy	9300	0.018
				04-11-2016	(3137)	Sold	6163	0.012
				11-11-2016	(4085)	Sold	2078	0.004
				18-11-2016	(142)	Sold	1936	0.004
				25-11-2016	299	Buy	2235	0.004
				02-12-2016	5	Buy	2240	0.004
				09-12-2016	(747)	Sold	1493	0.003
				16-12-2016	816	Buy	2309	0.004
				23-12-2016	94	Buy	2403	0.005
				30-12-2016	61	Buy	2464	0.005
				06-01-2017	(487)	Sold	1977	0.004
				13-01-2017	1223	Buy	3200	0.006
				20-01-2017	(27)	Sold	3173	0.006
				27-01-2017	(598)	Sold	2575	0.005
				03-02-2017	359	Buy	2934	0.006
				10-02-2017	(1485)	Sold	1449	0.003
				17-02-2017	(326)	Sold	1123	0.002
				24-02-2017	456	Buy	1579	0.003
				10-03-2017	103	Buy	1682	0.003

Sr No.	Name	No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reson	No. of Shares	% of total Shares of the company
				17-03-2017	673	Buy	2355	0.005
				24-03-2017	(960)	Sold	1395	0.003
	-Closing Balance			31-03-2017				
14	SBI MAGNUM GLOBAL FUND	1290000	2.5	01-04-2016				
				05-08-2016	-308904	Sold	981096	1.902
				12-08-2016	-17937	Sold	963159	1.867
				19-08-2016	-63159	Sold	900000	1.744
				11-11-2016	-174656	Sold	725344	1.406
				25-11-2016	-124957	Sold	600387	1.164
				02-12-2016	-95391	Sold	504996	0.979
				09-12-2016	-140317	Sold	364679	0.707
				23-12-2016	-50991	Sold	313688	0.608
				30-12-2016	-111501	Sold	202187	0.392
				06-01-2017	-168049	Sold	34138	0.066
	-Closing Balance			13-01-2017	-34138	Sold	0	0
15	SUSHMITA ASHISH KACHOLIA	155000	0.3	01-04-2016				
				20-05-2016	-75380	Sold	79620	0.154
				27-05-2016	-33746	Sold	45874	0.089
	-Closing Balance			03-06-2016	-45874	Sold	0	0
16	GLOBE CAPITAL MARKET LTD	1674	0.003	03-03-2017				
	-Closing Balance			10-03-2017	-1674	Sold	0	0

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr No.	Particulars	Shareholding at the beginning of the year 01/04/2016		Cumulative Shareholding during the year 31/03/2017	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company

No Records Found!!

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

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	(₹ in Lacs)
				Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4206.87	-	-	4206.87
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	22.07	-	-	22.07
<b>Total (i+ii+iii)</b>	<b>4228.94</b>	<b>-</b>	<b>-</b>	<b>4228.94</b>
Change in Indebtedness during the financial year				
• Addition	--	-	-	--
• Reduction	(3998.82)	-	-	(3998.82)
<b>Net Change</b>	<b>(3998.82)</b>	<b>-</b>	<b>-</b>	<b>(3998.82)</b>
Indebtedness at the end of the financial year				
i) Principal Amount	230.12	-	-	230.12
ii) Interest due but not paid	--	-	-	--
iii) Interest accrued but not	--	-	-	--
<b>Total (i+ii+iii)</b>	<b>230.12</b>	<b>-</b>	<b>-</b>	<b>230.12</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration To Managing Director, Whole-Time Directors And/Or Manager:**

Sr No.	Particulars	Name of MD/WTD/ Manager			(₹ in Lacs)
		Mr. Vinod Saraf, Managing Director	Ms. Vinati Saraf Mutreja, Executive Director	Ms. Viral Saraf Mittal, Director - Corporate Strategy	Total Amount
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	113.40	79.38	44.82	237.60
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.26	8.04	4.43	13.73
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
		<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil	Nil
	- others, specify...	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total (A)</b>	<b>114.66</b>	<b>87.42</b>	<b>49.25</b>	<b>251.33</b>
	Ceiling as per the Act	1023	511	511	2045
	<b>Total</b>				

**B. Remuneration To Other Directors:**

Sr No.	Particulars of Remuneration	Name of Directors				(₹ in Lacs)
						Total Amount
1.	Independent Directors	Mr. Girish M. Dave	Mr. R. K. Saraswat	Mr. C. B. Gokhale	Mr. A. A. Krishnan	
	• Fee for attending board/ committee meetings	1.50	2.50	1.50	1.00	6.50
	• Commission	Nil	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil
	<b>Total (1)</b>	<b>1.50</b>	<b>2.50</b>	<b>1.50</b>	<b>1.00</b>	<b>6.50</b>
2.	Other Non-Executive Directors	Mr. Mohit Mutreja	Mr. Sunil Saraf			
	• Fee for attending board/ committee meetings	1.00	1.00			2.00
	• Commission	Nil	Nil			Nil
	• Others, please specify	Nil	Nil			Nil
	<b>Total (2)</b>	<b>1.00</b>	<b>1.00</b>	<b>Nil</b>	<b>1.00</b>	<b>2.00</b>
	<b>Total (B)=(1+2)</b>	<b>2.50</b>	<b>3.50</b>	<b>1.50</b>	<b>1.00</b>	<b>8.50</b>
	Total Managerial Remuneration	Nil	Nil	Nil		Nil

**C. Remuneration To Key Managerial Personnel Other Than Md/Wtd**

(₹ in Lacs)

Sr No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		COO	CFO	Company Secretary	
1	Gross salary	68.00	55.50	27.61	151.11
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.32	0.32	0.32	0.96
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil	Nil
	- as % of profit				
	- others, specify...				
	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>68.32</b>	<b>55.82</b>	<b>27.93</b>	<b>152.07</b>

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

	Section of the Companies Act	Brief Description	"Details of Penalty / Punishment/ Compounding fees imposed"	Authority [RD/NCLT/ COURT]	"Authority [RD/NCLT/ COURT]"
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

# SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 09 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Member,  
VINATI ORGANICS LIMITED  
B-12 & B-13, MIDC AREA,  
MAHAD, DIST: RAIGAD,  
MAHARASHTRA

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by "VINATI ORGANICS LIMITED" (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised 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 31st 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 extent, in the manner and subject to the reporting made hereinafter.

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

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed hereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India, 1992 (SEBI Act);
  - (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 - Not applicable as the company has not issued any shares during the year under review;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - Not applicable as the Company has not issued any shares/options to directors/employees under the said guidelines / regulations during the year under review;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable as the Company has not issued any debt securities which were listed during the year under review;
  - (f) The Securities and Exchange Board of India (Registration to an Issue and Share Transfers Agents) Regulations, 1993;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable as the Company has not delisted / propose to delist its equity shares from any Stock Exchange during the year under review;
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable as the Company has not bought back or propose to buy-back any of its securities during the year under review;

6. Other Laws applicable to the Company;
- i. The Bombay Shops and Establishments Act, 1948.
  - ii. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
  - iii. The Employees' State Insurance Act, 1948
  - iv. The Maharashtra Labour Welfare Fund Act, 1953.
  - v. The Environment (Protection) Act, 1986.
  - vi. The Public Liability Insurance Act, 1991
  - vii. The Maharashtra Pollution and Control Board Circulars and its Standing Orders.

We have also examined compliance with the applicable clause of the following;

- I. The Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- II. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**We further report that:-**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The

changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.
- Decisions at the Board Meetings and Committee Meetings were taken unanimously and are captured and recorded as part of the minutes of the meetings.

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.

Place: Mumbai  
Date: 13 May 2017

For **VKM & Associates**  
Practicing Company Secretary

**Vijay Kumar Mishra**  
Partner  
FCS No. 5023  
C P No.: 4279

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Note: 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 Member,  
VINATI ORGANICS LIMITED  
B-12 & B-13, MIDC AREA,  
MAHAD, DIST: RAIGAD,  
MAHARASHTRA

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

**Management's Responsibility**

1. It is the Responsibility of Management of the Company to maintain Secretarial records, device proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

**Auditor's Responsibility**

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 the test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company
4. Where ever required, we have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

**Disclaimer**

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai  
Date: 13 May 2017

For **VKM & Associates**  
Practicing Company Secretary

**Vijay Kumar Mishra**

Partner  
FCS No. 5023  
C P No.: 4279

**ANNEXURE K**

# RISK MANAGEMENT POLICY

## Introduction:

Vinati Organics Ltd (VOL) recognizes that enterprise risk management is an integral part of good management practice. Risk Management is an essential element in achieving business goals and deriving benefits from market opportunities.

## Policy

- The Company is committed to managing risk in a manner appropriate to achieve its strategic objectives.
- The Company will keep investors informed of material changes to the Company's risk profile through its periodic reporting obligations and ad hoc investor presentations.
- The Company reviews and reports annually on its compliance with the Corporate Governance Principles and Recommendations, relating to risk management and the internal control framework.

## Risk Management Philosophy

The continued successful safeguarding, maintenance and expansion of the company's businesses requires a comprehensive approach to risk management.

It is the policy of the Company to identify, assess, control and monitor all risks that the business may incur to ensure that the risks are appropriate in relation to the scale and benefit of the associated project, business or practice and to ensure that no individual risk or combination of risks result in a likely material impact to the financial performance, brand or reputation of the Company.

Fundamental values of the Company are respect for our employees, customers and shareholders and integrity in everything we do. By acknowledging that risk and control are part of everyone's job, and by incorporating risk management into VOL daily business practices the Company will be better equipped to achieve our strategic objectives, whilst maintaining the highest ethical standards.

All staff is expected to demonstrate the highest ethical standards of behavior in development of strategy and pursuit of objectives.

Individually and collectively the Company's employees shall:

- Consider all forms of risk in decision-making;
- Create and evaluate group-wide ("corporate"), divisional and business unit risk profiles;
- Continually monitor and seek ways to improve the risk management framework;
- Retain ownership and accountability for risk and risk management at the corporate and divisional level;
- Strive to achieve best practices in Risk Management; and
- Accept that Risk Management is mandatory, not optional.

## Risk Appetite

VOL's risk appetite represents the amount of risk the Company is willing to undertake in the achievement of its strategic objectives. It is inextricably linked to VOL's strategic and operating planning processes.

In assessing risk appetite the Board and management consider the needs and expectations of VOL's shareholders, customers and employees and the desire to build a profitable, socially responsible and sustainable Organisation.

As an Organisation that provides products and services that are all essentially of a compliance nature, the Board and Management acknowledge that stakeholder expectations are likely to be more exacting than could be applied to other Organisations. As a consequence VOL will not accept risks which could expose VOL to:

- unacceptable levels of financial loss relative to strategic and operational targets
- breaches of legislative or regulatory non-compliance
- damage to its reputation
- unacceptable interruption to the provision of services to customers.
- damage to relationships with its customers and key stakeholders
- health and safety metrics below target.

The Board and Management acknowledge that VOL operates in sectors that are growing and consolidating. Opportunities exist to supplement organic growth with selected acquisitions to grow the business, provide enhanced opportunities for our people and improved returns for our shareholders, and reduce the reliance on any one single income stream. The Board and Management accept that acquisitions are inherently risky but accept this risk providing the acquisition:

- is consistent with strategic objectives;
- is financially compelling; and
- is subjected to detailed financial and legal due diligence reviews.

### Risk Framework

- Risk identification, assessment and treatment are part of the yearly business planning process. Risk ownership is allocated to management for risk assessment and risk treatment plan determination.
- Regular review, assessment and monitoring of existing risks are to occur quarterly. New risks are to be managed as they arise. All risks must be re-assessed when there is an organisational change to the business structure (i.e. an acquisition, management change or restructure of the business).
- Risk Assessment is conducted using a risk matrix for likelihood and consequence, taking the existing controls into consideration. The consequence assessment covers:
  - Financial;
  - Service delivery;
  - People (including health and safety);
  - Reputation and Brand; and
  - Regulatory and Compliance.
- Risk Treatment options are considered in determining the suitable risk treatment strategy. Planned action plans supporting the strategy are recorded in an on-line risk management database identifying responsibilities and a time line for completion. Risk treatment options include:
  - Avoid the risk;
  - Reduce the likelihood of the occurrence;
  - Reduce the consequences of the occurrence;
  - Transfer the risk (mechanism includes insurance arrangements); or
  - Retain the risk.

- Senior management are required to monitor and review existing risks recorded in the risk management system and to add new identified material risks at least quarterly. It is the responsibility of senior management to ensure that risk records are updated.
- Key risks reports, with progress of risk treatment implementation and the effectiveness of controls, are to be reviewed by the Executive Committee no less than quarterly.
- Reports relating to the risk management framework are reviewed by the Board Audit & Risk Committee, with “risk management” being a standing item on each meeting of the Committee.

The Company’s Assurance Services division manages its risks by ensuring compliance with relevant standards.

The Assurance business is subjected to periodic, independent audits by the accreditation bodies, against our registered/approved scope in accordance with the relevant standards.

In addition, the business undertakes its own internal audits, the performing of which is a requirement of the accreditation procedures.

### Risk Management Responsibilities and Authority

#### a. Board and Audit & Risk Committee

- The Board oversees the establishment and implementation of the Company’s enterprise risk management framework and shall review annually the effectiveness of that system.
- The Audit & Risk Committee oversees the operation of the enterprise risk management system and ensures its adequacy. The Committee monitors the internal policies for identifying and determining key risks to which the Company is exposed.

#### b. CEO and Executive Committee

- The Chief Executive Officer and the members of the Executive Committee are responsible for monitoring and reviewing the strategic risk register at least quarterly for completeness, continued relevance of risk assessment, effectiveness of risk treatment plan and timeliness of implementation of risk treatment actions, taking into account changing circumstances.
- The Chief Executive Officer and the Chief Financial Officer provide half-yearly a statement to the Board

in writing that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

**c. All Staff**

- The effective management of risk is the responsibility of all managers, staff and others engaged to act on behalf of the Company.

**Internal Compliance and Controls:**

- In addition to the risk management framework, the Company has an internal compliance and control system based on the following:
- An internal audit program approved by the Audit & Risk Committee;
- A financial reporting control system which aims to ensure that financial reporting is both accurate and timely.
- The Company has a number of control processes in place to help ensure that the information presented to senior management and the Board is both accurate and timely. The control processes include, among other things:
- Annual audit and half-year review by the Company's external auditor;
- Planned review by internal auditors reviewing the effectiveness of internal processes, procedures and controls;
- Monthly review of financial performance compared to budget and forecast.

**Compliance and Control Responsibilities and Authority**

**a. Board and Audit & Risk Committee**

- The Audit & Risk Committee is responsible for approving the appointment of the internal auditor and approving the annual internal audit plan.

**b. CEO and Executive Committee**

- The Chief Executive Officer and the Chief Financial Officer provide half-yearly a statement to the Board

in writing, that the Company's financial reports present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and that this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

- The Chief Executive Officer and the members of the Executive Committee shall, in addition to their general and specific responsibilities, be responsible for the co-operation necessary to assist the Internal Auditor in carrying out internal audit.

**c. Internal Audit (GIA)**

- The IA function is independent of the external auditor and has direct access to the Chairman of the Board and the Chairman of the Audit & Risk Committee. To ensure the IA can act independently it is functionally responsible, and reports to the Audit & Risk Committee. It is administratively responsible, and reports to the CFO.
- Any deviations from the Company's policies identified through internal audits are reported to responsible management for action and to the Audit & Risk Committee for information or further action.
- The purposes, responsibilities and authorities of the IA are detailed in the "VOL Internal Audit Charter".

**Assessment of Effectiveness:**

- Group Internal Audit provides the Audit & Risk Committee and management with independent and objective assurance and advisory services, and helps the Company accomplish its objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance functions.
- The Audit & Risk Committee is responsible for reviewing and analyzing the effectiveness of the risk management framework, the internal compliance and control systems and shall report on the same to the Board, no less than annually or at such intervals as determined by the Board.

## Form No. AOC-2

Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis: Vinati Organics Limited (VOL) has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2016-17.
2. Details of material contracts or arrangement or transactions at arm's length basis:
  - a. Name(s) of the related party and nature of relationship: Viral Alkalis Limited (VAL), common directorship.
  - b. Nature of contracts / arrangements / transactions: The details of effluent water sold to Viral Alkalis Limited and sodium potassium carbonate mixture purchased from Viral Alkalis Limited as under:
 

6145 KL x ₹25/- = 1,53,628/- during the year. Contract was entered for the year 2016-17.

670900 KGs x ₹7/- = 46,96,300/- during the year. Contract was entered for the year 2016-17.

This is only related party transaction done during the year.

## EVALUATION OF THE NON-INDEPENDENT EXECUTIVE DIRECTORS AND DIRECTORS

		Mr. Vinod Saraf	Ms. Vinati Saraf Mutreja	Ms. Viral Saraf Mittal	Mr. Sunil Saraf	Mr. Mohit Mutreja
1	How well prepared & informed is he/she for board meetings	Excellent	Excellent	Very good	Very good	Excellent
2	What has been the quality & value of his/her contribution at board meetings?	Excellent	Excellent	Very good	Very good	Very good
3	What has been his/her contribution towards development of strategy management?	Excellent	Excellent	Very good	Very good	Very good
4	How well he/she communicates with fellow board members, senior management & others & manages the views of other during the board meeting?	Excellent	Very good	Very good	Very good	Very good

ANNEXURE O

# CORPORATE POLICY ON INTERNAL FINANCIAL CONTROL

## Introduction:

The Board of Directors of VINATI ORGANICS LIMITED in its Board Meeting held on 30th January, 2016 has adopted the following Internal Financial Control Policy which will be applicable with immediate effect.

Section 134 (5) (e) of the Companies Act, 2013 requires, the Board of every Listed Company to lay down Internal Financial Control Policy to be followed by the Company which helps in 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 timely preparation of reliable financial information.

## Definitions:

"Audit Committee" means Committee of Board of Directors of the Company constituted under the provisions of the Companies Act, 2013 and the Listing agreement.

"Board of Directors" or "Board" in relation to a Company, means the collective body of Directors the Company. [Section 2(10) of the Companies Act, 2013]

"Books or Books of account" as per sub-section (12A) of Section 2 of Income Tax Act, 1961 means "Books or Books of account includes ledgers, day-books, cash books, account-books and other books, whether kept in written form or as print-outs of data stored in floppy, disc, tape or any other form of electro- magnetic data storage device."

"Financial Statement" as per Section 2(40) of Companies Act, 2013 in relation to a Company means a Statement which includes --

- (i) a balance sheet as at the end of the financial year;
- (ii) a profit and loss account, or in the case of a company carrying on any activity not for profit, an income and expenditure account for the financial year;
- (iii) cash flow statement for the financial year;
- (iv) a statement of changes in equity, if applicable; and
- (v) any explanatory note annexed to, or forming part of, any document referred to in sub-clause (i) to sub-clause (iv):

"Internal Financial Control" as per Section 134(5)(e) of

Companies Act, 2013 means "the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguard of its assets, the prevention and detection of its frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information."

"Policy" means "Internal Financial Control Policy."

## Objectives:

- To mitigate risks and provide reasonable assurance that operations are efficient and effective, assets are safeguarded.
- Financial reporting is accurate and reliable.
- To ensure Company's resources are used prudently and in an efficient, effective and economical manner.
- Resources of the Company are adequately managed through effective internal controls.
- A framework for an effective internal control system which conveys to managers that they are responsible for ensuring that internal controls are established, documented, maintained and adhered to across the Company's and to all Employees that they are responsible for adhering to those internal controls.
- To ensure the propriety of transactions, information integrity, compliance with regulations and achievement of Company's objectives through operational efficiency.

## Elements Of Internal Control Framework:

The essential elements of an effective internal financial control framework are:

- Structure and culture of Organisation;- H.R.
- Delegations of Authority;
- Policies and procedures;
- Trained and properly qualified staff;- H.R.
- Information Technology controls;-I.T.
- Review process e.g. internal audit;
- Liaison with auditors and legal advisors;
- Senior Management compliance assurance;
- Risk identification and assessment

**Keynotes On Internal Control Policy:**

- Senior management, to be responsible for establishment of overall policies and active oversight of parameters and controls.
- Internal audit, to ensure that independent assessments are made encompassing functioning of various compliances under various statues and Rules & Regulations framed there under, adequate systems and procedures are at place for physical verification of stocks of raw materials, finished goods, stores and spare parts, work- in-progress, fixed assets and other assets, proper books of accounts, vouchers along with supports and other documents are maintained, confirmation of balances from debtors, creditors and other parties are obtained periodically/ at year end and proper systems and procedures are at place for internal control at various departments.
- Operational risks, including segregation of duties, checks and balances, protection of customer funds and securities, operating systems, management information systems, management reporting, front and back office operations, contingency planning and disaster recovery.
- And finally, to ensure that new products and activities are assimilated into the risk management system in a timely and appropriate manner.

**For Effective Financial Control, The Board Of Directors And Senior Management Shall Ensure:**

- Physical verification of inventories at reasonable intervals.
- Physical verification of all Fixed Assets at reasonable intervals.
- Adequate Internal Control procedure are at place for maintaining proper records in respect of sale/purchase of goods and services.
- All undisputed statutory dues including provident fund, Investor Education Protection Fund, Employee State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Rates and Taxes and other Statutory dues are paid within the prescribed time.
- Funds availed on short term basis are not used for long term investment.
- The funds raised through Public issue, Right issue, Preferential/Private placement shall be used for the purposes as stated in Prospectus/Offer Letter.
- The Company shall comply with all applicable Statutory Laws, Rules and Regulations.

- No loan or deposits exceeding ₹ 20,000/- or more are taken or accepted from any person otherwise than by an account payee cheque or account [payee bank draft (section 269 SS of income tax act 1961)
- No expenditure exceeding ₹20,000 or more are paid otherwise than by an account payee cheque/pay order/ NEFT/DD/except the circumstances enumerated in Income Tax(section 40 A(3) Rule Of Income Tax Act 1961)
- No loan or deposits exceeding ₹ 20,000/- or more are repaid otherwise than by an account payee cheque or account [payee bank draft (section 269 T of Income Tax Act 1961)

**Accounting Policies:**

The Financial Statement will be prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention follows (except for certain revalued fixed assets) on the accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties.

The Company may adopt Accounting Policies to provide for:

- Methods of depreciation, depletion and amortisation.
- Valuation of inventories
- Valuation of investments
- Treatment of retirement benefits
- Valuation of fixed assets
- Treatment of contingent liabilities

**Balance Sheet:**

The balance Sheet and Statement of Profit and Loss of the Company shall be in accordance with Schedule III of Companies Act, 2013.

**Regulatory Framework/Requirements:**

Internal Control Policy is framed as per the following regulatory requirements:

**Relevant Extracts from Clause 49 of Listing Agreement:****49 I (C) Disclosure and Transparency**

The Company shall ensure timely and accurate disclosure on all materiel matters including the financial situation, performance, ownership and governance of the Company:

- Information should be prepared and disclosed in accordance with the prescribed standard of accounting, financial and non- financial disclosure.[Clause 49 I (C)(a)]



- The Company should implement the Accounting standards in letter and spirit in the preparation of financial Statements taking in to consideration the interest of all stakeholders and should also ensure that the Annual Audit is conducted by an independent, competent and qualified auditors.[ Clause 49 I (C)(d)]

#### 49 I (D). Responsibilities of Board

##### 2. Key Functions of Board:

- Reviewing and guiding corporate strategy, major plans of action, risk policy and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures.
- Ensuring the integrity of the Company's accounting and financial reporting systems, including independent audit, and that appropriate systems of control are in place, in particulars, systems for risk management, financial and operational control, and compliance with Law and relevant standards.

##### 3. Other Responsibilities

- (i) The board should ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognized or exposes the Company to excessive risk.

#### 49(III) D. Role of Audit Committee

The role of the Audit committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending for appointment, remuneration and terms of appointment of Auditors of the Company.
3. Reviewing, with the management, the annual financial statements and Auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Significant adjustments made in the financial statements arising out of audit findings
  - d. Compliance with listing and other legal requirements relating to financial statements
  - e. Disclosure of any related party transactions
  - f. Qualifications in the draft audit report
4. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
5. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Review and monitor the Auditor's independence and performance, and effectiveness of audit process.
7. Approval or any subsequent modifications of the transactions of the Company with related Parties.
8. Scrutiny of inter-corporate loans and investments.
9. Valuations of undertakings or Assets of the Company, wherever it is necessary.
10. Evaluation of internal Financial Controls and Risk Management Systems.
11. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
13. Discussion with internal auditors any significant findings and follow up there on.
14. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
15. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.

17. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
18. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
19. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### 49 (Vi) Risk Management

- The Company shall lay down procedures to inform the Board Members about the Risk Management and minimisation procedures.
- The Company through its Board of directors constitutes a Risk Management Committee. The Board shall define the Role and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the Risk Management Plan to the Committee and such other functions as it may deem fit.

#### VII (D) Related Party Transactions

All Related Party Transactions shall require prior approval of Audit Committee. However Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to following conditions:

- (a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy of Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- (b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in interest in the company.
- (c) Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price/ current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit:

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1crore per transaction.

- (d) Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- (e) Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals of after the expiry of one year.

#### VIII Disclosures

##### (A) Related Party Transactions

1. Details of all Material transactions with related parties shall be disclosed quarterly along with the Compliance Report on Corporate Governance.
2. The Company shall disclose the policy on dealing with Related Party Transaction on its Website and a web link thereto shall be provided in the Annual Report.

##### (B) Disclosure of Accounting Treatment

Where in the preparation of financial statements, a treatment different from that prescribed in an Accounting Standard has been followed, the fact shall be disclosed in the financial statements, together with the management's explanation as to why it believes such alternative treatment is more representative of the true and fair view of the underlying business transaction in the Corporate Governance Report.

#### Companies Act 2013:

“Books of Account” as per Section 2(13) of Companies Act, 2013 defines: “Books of account” includes records maintained in respect of—

- (i) all sums of money received and expended by a company and matters in relation to which the receipts and expenditure take place;
- (ii) all sales and purchases of goods and services by the company;
- (iii) the assets and liabilities of the company; and
- (iv) the items of cost as may be prescribed under section 148 in the case of a company which belongs to any class of companies specified under that section;

#### 1. Provision of the Section 128 of Companies Act, 2013:

- Every company shall prepare and keep at its registered office books of account and other relevant books and papers and financial statement for every financial year and such books shall be kept on accrual basis and according to the double entry system of accounting provided that all or any of the books of account

aforsaid and other relevant papers may be kept at such other place in India as the Board of Directors may decide and where such a decision is taken, the company shall, within seven days thereof, file with the Registrar a notice in writing giving the full address of that other place:

Provided further that the company may keep such books of account or other relevant papers in electronic mode in such manner as may be prescribed. [Sub-section (1) of Section 128]

**2. Provision of the Section 129 of Companies Act, 2013:**

- The financial statements of the Company shall give a true and fair view of the state of affairs of the Company and shall comply with the accounting standards as notified under section 133 and shall be in the form as may be provided in Schedule III. [Sub-section (1) of Section 129]
- Without Prejudice to sub-section (1) where the financial statements of the Company do not comply with the accounting standards referred to in sub-section (1), the company shall disclose in its financial statements, the deviation from the accounting standards, the reasons for such deviation and the financial effects, if any, arising out of such deviation. [ sub-section(5) of Section 129]

**3. Provisions of the Section 134 of the Companies Act, 2013:**

- (1) The financial statement, including consolidated financial statement, if any, shall be approved by the Board of Directors before they are signed on behalf of the Board at least by the chairperson of the company where he is authorised by the Board or by two directors out of which one shall be managing director and the Chief Executive Officer, if he is a director in the company, the Chief Financial Officer and the company secretary of the company, wherever they are appointed, for submission to the auditor for his report thereon.
- (2) The auditors' report shall be attached to every financial statement.
- (3) There shall be attached to statements laid before a company in general meeting, a report by its Board of Directors, which shall include—
  - (a) the extract of the annual return as provided under sub-section (3) of section 92;
  - (b) number of meetings of the Board;

- (c) Directors' Responsibility Statement;
- (d) a statement on declaration given by independent directors under sub- section (6) of section 149;
- (e) in case of a company covered under sub-section (1) of section 178, company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178;
- (f) Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made—
  - (i) by the auditor in his report; and
  - (ii) by the company secretary in practice in his secretarial audit report;
- (g) particulars of loans, guarantees or investments under section 186;
- (h) particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the prescribed form;
- (i) the state of the company's affairs;
- (j) the amounts, if any, which it proposes to carry to any reserves;
- (k) the amount, if any, which it recommends should be paid by way of dividend;
- (l) material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report;
- (m) the conservation of energy, technology absorption, foreign exchange earnings and outgo, in such manner as may be prescribed;
- (n) a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company;
- (o) the details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year;
- (p) in case of a listed company and every other public company having such paid-up share capital as may be prescribed, a statement indicating the manner in which formal annual evaluation has been made

by the Board of its own performance and that of its committees and individual directors;

- (q) such other matters as may be prescribed
- (4) The report of Board of Directors shall be attached to the financial statements under this sub-section.
- (5) The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) shall state that:
- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had selected such accounting policies and applied them consistently and made judgements 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 and loss of the company for that period;
- (c) 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;
- (d) The directors had prepared the annual accounts on a going concern basis; and
- (f) The directors had devised proper systems to ensure compliance with the Provisions of all applicable laws and those systems were adequate and operating effectively.
- (7) A signed copy of every financial statement, including consolidated financial Statement, if any, shall be issued, circulated or published along with a copy each of—
- (a) any notes annexed to or forming part of such financial statement;
- (a) the auditor's report; and
- (b) the Board's report referred to in sub-section (3).

#### **Rule 8 Of The Companies (Accounts) Rules, 2014**

- The Board's Report shall be prepared based on the stand alone financial statements of the company and the report shall contain a separate section wherein a report on the performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement is presented.[Rule 8(1)]

- The details in respect of adequacy of internal financial controls with reference to the Financial Statements. [Rule (5) (viii)]

#### **4. Provisions of the Section 177 of the Companies Act, 2013:**

The Audit Committee assists the Board in the discharge of its duties regarding the Group's financial statements, accounting policies and the maintenance of proper systems of risk management and internal control.

Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include—

- the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- review and monitor the auditor's independence and performance, and effectiveness of audit process;
- examination of the financial statement and the auditors' report thereon;
- approval or any subsequent modification of transactions of the company with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- monitoring the end use of funds raised through public offers and related matters.

The Audit Committee may call for the comments of the auditors about internal control, scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.

#### **Internal Audit:**

Provisions of the Section 138 of the Companies Act, 2013:

Company shall be required to appoint an internal auditor, who shall either be a chartered accountant or a cost accountant, or such other professional as may be decided by the Board to conduct internal audit of the functions and activities of the company.

# Business Responsibility Report

## As per Regulation 34(2)(f) of the Listing Regulations, 2015

### Section A: General Information about the Company

1	Corporate Identity Number (CIN) of the company	L24116MH1989PLC052224
2	Name of the Company	Vinati Organics Limited
3	Registered address	B-12 & B-13/1, MIDC Indl. Area, Mahad – 402309, Dist. Raigad, Maharashtra.
4	Website	www.vinatiorganics.com
5	E-mail id	shares@vinatiorganics.com
6	Financial Year reported	April 1, 2016 – March 31, 2017.
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacture of organic & inorganic chemical compounds n.e.c. 20119.
8	List three key products / services that the company manufactures / provides (as in balance sheet)	Iso Butyl Benzene (IBB), 2-Acrylamido 2-methylpropane Sulfonic Acid (ATBS), Sodium salt of 2-Acrylamido 2-methylpropane Sulfonic Acid (NaATBS) & Isobutylene (IB) & others.
9	Total number of locations where business activity is undertaken by the Company	Mahad & Lote, Parshuram.
	(a) Number of International Locations (Provide details of major 5)	NIL
	(b) Number of National Locations	Five
10	Markets served by the Company	India, USA, Australia, China, Germany, France, Italy, Japan, South Korea, Thailand, Malaysia, Latvia, México & Iran etc.

### Section B: Financial details of the Company as on March 31, 2017

Sr. No.	Particulars	FY 2016-17 ₹ in Lacs
1	Paid up capital	1031.82
2	Total turnover (net of excise)	66632.99
3	Total profit after taxes	13930.22
4	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.55
5	List of activities in which expenditure in 4 above has been incurred: As per Schedule VII of the Companies Act, 2013.	(i) CSR Activities: <ul style="list-style-type: none"> <li>The Company had incurred ₹215.50 Lacs for various CSR activities such as Water charges social fund CETP charges, Police welfare fund, School activities, Training, Science exhibition, Laptop, Construction of shed, Water pipelines and other welfare schemes and setting up the Medical facilities and Education facilities.</li> </ul>

**Section C: Other Details**

1	Does the Company have any Subsidiary company / companies	No
2	Do the Subsidiary company / companies participate in the BR Initiatives of the parent company?	No
3	Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	No

**Section D: Business Responsibility Information**
**1 Details of Director/Directors responsible for BR:**
**(a) Details of the Director/Directors responsible for implementation of the BR policy/ policies:**

All Corporate Policies including the Business Responsibility Policies of the Company are engrained in day-to-day business operations of the Company and are implemented by Management at all levels. The responsibility for implementation of BR Policies of the Company is ultimately shouldered by Mr. Vinod Saraf (DIN - 00076708) Managing Director & CEO of the Company.

**(b) Details of the BR head**

S.No	Particulars	Details
1	DIN (if applicable)	00076708
2	Name	Mr. Vinod Saraf
3	Designation	Managing Director & CEO
4	Telephone no.	022-61400444
5	Email id	vinati@vinatiorganics.com

**2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	Y
3.	Does the policy conform to any national / international standards? If Yes, specify?	All the policies have been developed as a result of detailed consultation, experience and research on the best practices adopted in the industry.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board of Director?	Y	Y	Y	Y	Y	Y	N	Y	Y
5.	Does the Company have a specified committee of the Board/director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	N	Y	Y
6.	Indicate the link for the policy to be viewed online?	www.vinatiorganics.com								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	Y
8.	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	All the policies of the Company are reviewed / evaluated internally								

**3. If answer to the question at serial number 1 against any principle, is 'No', please explain why: (tick up to 2 options)**

No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the principles	Not Applicable								
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next one year									
6.	Any other reason (please specify)									

\* Please refer the explanation given for principle 7 above

**4. Governance related to BR:**

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year  
3-6 months
- Does the Company publish a BR or a sustainability report? What is the hyperlink for viewing this report? How frequently it is published?

The Company publishes the BR Report in the Annual Report, on the website of the Company (www.vinatiorganics.com) and files the same online on NSE & BSE websites.



## Section E - Principle Wise Performance

### PRINCIPLE 1 - BUSINESS SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs / Others?

Yes. The Company considers Corporate Governance as an integral part of management. The Company has a Code of Conduct that is approved by the Board of Directors and this code is applicable to all Board Members and Senior Management. The Employee Code of Conduct outlines standards of personal and professional conduct that is applicable to all employees.

Though the Company's policies cannot be enforced upon the external stakeholders including suppliers, contractors etc., the Company follows zero tolerance on any acts of bribery, corruption etc. by such agencies during their dealings with the Company and or with any of its employees.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

As mentioned in the Corporate Governance Report, 15 complaints were received from investors during the year FY2016-17 and all have been resolved. Complaints/ grievances from other stakeholders are dealt with on an ongoing basis by the respective departments within the Company.

### PRINCIPLE 2 - BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

1. List upto 3 products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.

The Company's main products IBB, ATBS, IB & HPMTBE are manufactured at its 2 plants based out of Mahad & Lote. It is noteworthy that both these plants have reduced effluence discharge thereby signifying our intent on having a clean and green process for our manufacturing activities. In future we are working on further reducing these effluents for both the manufacturing plants.

2. For each product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)

The Company mainly uses Toluene, Propylene, Methyl Tert Butyl Ether, Acrylonitrile, water, coal etc. as resources.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

The Company does sustainable procurement of its raw materials and mechanism is in place to procure raw materials from different sources considering availability, transportation, requirement of factories etc. This also includes transportation from suppliers to our factories.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Both the plants of the Company has been setup on the backward areas of Maharashtra and over the years the Company has promoted local contractors and service providers, to the best possible extent, by patronising them to supply / provide different services required by the Company for its day to day administration / operation.

5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5 percent, 5-10 percent, >10 percent). Also, provide details thereof, in about 50 words or so.

Yes. >10 percent. The Company has been proactively engaged into converting waste/residuals from its manufacturing processes into valuable and useful products thereby not only minimising the waste generated but also creating a source of revenue to the Company. At our Mahad plant we recover pure NBB and at our Lote plant we manufacture Tertiary Butyl Acrylamide which is a co-product obtained from the manufacture of ATBS. We also recover ATFE Bottom Polymers at our Lote plant.

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**PRINCIPLE 3 - BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES**

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1. Please indicate the total number of employees  
737
2. Please indicate the total number of employees hired on temporary/ contractual/casual basis  
86
3. Please indicate the number of permanent women employees:  
18
4. Please indicate the number of permanent employees with disabilities  
1
5. Do you have an employee association that is recognised by management?  
No employee association exists  
There is no employees' association. However mechanisms are in place for employees to represent their issues, if any, and the same is resolved amicably.
6. What percentage of your permanent employees is members of this recognized employee association?  
Not Applicable.
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.  
The Company does not hire child labour, forced labour or involuntary labour and no complaint has been received during the financial on any of the above subject matter.
8. What safety and skill up-gradation training was provided in the last year?  
Internal and external training for upgrading and enhancing the skills and knowledge level was given to different categories of employees.

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**PRINCIPLE 4 - BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE, AND MARGINALISED**

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1. Has the company mapped its internal and external stakeholders?  
The Company's key stakeholders include promoters, employees, customers, business associates, recovery agents, investors, agents, suppliers and regulatory agencies. Our Investors comprise of shareholders (including Institutional Investors, corporate bodies, foreign institutional investors, foreign bodies etc.).  
The Company and its employees strive to provide value-based services to the stakeholders. The Company is in constant touch with its various stakeholders to understand their concerns and assess their requirements and respond to their needs in an effective manner.
2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?  
Yes
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.  
The CSR initiatives of the Company include engaging with disadvantaged, vulnerable and marginalised stakeholders.

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**PRINCIPLE 5 - BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS**

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1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?  
The Company abides by the principle of respect and support for human rights and adheres to the spirit of fundamental rights in its policies and systems. The Company ensures that all individuals impacted by its business shall have access to grievance redressal mechanisms. The Company conducts business in a manner that respects the rights and dignity of all people, complying with all legal requirements.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

During the year 15 complaints were received from investors and all the complaints have been resolved, ensuring 100% resolution of complaints as on March 31, 2017.

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**PRINCIPLE 6 - BUSINESS SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT**

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1. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.

The Company is committed to respect, protect and make efforts towards renewable resources to avoid depletion of natural resources. The Company shall comply with legal / regulatory requirements related to environment protection, management and sustainable development. This initiative is also extended to suppliers of the Company.

2. Does company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.?

Yes. The Company has been actively working on reducing Green House gases emission and has been successful in doing so over the years. In the past 3 years we have reduced our CO<sub>2</sub> emission by more than 15% by strengthening the operation of our Boiler which has led to reduced coal consumption. Company has also independent areas where energy can be recovered from the process of steam and equipment's have been selected to recover those energies which ultimately were being wasted. These particular activities will be undertaken during engineering stage for all future projects of the Company.

3. Does the company identify and assess potential environmental risks?

The Company has a Department wise Aspect Impact Register which facilitates the identification of the environmental aspects and impacts of the Company's activities, products and services. All the Company projects are being assisted by Govt. approved consulting committee which goes through identification and assessing potential environment risks associated with expansions / new projects of the company and company's steps being undertaken to control all negate those risks and hazards.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

The Company found that the steam which they were using at Lote and power which has been in Lote are generated by burning of coal by Company itself for steam and MSEB for electricity. The Company has undertaken mechanism by which company will generate both steam & power using Coal which absolute quantity will be less than quantities required for generation of steam & power separately. These are required in reduction of burning and resultant reduction in Green House gases

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

As mentioned above the Company has undertaken clean technology or reduction in green gas emission by co-generation plant. The Company has also undertaken number of installation where energy efficiency of existing process equipment has gone up. The Company has also identified and implemented schemes for recovering of energy that was wasted earlier by putting up process equipment like Vapour absorption system to trap and utilise this energy more effectively which results into reduction of electricity consumption.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

NIL.

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**PRINCIPLE 7 - BUSINESSES WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER**

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1. Is your company a member of any trade and chamber or association?

Both our manufacturing units in Mahad and Lote are members of Mahad Manufacturing Association and Lote Parshuram Industrial Association respectively. Both the factories are also members of the Common Effluent Treatment Plant (CETP) and mutual aid program, so that in case of problem with any of the units in the industrial area help could be provided.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?

Both the above mentioned associations are active in maintaining a continuous contact with the local and state level authorities towards a meaningful engagement translating into improvement in basic infrastructure like road, water supply, electricity etc.

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**PRINCIPLE 8 - BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT**

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1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Requisite details of CSR initiatives are included in the Annual Report on CSR forming part of this Annual Report.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/Government structures/any other organisation?

The Company undertakes CSR projects directly and the requisite details of CSR initiatives are included in the Annual Report on CSR forming part of this Annual Report.

3. Have you done any impact assessment of your initiative?

The CSR team of the Company regularly does impact assessment of various initiatives undertaken by the Company.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

Refer details of CSR contributions in the Annual Report on CSR forming part of this Annual Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.

The CSR team of the Company regularly does impact assessment of various initiatives undertaken by the Company.

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**PRINCIPLE 9 - BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER.**

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1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

There are no material customer complaints outstanding as at the end of the financial year.

2. Does the company display product information on the product label, over and above what is mandated as per local laws?

We comply will all stated requisite laws for safe handling of our products.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising, and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

There is no such instance.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

The Company has not carried out any formal consumer survey/ consumer satisfaction trends. However, the Company collects customer feedback through constant interactions on an on-going basis.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF  
VINATI ORGANICS LIMITED

## Report on the Financial Statements

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

## Management's Responsibility for the Financial Statements

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 and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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 Statement of Profit and Loss, of the **Profit** for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2017 ("the Order") issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Companies Act, 2013 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss and the 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 March 31, 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.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the 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, we report that:
    - i) The Company does not have any pending litigations which would impact its financial position other than those mentioned in notes to accounts.
    - ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii) There were no amounts which were required to be transferred to the Investors Education and Protection Fund by the Company.
    - iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management

For and on behalf of  
**KARNAVAT & CO.**  
Chartered Accountants  
Firm Regn No. 104863W

(Viral Joshi)  
Partner  
Membership No. 137686

Place : Mumbai  
Dated : May 13, 2017

## ANNEXURE-A TO INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 1 under the 'Report on Other Legal and Regulatory Requirements' our report to the members of VINATI ORGANICS LIMITED, ('the Company') for the year ended on March 31, 2017. We report that:-

i. In respect of its fixed assets:

- (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of fixed assets which is, in our opinion, reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
- (c) As per the information and explanation given to us by the management, the title deeds of the immovable properties as disclosed in fixed assets (Note No.10 to the financial statements) are held in the name of the Company.

ii. In respect of its inventories:

The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. There were no material discrepancies noticed on physical verification of inventories as compared to the book records.

- iii. 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 and hence provisions of Clause 3(iii) of the aforesaid Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantee or security

to the parties covered under Section 185 and 186 and hence provisions of Clause 3(iv) of the aforesaid Order are not applicable to the Company.

- v. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified.
- vi. We have broadly reviewed the cost records maintained by the Company specified by the Central Government under sub-section (1) of the Section 148 of the Act and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii.
  - (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, wealth tax, duty of customs, duty of excise, value added tax or cess and other statutory dues applicable to it. No undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, wealth tax, duty of customs, duty of excise, value added tax or cess and other statutory dues were outstanding, as at 31-03-2017, for a period of more than six months from the date they became payable.
  - (b) According to the records of the Company and information and explanations given to us, the following are the particulars of disputed dues on account of Income Tax and Central Excise Duty/ cess that have not been deposited:



Name of the Statute	Nature of Dues	Amount of Demand net of deposits (₹)	Period to which amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty Refund	27,00,887	03.08.2011	CESTAT
Service Tax Act, 1994	Penalty on wrong availment of Service Tax Credit	2,35,043	Jan 2012 to Nov 2012	CESTAT
Service Tax Act, 1994	Demand & Penalty on wrong availment of Service Tax Credit	7,04,589	Apr 2011 to Mar 2013	CESTAT
Service Tax Act, 1994	Demand & Penalty on wrong availment of Service Tax Credit	3,05,680	Sep 2013 to Sep 2014	Commissioner (Appeal)
Service Tax Act, 1994	Demand & Penalty on wrong availment of Service Tax Credit	20,57,194	Nov 2012 to Apr 2014	Commissioner (Appeal)
Custom Act, 1962	Demand and Penalty	45,09,380	March 2012 to May 2012	Commissioner (Appeal)
Income Tax Act, 1961	Demand	2,16,140	A.Y.2009-2010	CIT (Appeals)

- viii. Based on our audit procedures and according to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and bank.
- ix. The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans and hence provisions of Clause 3(ix) of the aforesaid Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- xi. The Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provision of the Section 197 read with Schedule V of the Act.
- xii. The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to the Company and hence provisions of Clause 3(xii) of the aforesaid Order are not applicable to the Company.
- xiii. The Company has entered into the transaction with the related parties in compliance with the provisions of the Section 177 and 188 of the Act. The details of such related

party transactions have been disclosed in the financial statements as required under Accounting Standard (AS)18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence provisions of Clause 3(xiv) of the aforesaid Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or the persons connected with him and hence provisions of Clause 3(xv) of the aforesaid Order are not applicable to the Company.
- xvi. The Company is not required to be registered Section 45-IA of the Reserve Bank of India Act, 1934 and hence provisions of Clause 3(xvi) of the aforesaid Order are not applicable to the Company.

For and on behalf of  
**KARNAVAT & CO.**  
Chartered Accountants  
Firm Regn No. 104863W

(Viral Joshi)  
Partner  
Membership No. 137686

Place : Mumbai  
Dated : May 13, 2017

# ANNEXURE-B TO INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 2(f) under the 'Report on Other Legal and Regulatory Requirements' our report to the members of VINATI ORGANICS LIMITED, ('the Company') for the year ended on March 31, 2017.

## Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Act

We have audited internal financial controls over financial reporting of **VIANTI ORGANICS LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year then ended on that date.

## Management's Responsibility for the 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 Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities includes design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of business, including adherence to Company's policies, the safeguarding of the 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 Act.

## Auditor's Responsibility

Our responsibility is to express an opinion on 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 deemed to be prescribed under Section 143(10) of the Act 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 ICAI. Those Standards and Guidance note require that we comply with ethical requirements and plan and perform 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 procedure 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 controls 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 a reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purpose in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. Provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with the 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 control 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 aspects, an adequate internal financial control 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 Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of  
**KARNAVAT & CO.**  
Chartered Accountants  
Firm Regn No. 104863W

(Viral Joshi)  
Partner  
Membership No. 137686

Place : Mumbai  
Dated : May 13, 2017

# BALANCE SHEET

As at 31st March, 2017

Particulars	Note no.	(₹ in Lacs)	
		As at 31st March, 2017	As at 31st March, 2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	1,031.82	1,031.82
(b) Reserves and surplus	3	66,976.40	53,046.18
		<b>68,008.22</b>	<b>54,078.00</b>
<b>2 Non-current liabilities</b>			
(a) Long Term Borrowings	4	-	1,325.20
(b) Deferred Tax Liabilities (Net)	5	6,974.82	4,922.35
		<b>6,974.82</b>	<b>6,247.55</b>
<b>3 Current liabilities</b>			
(a) Short Term Borrowings	6	231.62	264.35
(b) Trade Payables	7	3,273.79	2,234.26
(c) Other Current Liabilities	8	3,183.90	4,704.45
(d) Short Term Provisions	9	498.32	1,167.30
		<b>7,187.63</b>	<b>8,370.36</b>
<b>TOTAL</b>		<b>82,170.67</b>	<b>68,695.91</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed Assets			
Tangible Assets	10	46,912.71	37,645.52
Intangible Assets	10	450.39	543.96
Capital Work-in -progress		738.28	2,483.07
(b) Long term loans & advances	11	2,394.70	1,548.01
(c) Other Non-Current Assets	12	133.32	198.10
		<b>50,629.40</b>	<b>42,418.66</b>
<b>2 Current assets</b>			
(a) Current Investments	13	6,178.14	273.86
(b) Inventories	14	6,709.08	4,469.63
(c) Trade Receivables	15	14,054.17	11,482.25
(d) Cash and Bank balances	16	348.08	7,222.90
(e) Short Term Loans and Advances	17	4,097.67	2,686.59
(f) Other Current Assets	18	154.13	142.02
		<b>31,541.27</b>	<b>26,277.25</b>
<b>TOTAL</b>		<b>82,170.67</b>	<b>68,695.91</b>
Significant accounting policies	1		

The notes are an integral part of these financial statements.

As per our report of even date attached

**For Karnavat & Co.**Chartered Accountants  
Firm Regn.No. 104863W**Viral Joshi**Partner  
Membership No. 137686**Gunvant Singhi**Company Secretary cum  
Finance Controller**Nand Kishor Goyal**

Chief Financial Officer

For and on behalf of Board of Directors

**Vinod Saraf**CEO & Managing Director  
DIN : 00076708**Vinati Saraf Mutreja**Executive Director  
DIN : 00079184

Place: Mumbai

Date: 13th May 2017

# STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2017

Particulars	Note no.	(₹ in Lacs)	
		Year ended 31st March, 2017	Year ended 31st March, 2016
<b>I. Incomes</b>			
Revenue from Operations (Net)	19	66,632.99	63,094.80
Other Income	20	956.48	615.80
<b>Total Revenue</b>		<b>67,589.47</b>	<b>63,710.60</b>
<b>II. Expenses</b>			
Cost of Materials Consumed	21	30,612.67	29,545.60
Merchandise Purchases		-	10.26
Changes in Inventories of Finished goods and work-in-progress.	22	(558.20)	74.70
Employee benefits expense	23	4,410.26	3,589.05
Finance cost	24	275.32	785.94
Depreciation and amortisation expense	25	2,136.83	1,851.79
Other Expenses	26	10,248.85	9,197.55
<b>Total expenses</b>		<b>47,125.73</b>	<b>45,054.89</b>
<b>III. Profit before tax</b>		<b>20,463.74</b>	<b>18,655.71</b>
Less: Tax Expenses			
Current Tax		4,707.39	5,298.14
Deferred Tax		1,881.39	710.89
Earlier Years adjustments		(55.26)	(510.50)
		<b>6,533.52</b>	<b>5,498.53</b>
<b>IV. Net Profit for the period</b>		<b>13,930.22</b>	<b>13,157.18</b>
<b>V. Earnings per Equity share</b>	32		
(i) Basic		27.00	25.50
(ii) Diluted		27.00	25.50
Significant Accounting Policies	1		

The notes are an integral part of these financial statements.

As per our report of even date attached

**For Karnavat & Co.**  
Chartered Accountants  
Firm Regn.No. 104863W

**Viral Joshi**  
Partner  
Membership No. 137686

Place: Mumbai  
Date: 13th May 2017

**Gunvant Singhi**  
Company Secretary cum  
Finance Controller

**Nand Kishor Goyal**  
Chief Financial Officer

For and on behalf of Board of Directors

**Vinod Saraf**  
CEO & Managing Director  
DIN : 00076708

**Vinati Saraf Mutreja**  
Executive Director  
DIN : 00079184

# CASH FLOW STATEMENT

for the year ended 31st March, 2017

Particulars	(₹ in Lacs)	
	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>A. Cash flow from operating activities :</b>		
<b>Net profit before tax and extra ordinary item</b>	20,463.74	18,655.71
Adjustments for :		
Depreciation	2,128.50	1,843.46
Amortisation	8.33	8.33
Loss /(Gain) on sale of fixed assets/assets discarded	(2.15)	6.39
Interest paid	156.47	325.24
Unrealised Foreign Exchange (Gain)/Loss (net)	192.91	302.12
Provisions for expenses and liabilities	848.88	768.37
Excess Liability written back	(188.30)	(49.19)
Interest Accrued income	(27.53)	(14.34)
Dividend Received	(221.75)	(440.96)
Gain /Loss on sale of Investment	(778.82)	(1.11)
Unrealised export incentives/Import entitlements	(1,156.07)	(918.15)
<b>Operating profit before working capital changes</b>	<b>21,424.21</b>	<b>20,485.87</b>
Adjustments for :		
Trade and other receivables	(2,951.97)	1,378.71
Inventories	(2,239.45)	979.58
Trade and other payables	(1,501.77)	(1,624.90)
<b>Cash generated from operations</b>	<b>14,731.02</b>	<b>21,219.26</b>
Direct taxes (including earlier years)	(4,652.13)	(4,469.89)
<b>Cash flow before extra ordinary items</b>	<b>10,078.89</b>	<b>16,749.37</b>
Extra ordinary items	-	-
<b>Net cash generated from/(used in) operating activities</b>	<b>10,078.89</b>	<b>16,749.37</b>
<b>B. Cash flow from investing activities</b>		
Fixed assets purchased, sold/discarded (net and excluding CWIP capitalised)	(11,354.11)	(7,322.53)
(Increase)/ Decrease in Capital Work-in-Progress (including capital advances)	1,506.48	(334.66)
Adjustment for foreign exchange year end revaluation	-	-
(Increase)/Decrease in Investments (including re investments)	(5,904.28)	-
Dividend received	221.75	440.96
(Purchase)/Sale of Investment (net)	389.41	1.11
<b>Cash generated from investing activities</b>	<b>(15,140.75)</b>	<b>(7,215.12)</b>
Tax deducted at source on interest income	-	(3.71)
<b>Net cash generated from/(used in) investing activities</b>	<b>(15,140.75)</b>	<b>(7,218.83)</b>
<b>C. Cash flow from financing activities</b>		
Receipt of long-term borrowings (net of repayment)	(1,325.20)	(2,398.90)
Receipt of short-term borrowings (net of repayment)	(29.72)	92.59
Adjustment for foreign exchange year end revaluation	-	(217.19)
Interest paid	(156.47)	(325.24)
Dividend paid	(301.57)	(1,805.69)
Tax on dividend	-	(367.60)
<b>Net cash flow generated from/(used in) financing activities</b>	<b>(1,812.96)</b>	<b>(5,022.03)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(6,874.82)</b>	<b>4,508.51</b>
Cash and cash equivalents (opening balance)	7,222.90	2,714.39
Cash and cash equivalents (closing balance)	348.08	7,222.90

# CASH FLOW STATEMENT

for the year ended 31st March, 2017

Particulars	(₹ in Lacs)	
	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>Notes:</b>		
<b>1 Reconciliation of cash and cash equivalents</b>		
As per Balance Sheet - Note No 16	348.08	7,222.90
Add: Foreign exchange loss on revaluation	-	-
<b>As per cash flow statement</b>	<b>348.08</b>	<b>7,222.90</b>
<b>2 Cash and cash equivalents comprises of</b>		
a. Cash in hand	1.10	2.25
b. Bank balance in current accounts	214.71	247.29
c. In fixed deposit account	132.27	6,973.36
	<b>348.08</b>	<b>7,222.90</b>
3. Balance in current account unavailable for utilisation on account of balance lying in unclaimed dividend account as it represents corresponding liability.	188.90	232.51
4. Previous year figures have been regrouped, wherever necessary to confirm to current year's classification.		

As per our report of even date attached

For and on behalf of Board of Directors

**For Karnavat & Co.**

Chartered Accountants  
Firm Regn.No. 104863W

**Gunvant Singhi**

Company Secretary cum  
Finance Controller

**Vinod Saraf**

CEO & Managing Director  
DIN : 00076708

**Viral Joshi**

Partner  
Membership No. 137686

**Nand Kishor Goyal**

Chief Financial Officer

**Vinati Saraf Mutreja**

Executive Director  
DIN : 00079184

Place: Mumbai

Date: 13th May 2017



# NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2017

## 1. Significant Accounting Policies

### a) Nature of Operations:

The Company was established in 1989 and is engaged in manufacturing of speciality organic intermediates and monomers. The manufacturing facilities are located at Mahad and Lote Parashuram, Maharashtra..

### b) Basis of preparation

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

### c) Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

### d) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria are met before revenue is recognized:

#### (i) Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects central sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty

deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

(ii) Export incentives are recognised as income of the year on accrual basis. In case of utilisation for Import purpose the same is recognised as raw material cost in the year of import.

#### (iii) Cenvat/Value Added Tax/Service Tax:

Cenvat/Value Added Tax/Service Tax Benefit is accounted for by reducing the purchase cost of the materials/fixed assets and services wherever credit is eligible.

#### (iv) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

#### (v) Dividends

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

### e) Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a first in first out (FIFO) method.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### f) Cash and Cash Equivalents

Cash and Cash Equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2017

## g) Research & Development Expenditure

Expenditure on Research & Development is charged as expense in the year in which it is incurred.

## h) Tangible Fixed Assets

- (i) All Fixed Assets are stated at cost (net of eligible credit/set off) less accumulated depreciation.
- (ii) Leasehold land is amortised equally on straight-line basis over the period of lease.
- (iii) All costs including borrowing costs in accordance with the provision of Accounting Standard 16 - Borrowing Costs including exchange gain or loss on foreign currency loan to the extent considered as adjustment to interest cost utilised for the acquisition and installation of fixed assets, till commencement of commercial production, are capitalized.

## i) Depreciation on Tangible Fixed Assets

The Company has worked depreciation with reference to the useful lives of fixed assets prescribed by PART 'C' of Schedule II to the Act or the useful lives of assets as estimated by the Company, whichever is lower. The carrying values have been depreciated over the remaining useful lives of the assets using Straight Line Method and the same is recognised in the Statement of Profit and Loss. Fixed assets whose written down value as at beginning of the year is less than 5% of the cost is not depreciated.

## j) Intangible Assets

- (i) All intangible fixed assets are stated at cost (net of eligible credit/set off) less amortisation cost.  
  
All costs including borrowing costs in accordance with the provision of Accounting Standard 16 - Borrowing Costs including exchange gain or loss on foreign currency loan to the extent considered as adjustment to interest cost utilised for the acquisition and installation of fixed assets, till commencement of commercial production, are capitalized.
- (ii) Technical Know-how fees is amortised prorata, on straight line basis over the estimated useful life of the asset which is estimated at 10 years.
- (iii) Licensed Software is amortised prorata, on straight line basis over the estimated useful life of the asset which is estimated at 6 years.

## k) Impairment of Tangible and Intangible Assets:

The carrying amount of cash generating unit/assets are reviewed at Balance sheet date to determine whether there

is any indication of impairment. If any such indication exist, the recoverable amount is estimated as the higher of net selling price and value in use. Impairment loss is recognized wherever carrying amount exceeds recoverable amount.

## l) Foreign Currency Transactions and Balances

### (i) Initial recognition

Foreign Currency Transactions are recorded in the reporting currency, by applying the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

### (ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

## m) Investments:

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long Term Investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

## n) Retirement and other employee benefits

### (i) Retirement Benefits:

Contributions to the Provident Fund are made at a pre-determined rate and charged to the statement of Profit and Loss.

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The liability so provided is

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2017

represented substantially by creation of separate fund and is considered sufficient to meet the liability as and when it accrues for payment in future.

## (ii) Leave Encashment:

Provision for Leave encashment is made on estimates as at the year end and is charged to the statement of Profit and Loss.

## o) Borrowing Costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

## p) Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

## q) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as fraction of an equity share to

the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The Weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

## r) Income Taxes

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961.

Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date or as on date of approval of Statement of Accounts whichever is later. The deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future.

## s) Provision, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimates in measurement are recognised when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

## 2. SHARE CAPITAL

Particulars	(₹ in Lacs)	
	As at 31st March, 2017	As at 31st March, 2016
<b>Authorised:</b>		
7,50,00,000 (March 31, 2016: 7,50,00,000) Equity Shares of ₹2/- each	1,500.00	1,500.00
	<b>1,500.00</b>	<b>1,500.00</b>
<b>Issued, Subscribed and Paid Up:</b>		
5,15,91,025 (March 31, 2016: 5,15,91,025) Equity Shares of ₹2 each (Fully Paid up)	1,031.82	1,031.82
<b>Total</b>	<b>1,031.82</b>	<b>1,031.82</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2017

## a) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Nos	₹ In Lacs	Nos	₹ In Lacs
<b>Equity Shares:</b>				
(Face value of ₹2 each fully paid-up)				
At the beginning of the period	5,15,91,025	1,031.82	5,15,91,025	1,031.82
Add: Issued during the year	-	-	-	-
Outstanding at the end of year	<b>5,15,91,025</b>	<b>1,031.82</b>	<b>5,15,91,025</b>	<b>1,031.82</b>

## b) Terms/Rights attached to equity shares:

The company has only one class of equity share having a par value of ₹2 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend except interim dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors, in its meeting of March 13, 2017, proposed a dividend of ₹0.50/- (Previous year: ₹3.50/-) per Equity Share to equity shareholders.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## c) Details of shareholders holding more than 5% share in the company

### Equity Shares:

#### Face Value of ₹2 each fully paid

Name of Shareholders	Year ended 31st March, 2017		Year ended 31st March, 2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Vinod Saraf	69,73,550	13.52	69,73,550	13.52
Kavita Saraf	62,28,000	12.07	62,28,000	12.07
Suchir Chemicals Pvt. Ltd.	2,38,29,683	46.19	2,29,71,435	44.53

## 3 RESERVES & SURPLUS

Particulars	(₹ in Lacs)	
	As at 31st March, 2017	As at 31st March, 2016
(i) Capital Reserve	30.40	30.40
(ii) Share premium account	3,001.88	3,001.88
(iii) General Reserve		
Balance as at the beginning of the year	5,982.00	4,632.00
Add: Amount transferred from Surplus balance	-	1,350.00
Balance as at the end of the year	<b>5,982.00</b>	<b>5,982.00</b>
(iv) Surplus in statement of profit and loss		
Balance as at the beginning of the year	44,031.90	34,708.47
Profit for the year	13,930.22	13,157.18
Less: Adjustment on account of depreciation as per Schedule II of Companies Act, 2013	-	-
Less: Appropriation		
Interim dividend on Equity Share for the year	-	1,805.68
Proposed dividend on Equity Share for the year	-	257.96
Dividend distribution tax	-	420.11
Transfer to general reserve	-	1,350.00
Total appropriation	<b>-</b>	<b>3,833.75</b>
Balance as at the end of the year	57,962.12	44,031.90
Total Reserves and surplus	<b>66,976.40</b>	<b>53,046.18</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2017

## Note 3(a)

For the year ended March 31, 2017, Dividend per Share is proposed by the Board of Directors as ₹0.50 (Previous year, ₹4.00). Pursuant to Companies Accounting Standard Amendment Rules 2016 notified by Ministry of Corporate Affairs (G.S.R. 364(E) dated 30.03.2016) amending Accounting Standard 4, dividends proposed/declared after the balance sheet date has not been recognised as Provision/Liability.

## 4 LONG TERM BORROWINGS

Particulars	(₹ in Lacs)	
	As at 31st March, 2017	As at 31st March, 2016
<b>Term Loans</b>		
<b>Secured (Refer note no. 4 (a))</b>		
Foreign Currency loan from banks	-	1,755.89
Foreign Currency loan (ECB) from IFC	-	2,186.58
	<b>-</b>	<b>3,942.47</b>
Less: Current maturities of secured loans shown in other current liabilities (Refer Note No.8)	-	(2,617.27)
<b>Total</b>	<b>-</b>	<b>1,325.20</b>

### Note 4 (a):

#### (a) Nature of Security for Secured Loan from:

IFC (ECB):

Term loan from International Finance Corporation (IFC) is secured by first Pari Passu charge on all Fixed assets of the Company - immovable and movable (present and future) excluding the office premises located at Parinee Crescenzo, Bandra Kurla Complex) and second pari passu charge on all the Current Assets and unconditional and personal irrevocable guarantee of Managing Director, Mr. Vinod Saraf. Loan has been fully paid during the year.

SBI (ECB):

Term Loan from State of India (SBI) is secured by first Pari Passu charge on all Fixed assets of the Company - immovable and movable (present and future) (excluding

the office premises located at Parinee Crescenzo, Bandra Kurla Complex) and second pari passu charge on all the Current Assets and unconditional and personal irrevocable guarantee of Managing Director, Mr. Vinod Saraf. Loan has been fully paid during the year.

#### (b) Rate of Interest:

- (i) IFC (ECB): ECB carries interest of 240 bps + six months libor.
- (ii) SBI (ECB): ECB carries interest of 280 bps + six months libor.

#### (c) Terms of Repayment:

- (i) IFC ECB: Repayable in 10 half yearly equal installments from December 2012 to June 2017.
- (ii) SBI ECB: Repayable in 9 half yearly equal installments from September 2013 to September 2017.

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2017

## 5 DEFERRED TAX LIABILITY (NET)

Particulars	(₹ in Lacs)	
	As at 31st March, 2017	As at 31st March, 2016
The break up of net deferred tax liability is as under: (Disclosure as per AS 22)	Deferred	Deferred
	Tax Assets/ (Liability)	Tax Assets/ (Liability)
Timing difference on account of:		
Depreciation	(7,041.82)	(4,978.39)
Disallowances u/s 43B of the Income-tax Act, 1961	67.00	56.04
Net Deferred Tax Liability	<b>(6,974.82)</b>	<b>(4,922.35)</b>
Less: Adjustment on account of depreciation as per Schedule II of Companies Act, 2013	-	-
Less: Net Deferred Tax Liability at beginning of the year	(4,922.35)	(3,897.41)
Less: Adjustment for Change in Opening WDV of Fixed Assets as per Income Tax Act, 1961	(171.08)	(314.05)
Net Deferred Tax Charged to statement of Profit and Loss	<b>(1,881.39)</b>	<b>(710.89)</b>

## 6 SHORT TERM BORROWINGS

Particulars	(₹ in Lacs)	
	As at 31st March, 2017	As at 31st March, 2016
<b>Secured</b>		
Working Capital Advances From Banks (Refer Note No.6(a))	231.62	264.35
<b>Total</b>	<b>231.62</b>	<b>264.35</b>

### Note 6 (a):

#### (a) Nature of Security for Secured Loan from:

##### Banks:

Hypothecation of inventories, all the present and future book debts and other receivables, first charge on all present and future fixed assets situated at Mahad works and residential building at Mahad and second charge on all fixed assets situated at Lote works and office premises located at Mumbai and personal guarantee of Managing Director, Mr. Vinod Saraf.

#### (b) Rate of interest:

##### (i) Working Capital Advances From Banks

Foreign Currency loan carries interest ranging from 50 bps to 200 bps + 2/3 months libor. Rupee Loan carries interest ranging from 8.00% to 10.75%.

#### (c) Terms of repayment:

Repayable on demand.

## 7 TRADE PAYABLES

Particulars	(₹ in Lacs)	
	As at 31st March, 2017	As at 31st March, 2016
Trade payables (including acceptances) for goods and services.		
Due to Micro, Small and Medium Enterprises	33.88	12.15
Due to Other Enterprises	3,239.91	2,222.11
<b>Total</b>	<b>3,273.79</b>	<b>2,234.26</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2017

## 8 OTHER CURRENT LIABILITIES:

Particulars	(₹ in Lacs)	
	As at 31st March, 2017	As at 31st March, 2016
Current maturities of long term borrowings (Refer Note No.4)	-	2,617.27
Interest accrued but not due on borrowings	-	22.07
Unpaid Dividend*	188.90	232.51
Others payables	2,795.22	1,711.51
Advances from customers	64.57	25.78
TDS payable	105.51	58.46
Sundry Deposits	29.70	36.85
<b>Total</b>	<b>3,183.90</b>	<b>4,704.45</b>

\* There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the end of reporting date.

## 9 SHORT TERM PROVISIONS

Particulars	(₹ in Lacs)	
	As at 31st March, 2017	As at 31st March, 2016
<b>Provisions for employee benefits:</b>		
Ex-gratia	169.43	184.31
Leave Travel Allowances & Medical	33.05	14.49
Gratuity (Funded)	74.13	41.66
Leave Encashment	193.60	161.94
<b>Others</b>		
Proposed equity dividend	-	257.96
Provision for tax on proposed equity dividend	-	52.51
Provision for Income Tax (Net of Income Tax Deposits) (Refer Note No. 9(a))	-	-
Income Tax Provision (Net of deposits) (Refer Note No. 9(a))	28.11	454.43
<b>Total</b>	<b>498.32</b>	<b>1,167.30</b>
<b>Note 9 (a)</b>		
Provision for Income Tax (Net of Income Tax Deposits)		
Provision for Income Tax	4,707.39	5,298.14
Less : Income Tax Deposits	(4,679.28)	(4,843.71)
	<b>28.11</b>	<b>454.43</b>



# NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2017

## Notes forming part of accounts

### 10 FIXED ASSETS

Particulars	Gross Block		Upto 31st March, 2016	Depreciation for the Year	Adjustments /Written Back	Net Block	
	As at 31st March, 2016	Additions during the Year				Deductions/ Adjustments during the Year	As at 31st March, 2017
<b>TANGIBLE ASSETS</b>							
Leasehold Land	770.00	11.30	-	-	-	772.97	770.00
Buildings	14,753.53	2,070.61	1,524.98	401.43	-	14,897.73	13,228.55
Plant & Machinery	30,969.79	9,136.89	7848.83	1,503.19	7.86	30,725.79	23,120.96
Furniture & Fixtures	577.33	8.47	214.04	45.93	-	265.83	303.29
Office Equipments	50.91	6.94	28.72	10.75	-	18.38	22.19
Computers	124.72	8.52	100.55	9.52	-	23.17	24.17
Air Conditioners	89.73	3.29	61.48	11.06	-	20.48	28.25
Vehicles	279.79	94.18	131.68	39.15	19.36	188.36	148.11
<b>SUB TOTAL (A)</b>	<b>47,555.80</b>	<b>11,340.20</b>	<b>9,910.28</b>	<b>2,021.03</b>	<b>27.22</b>	<b>46,912.71</b>	<b>37,645.52</b>
<b>INTANGIBLE ASSETS</b>							
Technical Know How							
Fees	770.80	-	317.31	80.83	-	372.66	453.49
Licensed Softwares	181.65	13.90	91.18	26.64	-	71.73	90.47
<b>SUB TOTAL (B)</b>	<b>952.45</b>	<b>13.90</b>	<b>408.49</b>	<b>107.47</b>	<b>-</b>	<b>450.39</b>	<b>543.96</b>
<b>GRAND TOTAL (A+B)</b>	<b>48,508.25</b>	<b>11,354.10</b>	<b>10,318.77</b>	<b>2,128.50</b>	<b>27.22</b>	<b>47,363.10</b>	<b>38,189.48</b>
Previous Year	41,228.46	7,328.01	8,503.32	1,843.46	28.01	38,189.48	-

(₹ in Lacs)

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2017

## 11 LONG TERM LOANS & ADVANCES

Particulars	(₹ in Lacs)	
	As at 31st March, 2017	As at 31st March, 2016
<b>Capital Advances</b>		
Unsecured, considered good	842.00	603.69
<b>Security Deposits</b>		
Unsecured, considered good	54.22	46.26
<b>Sundry Deposits</b>		
Unsecured, considered good	161.41	5.71
Prepaid Expenses	-	-
<b>Others</b>		
Income Tax Refund Receivable	1,337.07	892.35
Income Tax Deposits (Net of provision for taxation) (Refer Note No. 9(a))	-	-
<b>Total</b>	<b>2,394.70</b>	<b>1,548.01</b>

## 12 OTHER NON-CURRENT ASSETS

Particulars	(₹ in Lacs)	
	As at 31st March, 2017	As at 31st March, 2016
Fixed Deposits having original maturity of more than 12 months (Deposit against Margin Money ₹133.32 Lacs (31st March, 2016 : ₹185.48 Lacs ))	133.32	198.10
<b>Total</b>	<b>133.32</b>	<b>198.10</b>

## 13 CURRENT INVESTMENT (Valued at lower of cost or market value)

Particulars	(₹ in Lacs)	
	As at 31st March, 2017	As at 31st March, 2016
<b>Unquoted, Non-Trade</b>		
In Mutual fund units		
i) 33281603.62 Units (31st March, 2016 - 0) Mutual Fund Units of KOTAK MUTUTAL FUND	3,378.00	-
ii) 0 Units (31st March, 2016 - 804527.011) Mutual Fund Units of L&T Triple Ace Bond Fund		98.86
iii) 2653922.313 Units (31st March, 2016 - 0) Mutual Fund Units of ICICI prudential mutual fund	2,800.14	
iv) 0 Units (31st March, 2016 - 1690674.241) Mutual Fund Units of Sundaram select Debt ST Asset Plan	-	175.00
<b>Total</b>	<b>6,178.14</b>	<b>273.86</b>
Aggregate amount of Unquoted Investment	6,178.14	273.86

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2017

## 14 INVENTORIES (AS CERTIFIED BY THE MANAGEMENT) (Valued at lower of cost or net realizable value)

Particulars	(₹ in Lacs)	
	As at 31st March, 2017	As at 31st March, 2016
<b>Raw Materials</b>	1,226.39	887.27
[Includes in transit ₹327.20 Lacs (March 31, 2016 - ₹ 244.17 Lacs)]		
Stock In Process	1,055.98	1,199.25
Finished Goods	1,820.37	1,041.92
Stores, Spares & other consumables	2,606.34	1,341.19
<b>Total</b>	<b>6,709.08</b>	<b>4,469.63</b>

## 15 TRADE RECEIVABLES

Particulars	(₹ in Lacs)	
	As at 31st March, 2017	As at 31st March, 2016
<b>Unsecured, Considered Good:</b>		
Outstanding for a period exceeding six months from the due date of payment	55.64	12.73
Others	13,998.53	11,469.52
<b>Total</b>	<b>14,054.17</b>	<b>11,482.25</b>

## 16 CASH AND BANK BALANCES

Particulars	(₹ in Lacs)	
	As at 31st March, 2017	As at 31st March, 2016
<b>Cash and Cash equivalent</b>		
Cash in Hand	1.10	2.25
Balance with Banks :		
In Current Accounts	25.81	14.78
In unpaid Dividend Account	188.90	232.51
In Fixed Deposit Account with original maturity less than 3 months	-	6,950.00
Other Bank balances:		
In Fixed Deposit Account with original maturity of more than 3 months but less than 12 months (Deposit against Margin Money ₹0 (31st March, 2016 : ₹2.00 Lacs))	132.27	23.36
<b>Total</b>	<b>348.08</b>	<b>7,222.90</b>

## DEMONATISATION DISCLOSURE

	(₹ in Lacs)		
	SBNs (Specified Bank Notes)	Other denomination Notes	Total
Closing cash in hand as on 08.11.2016	4.37	0.40	4.77
Add: Permitted Receipts		11.88	11.88
Less: Permitted payments	4.37	10.70	15.07
<b>Closing cash in hand as on 31.12.2016</b>	<b>-</b>	<b>1.58</b>	<b>1.58</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2017

## 17 SHORT TERM LOANS AND ADVANCES

Particulars	(₹ in Lacs)	
	As at 31st March, 2017	As at 31st March, 2016
<b>Advances recoverable in cash or kind</b>		
Unsecured, considered good	3,593.20	2,154.13
Loans to Employees	94.78	4.85
Prepaid Expenses	60.96	59.66
<b>Other Loans and Advances</b>		
Advances to suppliers	348.73	467.95
<b>Total</b>	<b>4,097.67</b>	<b>2,686.59</b>

## 18 OTHER CURRENT ASSETS

Particulars	(₹ in Lacs)	
	As at 31st March, 2017	As at 31st March, 2016
Current Maturity of Fixed Deposits having original maturity of more than 12 months (Deposit against Margin Money ₹122.70 Lacs (31st March, 2016 : ₹127.68 Lacs))	126.59	127.68
Interest accrued on Fixed Deposits	27.54	14.34
<b>Total</b>	<b>154.13</b>	<b>142.02</b>

## 19 REVENUE FROM OPERATIONS

Particulars	(₹ in Lacs)	
	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>(i) Sale of products [Refer Note No.19 (a)]</b>		
Gross Sales	68,896.01	61,763.26
Less : Inter Unit Transfer	75.67	130.64
	<b>68,820.34</b>	<b>61,632.62</b>
Less : Excise Duty	4,053.95	3,811.22
<b>Net Sales Total (i)</b>	<b>64,766.39</b>	<b>57,821.40</b>
<b>(ii) Other Operating Revenue</b>		
Scrap Sales	49.64	53.15
Export Benefits/Import Entitlements	1,446.23	4,518.02
Exchange Fluctuation Difference	370.73	702.23
<b>Total (ii)</b>	<b>1,866.60</b>	<b>5,273.40</b>
<b>Revenue from Operations (Net)-(i)+(ii)</b>	<b>66,632.99</b>	<b>63,094.80</b>
<b>Note 19(a)</b>		
<b>Details of sales of products (Net of Excise)</b>		
Speciality chemicals	53,206.87	46,566.26
Others	11,559.52	11,255.14
	<b>64,766.39</b>	<b>57,821.40</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2017

## 20 OTHER INCOME

Particulars	(₹ in Lacs)	
	Year ended 31st March, 2017	Year ended 31st March, 2016
Interest Income	106.72	50.27
Dividend Income from Current Investments	221.75	440.96
Profit on Sale of Current Investment	392.29	15.50
Cash Discount received	18.39	17.31
Miscellaneous Credit Balances Written Back	22.29	16.75
Gain on sale of fixed assets	2.15	-
Liability No Longer Required Written Back	188.30	49.19
Miscellaneous receipts	4.59	25.82
<b>Total</b>	<b>956.48</b>	<b>615.80</b>

## 21 COST OF RAW MATERIAL CONSUMED

Particulars	(₹ in Lacs)	
	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>Opening Stock</b>	887.27	1,535.83
Add : Purchases	30,951.79	28,897.04
Less : Closing Stock	1,226.39	887.27
<b>Total</b>	<b>30,612.67</b>	<b>29,545.60</b>

## 22 DECREASE/(INCREASE) IN STOCK

Particulars	(₹ in Lacs)	
	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>I) Finished Stock</b>		
Opening Stock	1,041.92	1,328.11
Less : Closing Stock	1,820.37	1,041.92
	<b>(778.45)</b>	<b>286.19</b>
Differential Excise Duty on Finished Stock	76.98	(65.04)
<b>II) Process Stock [Refer Note No. 14] :</b>		
Opening Stock	1,199.24	1,052.79
Less : Closing Stock	1,055.97	1,199.24
	<b>143.27</b>	<b>(146.45)</b>
<b>Total</b>	<b>(558.20)</b>	<b>74.70</b>

## 23 EMPLOYEE BENEFIT EXPENSES

Particulars	(₹ in Lacs)	
	Year ended 31st March, 2017	Year ended 31st March, 2016
Salaries, Wages & Allowances	3,797.44	3,194.24
Contribution to Provident & Other funds	252.29	202.99
Employees Welfare Expenses	90.41	100.16
Contribution to Gratuity fund	270.12	91.66
<b>Total</b>	<b>4,410.26</b>	<b>3,589.05</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2017

## 24 FINANCE COSTS

	Year ended 31st March, 2017	(₹ in Lacs) Year ended 31st March, 2016
Interest on:		
Term Loan	77.01	185.47
Others	79.46	161.84
Exchange difference to the extent considered as an adjustment to borrowing costs	29.78	342.67
Bank Charges	89.07	95.96
<b>Total</b>	<b>275.32</b>	<b>785.94</b>

## 25 DEPRECIATION AND AMORTIZATION EXPENSES

Particulars	Year ended 31st March, 2017	(₹ in Lacs) Year ended 31st March, 2016
Depreciation of Tangible Assets	2,021.03	1,732.79
Amortization of Tangible Assets	8.33	8.33
Amortization of Intangible Assets	107.47	110.67
<b>Total</b>	<b>2,136.83</b>	<b>1,851.79</b>

## 26 OTHER EXPENSES

Particulars	Year ended 31st March, 2017	(₹ in Lacs) Year ended 31st March, 2016
Power & Fuel Charges	3,602.28	3,054.46
Water Charges	111.10	77.26
Stores, Spares & Other consumables	2,045.99	2,230.73
Repairs to:		
Plant & Machinery	237.30	264.76
Buildings	105.15	193.19
Repairs - Others	51.72	53.34
Wages to Contractual Labour	624.23	562.12
Other Operational Charges	22.99	20.01
Rent(Including Leave & Licence Fees)	2.61	2.26
Rates & Taxes	51.45	70.14
Insurance	79.20	106.47
Payment to Auditors [Refer Note No.26(a)]	11.28	11.02
Director's Sitting Fees	8.57	9.77
Freight & Forwarding Charges	1,670.66	1,364.63
Selling Commission	677.59	110.87
Corporate Social Res. Charges	215.49	266.17
Loss on sale/discarded of fixed assets	-	6.39
Other Expenses	731.24	793.96
<b>Total</b>	<b>10,248.85</b>	<b>9,197.55</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2017

Particulars	(₹ in Lacs)	
	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>Note 26 (a)</b>		
<b>i) Payment to Statutory Auditors</b>		
As Auditor towards:		
Audit Fees	6.50	6.50
Tax Audit Fees	1.50	1.50
Limited review of Quarterly Results	1.50	1.50
In other capacity:		
Certification charges	0.50	0.50
Other matters	0.48	0.30
Reimbursement of expenses	0.19	0.12
	<b>10.67</b>	<b>10.42</b>
<b>ii) Payment to Cost Auditors</b>		
As Auditor towards:		
Cost Audit Fees	0.61	0.60
	<b>0.61</b>	<b>0.60</b>
	<b>11.28</b>	<b>11.02</b>

## 27 DETAILS OF UNHEDGED FOREIGN CURRENCY AMOUNT

### Unhedged foreign currency

Disclosure in accordance with announcement dated December 2, 2005 issued by the Council of the Institute of Chartered Accountants of India (ICAI) with respect to details of foreign currency balance not hedged:

Particulars	(in Lacs)							
	2016-2017		2015-2016		2016-2017		2015-2016	
	USD	₹	USD	₹	EURO	₹	EURO	₹
Trade Receivable	164.74	10,684.85	124.24	8,232.08	5.62	389.24	1.96	148.13
Advance given to Vendors	-	-	-	-	-	-	0.50	37.63
Cash and Bank Balances	0.02	1.32	0.14	9.08	-	-	-	-
Trade Payables	14.47	938.80	9.69	642.34	-	-	-	-
Others Payable	28.90	1,874.18	16.59	1,066.28	0.18	12.96	0.14	10.14
Short Term Bank Borrowing			1.09	72.36	2.82	195.18	1.60	120.88
Loan Taken			59.50	3,942.47	-	-	-	-



# NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2017

## 28 DISCLOSURES AS PER AS- 15 ( REVISED) - EMPLOYEE BENEFITS

### Gratuity and other post employment benefit plans - AS-15

The Company has a Defined Benefit Gratuity Plan. The Scheme is funded through the Company's own trust managed by the Insurance Company.

Assumptions	(₹ in Lacs)	
	31st March, 2017	31st March, 2016
Mortality	IALM(2006-08)Ult	IALM(2006-08)Ult
Interest/Discount Rate	6.69%	7.77%
Rate of increase in compensation	8.00%	4.25%
Rate of return (expected) on plan assets	8.50%	8.00%
Employee attrition rate (Past Service [PS])	PS:0 to 42:5%	PS:0 to 42:5%
Expected average remaining service	11.95	11.96
<b>Changes in present value of obligations:</b>		
PVO at the beginning of period	475.87	402.07
Interest cost	36.09	29.48
Current service cost	53.67	45.49
Past Service Cost - ( vested/non vested benefits)		
Benefits paid	(26.38)	(45.33)
Actuarial (gain)/loss on obligation	222.54	44.16
PVO at end of period	761.79	475.87
Amount recognised in the Balance Sheet as at the end of the year:		
Present Value of Defined Benefit Obligation	761.79	475.87
Fair Value of Plan Assets	687.66	434.20
Funded status - Surplus/(Deficit)	(74.13)	(41.66)
Net Asset/(Liability)	(74.13)	(41.66)
Expense recognized in the statement of Profit & Loss:		
Current service cost	53.67	45.49
Past Service Cost - ( vested/non vested benefits)		
Interest cost	36.09	29.48
Expected return on plan assets	(45.89)	(31.69)
Net actuarial (gain)/loss recognized for the period	226.25	48.38
Expense recognized in the statement of P & L A/c.	270.12	91.66

Note: The above figures are as certified by actuary and relied upon by auditor.

## 29 SEGMENT INFORMATION- (AS-17)

The Company is engaged in manufacturing of Chemicals, which as per AS-17 is considered as the only reportable business segment.

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2017

## 30 RELATED PARTY DISCLOSURES- (AS-18)

### Name of related parties and related party relationship:

#### a. Information about related parties:

Sr. No.	Particulars	Name of Related Party
1	Key Management Personnel	i) Mr. Vinod Saraf - Managing Director ii) Mrs. Vinati Saraf Mutreja - Executive Director iii) Mrs. Viral Saraf Mittal - Director (Corporate Strategy)
2	Relatives of Key Management Personnel	i) Mr. Sunil Saraf ii) Mr. Mohit Mutreja
3	Enterprises owned or significantly influenced by any management personnel or their relatives.	i) Viral Alkalis Limited ii) Suchir Chemicals Pvt. Ltd. iii) Nishit Pharma Chem Pvt. Ltd. iv) Pluspoint Securities Pvt. Ltd. v) Illuminati Software Pvt. Ltd. vi) Illuminati Trading Pvt. Ltd. vii) Alpha Grep Securities Pvt. Ltd. viii) Evolute Trading Pvt Ltd. ix) Vap Trading Pvt Ltd.

#### b. Information about related parties Transactions:

	2016-17	2015-16
<b>(i) Key Management Personnel:</b>		
Managerial Remuneration		
Mr. Vinod Saraf	114.66	104.60
Mrs. Vinati Saraf Mutreja	87.42	79.51
Mrs. Viral Saraf Mittal	49.25	44.72
<b>(ii) Relatives of Key Management Personnel:</b>		
Sitting Fees		
Mr. Sunil Saraf	1.00	1.00
Mr. Mohit Mutreja	1.00	1.00
<b>(iii) Enterprises owned or significantly influenced by any management personnel or their relatives:</b>		
<b>Sales - Viral Alkalis Ltd.</b>	1.54	1.45

Note- The above related party relationship has been given by management and relied upon by the auditors

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2017

## 31 LEASES (AS-19)

### Operating Lease: Company as Lessee

The Company has entered into operating lease on Tankers and staff residences which normally have an life of 12 months and renewable every year at the option of the lessor and/or the lessee. There is no contingent rent. The lease rental charged to statement of profit and loss during the year is ₹ 58.05 lacs (Previous Year - ₹53.24 lacs).

## 32 EARNING PER SHARE (EPS) (AS-20)

Particulars	Year ended	Year ended
	31st March, 2017	31st March, 2016
<b>Profit after tax (₹ In Lacs)</b>	13,930.22	13,157.18
Weighted average number of shares outstanding at the year end (Nos.)	5,15,91,025	5,15,91,025
Basic earning per share (₹)	27.00	25.50
Diluted earning per share (₹)	27.00	25.50
Nominal value per share (₹)	2.00	2.00

Note:- There are no potential dilutive equity shares.

## 33 IMPAIRMENT OF ASSETS (AS-28)

Based on exercise of impairment of assets undertaken by the management in due cognizance of paragraphs 5 to 13 of Accounting standard -28, the Company has concluded that no impairment loss is required to be booked.

## 34 CONTINGENT LIABILITIES

Contingent Liabilities not provided for in respect of:

- Counter Guarantees given by the Company in respect of guarantees issued / Letter of Credit established by banks on behalf of the company ₹ 1936.60 Lacs (Previous Year ₹3653.71 Lacs).
- Disputed Excise duty demands of ₹ 124.18 (Previous Year ₹113.49 Lacs) pertaining to various financial years for which company has gone in the appeal. Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.
- Disputed Income tax demands of ₹10.47 Lacs (Previous Year ₹51.43 Lacs) pertaining to various assessment years against which nothing paid. Based on judicial decisions and interpretations of other relevant provisions of the statute, the Company is hopeful of the demand likely to be either deleted or substantially reduced and accordingly no provision has been made.
- Disputed demand by The Tahasildar, Mahad for Royalty and Penalty on Sand/Metal of ₹23.25 Lacs (Previous Year ₹21.23 Lacs). The Company had filed the Appeal to The Collector of Raigad, Alibag, and hopeful for the demand likely to be waived off, Hence no provision has been made.
- Delayed Payment Charges (DPC) of Water bill demanded by MIDC, Mahad for Plot No. B-5/6 ₹14.39 Lacs (Previous Year NIL). The Company requested MIDC to waive the DPC and hopeful to be waived off, Hence no provision has been made.

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2017

## 35 CAPITAL AND OTHER COMMITMENTS

Particulars	(₹ in Lacs)	
	Year ended 31st March, 2017	Year ended 31st March, 2016
a) Capital Commitments not provided for (net of advances)	2,942.31	4,155.20

## 36 VALUE OF IMPORTS CALCULATED ON CIF BASIS

Particulars	(₹ in Lacs)	
	Year ended 31st March, 2017	Year ended 31st March, 2016
Raw Materials	7884.26	7135.15
Packing Components and Spare parts	105.89	39.93
Capital Goods	5.92	64.99

## 37 EXPENDITURE IN FOREIGN CURRENCY

Particulars	(₹ in Lacs)	
	Year ended 31st March, 2017	Year ended 31st March, 2016
i) Travelling expenditure	7.09	4.46
ii) Commission on sales	118.60	104.11
iii) Interest	71.33	196.88
iv) Others	344.33	403.87

## 38 IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED:

Particulars	(₹ in Lacs)			
	Year ended 31st March, 2017		Year ended 31st March, 2016	
	₹ In Lacs	%	₹ In Lacs	%
(a) Raw Materials				
Imported	8,025.51	26.22	7,473.66	25.30
Indigenously obtained	22,587.16	73.78	22,071.94	74.70
	<b>30,612.67</b>	<b>100.00</b>	<b>29,545.60</b>	<b>100.00</b>
(b) Packing and Spare parts				
Imported	86.02	4.20	35.60	1.60
Indigenously obtained	1,959.97	95.80	2,195.13	98.40
	<b>2,045.99</b>	<b>100.00</b>	<b>2,230.73</b>	<b>100.00</b>

## 39 EARNINGS IN FOREIGN CURRENCY

Particulars	(₹ in Lacs)	
	Year ended 31st March, 2017	Year ended 31st March, 2016
Exports of goods calculated on F.O.B. Value	48,514.71	38,827.75

# NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2017

## 40 CAPITALIZATION OF EXPENDITURE

During the year, the company has capitalized the following expenses of revenue nature to the cost of fixed asset/capital work-in-progress (CWIP), Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the company.

Particulars	(₹ in Lacs)	
	Year ended 31st March, 2017	Year ended 31st March, 2016
Travelling Expenses	18.69	7.77
Legal & Professional charges	611.43	340.50
Insurance Charges	9.44	15.01
Testing Charges	-	0.25
Rates & Taxes	8.68	-
	<b>648.24</b>	<b>363.53</b>

**41** In the opinion of the Board of Directors, the Current Assets, Loans and Advances have value on realisation in the ordinary course of business, at least equal to the amount at which they are stated in the foregoing Balance Sheet and adequate provision for all known liabilities on the Company has been made.

## 42 PREVIOUS YEAR FIGURES

Figures of previous year have been reworked/regrouped/reclassified wherever necessary.

As per our report of even date attached

For and on behalf of Board of Directors

### For Karnavat & Co.

Chartered Accountants  
Firm Regn.No. 104863W

**Gunvant Singhi**  
Company Secretary cum  
Finance Controller

**Vinod Saraf**  
CEO & Managing Director  
DIN : 00076708

### Viral Joshi

Partner  
Membership No. 137686

**Nand Kishor Goyal**  
Chief Financial Officer

**Vinati Saraf Mutreja**  
Executive Director  
DIN : 00079184

Place: Mumbai

Date: 13th May 2017

# NOTICE

NOTICE is hereby given that the TWENTY EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF VINATI ORGANICS LIMITED (the "Company") will be held on Saturday, 29th day of July, 2017 at 12 noon at the Registered Office of the Company, at B-12 & B-13/1, MIDC Industrial Area, Mahad 402 309, Dist. Raigad, Maharashtra to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2017 and Profit & Loss Account and Cash Flow Statement for the year ended on that date together with the schedules and notes attached thereto, alongwith the Reports of Directors' and Auditors' thereon.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Mr. Sunil Saraf who retires by rotation at this meeting and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Mohit Mutreja who retires by rotation at this meeting and being eligible, offers himself for reappointment.

## TO APPOINT AUDITORS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, and other applicable rules, if any (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. M. M. Nissim & Co., Mumbai (Firm Registration No. ICAI/FRN/107122W) be and are hereby appointed as Statutory Auditors of the Company, in place of retiring auditors M/s. Karnavat & Co., Mumbai, to hold office from the conclusion of this 28th AGM until the conclusion of the 33rd AGM, of the Company, subject to ratification by the Members or the Company at every General Meeting on such remuneration as shall be decided by the Board of Directors of the Company."

## SPECIAL BUSINESS:

### TO AMEND THE CAPITAL CLAUSE OF MEMORANDUM OF ASSOCIATION:

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

"RESOLVED THAT pursuant to Sections 4, 13 and other applicable provisions of the Companies Act, 2013 if any, the existing Clause V of the existing Memorandum of Association be and is hereby substituted in its entirety by the following Clause numbered as Clause V –

'The Capital of the Company is ₹ 15,00,00,000/- (Rupees Fifteen Crores Only) divided into ₹7,50,00,000/- (Rupees Seven Crores Fifty Lakhs Only) Equity Shares of ₹2/- (Rupees Two Only) each, with a power to increase or reduce in any manner including by buy back or in any other manner the Share Capital of the Company and to divide the shares in the capital for being into several classes and to attach thereto respectively such preferential deferred, qualified or special right privileges or conditions as may be determined and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may the time being be provided.'

**FURTHER RESOLVED** THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid Resolution along with filing of necessary E-forms with the Registrar of Companies of Mumbai."

### ADOPTION OF NEW SET OF ARTICLES OF ASSOCIATION:

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

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies

Act, 2013 (including any amendment thereto or re-enactment thereof), the Articles of Association of the Company be and are hereby altered by replacing all the existing regulations 1 to 61 with the new regulations 1 to 93, a copy of which is available from the Company on request be an is hereby adopted as new regulations of the Articles of Association of the Company.

Registered Office:  
B-12 & B-13/1, MIDC Industrial Area,  
Mahad – 402 309, Dist. Raigad,  
Maharashtra

Mumbai, 13th May 2017

## NOTES:

1. The Explanatory Statements pursuant to Section 102(2) of the Companies Act, 2013 relating to Special Business to be transacted at the Meeting at Item Nos. 6 and 7 are annexed hereto and forms part of this notice. An explanatory statement though it is not required under the Companies Act, 2013 with respect to the appointment of M/s. M. M. Nissim & Co., Chartered Accountants as the new auditor of the Company for a period of 5 (five) years subject to ratification by members at every Annual General Meeting is given hereinafter along with other explanatory statements at Item No. 6 and 7.
2. A member entitled to attend and vote at the meeting is entitled to appoint another person (whether a shareholder or not) as his/her proxy to attend and vote instead of himself/herself, and the proxy need not be a member but a proxy so appointed shall not have any right to speak at the meeting and can vote only on a poll. The proxies in order to be effective must be duly signed and received at the registered office of the Company not less than 48 hours before the commencement of the meeting. Proxy form is annexed to the notice. **[Annexure I]**
3. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representatives to attend and vote on their behalf at the meeting.

The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, the 20th July, 2017 to Saturday, the 29th July, 2017 (both days inclusive).

Members are requested to intimate to the Corporate Office situated at Parinee Crescenzo, 1102, A Wing, 11th Floor,

**FURTHER RESOLVED THAT** for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid Resolution along with filing of necessary E-forms with the Registrar of Companies of Mumbai.”

By order of the Board of Directors

**Gunvant S. Singhi**

Company Secretary cum Finance Controller

“G” Block, Plot No. C38 & C39, Behind MCA, Bandra Kurla Complex, Bandra East, Mumbai – 400 051, Maharashtra the changes, if any, in their registered addresses, quoting their Folio Numbers/ or their client ID number with DP ID number, as the case may be. Non-resident Indian Members are requested to inform the Company or its RTA or to the concerned DPs, as the case may be, immediately:

- (a) the change in residential status on return to India for permanent settlement.
  - (b) the particulars of the NRE Account with a Bank in India, if not furnished earlier.
4. As per the provisions of the Act, facility for making nominations is available for the shareholders. The prescribed nomination form can be obtained from the Company’s share department situated at Parinee Crescenzo, 1102, A Wing, 11th Floor, “G” Block, Plot No. C38 & C39, Behind MCA, Bandra Kurla Complex, Bandra East, Mumbai – 400 051, Maharashtra.
  5. **Registrars and Transfer Agents:**  
The Company has appointed M/s. Sharex Dynamic (India) Pvt. Ltd., Unit No.1, Luthra Indl. Premises, Safed Pool, Andheri-Kurla Road, Mumbai – 400 072 as the Registrars and Transfer Agents (“R&TA”) for all aspects of investor servicing relating to shares.
  6. The Company’s securities are listed at the Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001, Maharashtra and The National Stock Exchange of India Ltd., Exchange Plaza, Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051, Maharashtra.

The Annual Listing Fee as prescribed has been paid to the above stock exchanges.

7. The dividend on equity shares as recommended by the Board of Directors 25% on the share capital of the Company i.e. ₹0.50 per Equity Share of face value of ₹2/- each for the year ended 31st March 2017, if declared at the meeting, will be made payable on or after 30th July, 2017 to those members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company or its R&TA on or before 19th July, 2017 or those, whose names appear as beneficial owners as at the end of business on 19th July, 2017 as per lists to be furnished by the depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited.

Shareholders are hereby informed that pursuant to Section 125 and Section 124 (5) of the Companies Act, 2013, the Company will be obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund (the "Fund") established by the Central Government. It may be noted that, no claim shall lie against the Company or Fund in respect of individual amounts of dividends remaining unclaimed and unpaid for a period of seven years from the date it became first due for payment and no payment shall be made in respect of any such claim.

8. The notice is being issued on 20.04.2017 pursuant to the provisions of the Investor Education and Protection fund Authority (Accounting, Audit, Transfer and refund) rules, 2016 ("the rules") which came into force from 7th September 2016 and the investor Education and Protection Fund Authority (Accounting, Audit, Transfer and refund) Amendment rules, 2017 ("the Amendment Rules") which came into force from 28th February 2017.

The Amendment Rules, amongst other matters, contain provisions for transfer of all shares in respect of which no dividend has been claimed by the shareholders for a consecutive period of seven years or more to the DEMAT account of Investor Education and Protection Fund ("IEPF").

Adhering to various requirements set out in the rules, the company has communicated individually to the shareholders whose shares are liable to be transferred to IEPF. Also, complete details of such shareholders has been uploaded on the Company's website at [www.vinatiorganics.com](http://www.vinatiorganics.com).

Shareholders must note that both the unclaimed dividend and shares transferred to IEPF Authority including all benefits on such shares, if any can be claimed back by them from IEPF authority after following the procedure prescribed under these rules.

In case the Company does not receive any communication from the concerned shareholders by 31.05.2017, the company shall with a view to adhering with the requirements of the Rules, transfer the shares to the IEPF suspense account by the due date as per the procedure set out in the Rules. No claim shall lie against the Company in respect of unclaimed dividend amount and shares transferred to IEPF pursuant to the said Rules.

For any queries on the above matter, shareholders are requested to contact the Company's Registrar and Share transfer Agents: M/s. Sharex Dynamic India Pvt. Ltd. Unit: Vinati Organics Limited, Luthra Industrial Premises, Unit No.1, Safed Pool, Andheri- Kurla Road, Andheri (East), Mumbai - 400 072, Phone: 022-28515606/5644, Email: [sharexindia@vsnl.com](mailto:sharexindia@vsnl.com)

9. Pursuant to the provisions of Section 124 of the Companies Act, 2013, as amended, dividend for the Financial Year 2009-2010 (Final) and the dividends for the subsequent years, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Fund. Shareholders who have so far not encashed the dividend warrant(s) for the financial year 2009-2010 (Final) are requested to make their claim to the Secretarial Department at the Registered Office of the Company or the office of the R&TA on or before 25th July, 2017, failing which the unpaid/unclaimed amount will be transferred to the Fund as above, no claim shall lie against the Company or the Fund in respect of such amount by the Member.
10. The Ministry of Corporate Affairs (MCA), Government of India, through its Circular No. 17/2012 dated 23rd July, 2012 has directed companies to upload on the company's website information regarding unpaid and unclaimed dividend.

In terms of the Circular, the company has uploaded the details of unpaid and unclaimed dividend. The same can be viewed on [www.mca.gov.in](http://www.mca.gov.in).

Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the Share Certificates for consolidating their holdings in one folio. The Share Certificates will be returned to the Members after making requisite changes thereon.

11. a) Members are advised to avail of the facility for receipt of dividend through Electronic Clearing Service (ECS). The ECS facility is available at specified locations. Members holding shares in electronic form are requested to contact their respective DPs for availing ECS facility. Members holding shares in physical form are requested to download the ECS form from the website of the Company viz. [www.vinatiorganics.com](http://www.vinatiorganics.com) and the same duly filled up and signed along with a photocopy of a cancelled cheque may be sent to the Company or to its R&TA.



(b) Members who hold shares in electronic form and want to change/correct the bank account details should send the same immediately to their concerned DP and not to the Company. Members are also requested to give the MICR Code of their bank to their DPs. The Company will not entertain any direct request from such Members for change of address, transposition of names, deletion of name of deceased joint holder and change in the bank account details. The said details will be considered, as will be furnished by NSDL/CDSL to the Company.

(c) The Securities and Exchange Board of India (SEBI) vide its Circular dated 21st March, 2013 provided that companies making cash payments to its investors shall use approved electronic mode of payment such as ECS, NECS, and NEFT etc. To enable usage of electronic payment instruments, companies are required to maintain requisite bank details of their investors:-

For securities held in Demat Mode, companies shall seek relevant bank details from the Depositories.

For securities held in Physical Mode, companies shall maintain updated bank details of its investors.

(d) Further, to avoid the incidence of fraudulent encashment of dividend warrants, Members are requested to intimate the Company under the signature of the Sole/First Joint Holder, the following information, so that the bank account number and name and address of the bank can be printed on the dividend warrants:

1. Name of Sole/ First Joint holder and Folio number.
2. Particulars of bank account, viz.
  - i) Name of the bank
  - ii) Name of branch
  - iii) Complete address of bank with Pin code
  - iv) Account type, whether saving (SB) or Current Account (CA)
  - v) Bank Account Number

12. Depository System:

The Company has entered into agreements with NSDL and CSDL. The Depository System envisages the elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, mutilation of share certificates, etc. Simultaneously, Depository system offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc.

Members, therefore now have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CSDL. Members are encouraged to convert their holdings to electronic mode.

13. Re-appointment of Directors:

Section 152 of the Companies Act, 2013, provides inter alia that unless the articles provide for the retirement of all directors at every annual general meeting, not less than two-thirds of the total number of directors of a public company, or a private company which is a subsidiary of a public company, shall (a) be persons whose period of office is liable to determination by retirement of directors by rotation; and (b) save as otherwise expressly provided in the Act, be appointed by the Company in the general meeting.

14. Accordingly at the ensuing Annual General Meeting, Mr. Sunil Saraf and Mr. Mohit Mutreja retiring by rotation and being eligible offer themselves for re-appointment. The information or details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchange is furnished in the statement on Corporate Governance published in this Annual Report.

**Details of Directors seeking re-appointment:**

<b>Particulars</b>	<b>Mr. Sunil Saraf</b>	<b>Mr. Mohit Mutreja</b>
Date of Birth	14.02.1966	09.08.1982
Date of Appointment	15.06.1989	19.05.2009
Qualifications	B. Com.	<ul style="list-style-type: none"> <li>• Bachelors in Science in Economics (Finance) from the Wharton School, University of Pennsylvania</li> <li>• Bachelors of Science in Computer Engineering from the School of Engineering and Applied Sciences.</li> <li>• 12 year experience in financial services and Risk management.</li> </ul>
Directorships held in other public Company	1. Viral Alkalis Ltd.	NIL
Memberships / Chairman of committees of other public companies	1. Viral Alkalis Ltd.	NIL

Mr. Vinod Saraf, Ms. Vinati Saraf Mutreja and Ms. Viral Saraf Mittal are interested in the appointment of Mr. Sunil Saraf and Mr. Mohit Mutreja

15. The Annual Report of the Company for the year 2016-2017, circulated to the Members of the Company, is available on the Company's website viz. [www.vinatiorganics.com](http://www.vinatiorganics.com). The Company does not have Subsidiary Company.
16. In terms of Circulars issued by the Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the Company or its RTA in the following cases viz. Transfer of Shares, Deletion of Name, Transmission of Shares and Transposition of Shares.
17. MCA, Government of India, through its Circulars Nos. 17/2011 dated 21st April, 2011 and 18/2011 dated 29th April, 2011, respectively, has allowed companies to send documents viz. Notices of meetings, Annual Reports and other shareholder communication to their shareholders electronically as part of its Green Initiatives in corporate governance.
18. A recent amendment to the Listing Agreement with the stock exchange also permits sending the aforesaid documents through electronic mode to Members who have registered their email address with the Company for this purpose.
19. The Company supports the measures in the Green Initiative. Members are also requested to join the Company in this initiative by registering their Email ID with the Company or its RTA. A 'Green Initiative' Form can be downloaded from the Company's website viz. [www.vinatiorganics.com](http://www.vinatiorganics.com) to register the email id.
20. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the

Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 28th Annual General Meeting by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM will be provided by Central Depository Services Limited (CDSL).

The facility for voting through ballot paper shall be made available at the 28th AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

NOTE: The Facility for Voting shall be decided by the company i.e. "remote e-voting" or "Ballot Paper" or "Poling Paper"

The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

The instructions for voting electronically are enclosed and also details of which shall be uploaded on the website of the Company.

21. The Nomination Form (**Annexure II**) and Postal Ballot Form (Annexure III) have been enclosed herein.
22. Route Map giving directions to the venue of the meeting is annexed to the notice. **[Annexure IV]**

Registered Office:  
B-12 & B-13/1, MIDC Industrial Area,  
Mahad – 402 309, Dist. Raigad,  
Maharashtra.

By order of the Board of Directors

Mumbai, 13th May 2017

**Gunvant S. Singhi**  
Company Secretary cum Finance Controller

**EXPLANATORY STATEMENTS PURSUANT TO SECTION 102(2) OF THE COMPANIES ACT, 2013 RELATING TO FOLLOWING SPECIAL BUSINESS AS MENTIONED AT FOLLOWING ITEMS:****Item No. 5**

M/s. Karnavat & Co., Chartered Accountants (Firm Registration No. 104863W) were first appointed as auditors at Company's 2nd AGM held on 20th August, 1991. Currently, they are holding office of the auditors up to conclusion of the 28th AGM. As per second provision to Section 139(2) of the Companies Act, 2013, a transition period of three years from the commencement of the Companies Act, 2013 is provided to appoint a new auditor if the existing auditor's firm has completed two terms of five consecutive years. Accordingly, as per the said requirements of the Companies Act, 2013, M/s. M. M. Nissim & Co., Chartered Accountants (Firm Registration No. ICAI/FRN/107122W) are proposed to be appointed as auditors for a period of five years commencing from the conclusion of 28th AGM till the conclusion of the 33rd AGM, by shareholders, as may be applicable, in place of M/s. Karnavat & Co., Chartered Accountants. M/s. M. M. Nissim & Co., Chartered Accountants, have consented to the said appointment, and confirmed that their appointment, if made, would be within the limits specified under Section 141(3) (g) of the Companies Act, 2013. They have further confirmed that they are not disqualified to be appointed as statutory auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Companies Act, 2013 and the provisions of the Companies (Audit and Auditors) Rules, 2014. The Audit Committee and the Board of Directors recommend the appointment of M/s. M. M. Nissim & Co., Chartered Accountants, as statutory auditors of the Company from the conclusion of the 28th AGM till the conclusion of 33rd AGM, to the shareholders. Subject to the ratification by the members of the Company at every General meeting as prescribed under Section 139(1) of the Companies Act, 2013.

Registered Office:  
B-12 & B-13/1, MIDC Industrial Area,  
Mahad – 402 309, Dist. Raigad,  
Maharashtra.

Mumbai, 13th May 2017

**Item No. 6**

In order to comply with the provisions of the Companies Act, 2013, the Company needs to amend the title of Clause V of the Memorandum of Association. Consent of the shareholders by passing a Special Resolution is required in this regard.

None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the said resolution. The relevant documents are available for inspection by the members during working hours in registered office of the Company.

The Directors recommend the aforesaid resolution for the approval by the members as Special Resolution.

**Item No. 7**

The existing regulations 1 to 61 of the Articles of Association are replaced by the new set of regulations 1 to 93 and adopted as new set of Articles of Association. The modification in the Articles of Association is carried out to give effect to the provisions of the Companies Act, 2013. Consent of the shareholders by passing a Special Resolution is required in this regard.

None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the said resolution. The relevant documents are available for inspection by the members during working hours in registered office of the Company.

The Directors recommend the aforesaid resolution for the approval by the members as Special Resolution.

By order of the Board of Directors

**Gunvant S. Singhi**  
Company Secretary cum Finance Controller



# Vinati Organics Limited

Regd. Off.: B-12 & B-13/1, MIDC Industrial Area, Dist. Raigad, Mahad – 402 309, Maharashtra, India  
 CIN: L24116MH1989PLC052224, Tel No.: 022-61240444/428, Fax No.: 022-61240438  
 Email : shares@vinatiorganics.com, Website : www.vinatiorganics.com

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

In case of members receiving e-mail:

- (i) The voting period begins on 26.07.2017 at 9.00 a.m. and ends on 28.07.2017 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22.07.2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on Shareholders / Members
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and have cast your vote earlier for any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

## For Members holding shares in Demat Form and Physical Form

PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 100 then enter RA00000100 in the PAN field.</li> </ul>
Dividend Bank Details OR	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please.</li> </ul>
Date of Birth (DOB)	<p>Enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</p>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the relevant EVSN of VINATI ORGANICS LIMITED on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for non-individual shareholders and custodians:-
- Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- In case of members receiving the physical copy:
- (A) Please follow all steps from sl. no. (i) to sl. no. (xix) above to cast vote.
- (B) The voting period begins on 26.07.2017 at 9.00 a.m. and ends on 28.07.2017 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22.07.2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)



# Vinati Organics Limited

**Annexure I**

Regd. Off.: B-12 & B-13/1, MIDC Industrial Area, Dist. Raigad, Mahad – 402 309, Maharashtra, India  
CIN: L24116MH1989PLC052224, Tel No.: 022-61240444/428, Fax No.: 022-61240438  
Email : shares@vinatiorganics.com, Website : www.vinatiorganics.com

## PROXY FORM

[Pursuant to Section 105 (6) of the Companies Act, 2013 read with Rule 19(3) of the Companies (Management & Administration) Rules, 2014]

Name of the Member(s): \_\_\_\_\_

Registered address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Folio No. / Client ID: \_\_\_\_\_

DP ID: \_\_\_\_\_

I/ We being the member(s) of \_\_\_\_\_ shares of the above named Company hereby appoint:

(1) Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_ or failing him;

(2) Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_ or failing him;

(3) Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_ or failing him;

as my/ our proxy to attend and vote (on a poll) for me/us and on my/belief at the 28th Annual General Meeting of the Company to be held on Saturday, 29th July, 2017 at 12.00 noon at Registered Office of the Company at B-12 & B-13/1, MIDC Industrial Area, Dist. Raigad, Mahad – 402 309, Maharashtra, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	RESOLUTIONS	For	Against
1.	Adoption of the audited financial statements of the Company for the financial year ended 31st March, 2017 together with the reports of the Board of Directors and Auditors' thereon	Ordinary	
2.	Declaration of final dividend on equity shares	Ordinary	
3.	Re-appointment of Mr. Sunil Saraf (DIN: 00076887) as a Director of the Company	Ordinary	
4.	Re-appointment of Mr. Mohit Mutreja (DIN: 02666018) as a Director of the Company	Ordinary	
5.	Appointment of M/s. M. M. Nissim & Co., Chartered Accountants as the Statutory Auditor of the Company to hold office from the conclusion of this 28th AGM until the conclusion of the 33rd AGM, of the Company, subject to ratification by the Members or the Company at every General Meeting on such remuneration as shall be decided by the Board of Directors of the Company.	Ordinary	
6.	<p>"RESOLVED THAT pursuant to Sections 4, 13 and other applicable provisions of the Companies Act, 2013 if any, the existing Clause V of the existing Memorandum of Association be and is hereby substituted in its entirety by the following Clause numbered as Clause V –</p> <p>'The Capital of the Company is ₹15,00,00,000/- (Rupees Fifteen Crores Only) divided into ₹7,50,00,000/- (Rupees Seven Crores Fifty Lakhs Only) Equity Shares of ₹2/- (Rupees Two Only) each, with a power to increase or reduce in any manner including by buy back or in any other manner the Share Capital of the Company and to divide the shares in the capital for being into several classes and to attach thereto respectively such preferential deferred, qualified or special right privileges or conditions as may be determined and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may the time being be provided.'</p> <p>FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid Resolution along with filing of necessary E-forms with the Registrar of Companies of Mumbai."</p>	Special	
7.	<p>"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof), the Articles of Association of the Company be and are hereby altered by replacing all the existing regulations 1 to 61 with the new regulations 1 to 93, a copy of which is available from the Company on request be and is hereby adopted as new regulations of the Articles of Association of the Company.</p> <p>FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid Resolution along with filing of necessary E-forms with the Registrar of Companies of Mumbai."</p>	Special	

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Signature of the Shareholder \_\_\_\_\_

Affix  
Revenue  
Stamp

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

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.



## Form No. SH-13 Nomination Form

Annexure II

[Pursuant to Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies  
(Share Capital and Debentures) Rules 2014]

To,  
**Vinati Organics Limited**  
B-12 & B-13/1,  
MIDC Industrial Area,  
Dist. Raigad, Mahad – 402 309,  
Maharashtra, India.

I/We \_\_\_\_\_ the holder(s) of the securities particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

(1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)

Nature of securities	Folio No	No. of securities	Certificate No.	Distinctive No.

(2) PARTICULARS OF NOMINEE/S –

(a) Name: \_\_\_\_\_ (b) Date of Birth: \_\_\_\_\_  
(c) Father's/Mother's/Spouse's name: \_\_\_\_\_  
(d) Occupation: \_\_\_\_\_ (e) Nationality: \_\_\_\_\_  
(f) Address: \_\_\_\_\_  
(g) E-mail id: \_\_\_\_\_  
(h) Relationship with the security holder: \_\_\_\_\_

(3) IN CASE NOMINEE IS A MINOR

(a) Date of birth: \_\_\_\_\_ (b) Date of attaining majority: \_\_\_\_\_  
(c) Name of guardian: \_\_\_\_\_  
(d) Address of guardian: \_\_\_\_\_

(4) PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY

(a) Name: \_\_\_\_\_ (b) Date of Birth: \_\_\_\_\_  
(c) Father's/Mother's/Spouse's name: \_\_\_\_\_ (d) Occupation: \_\_\_\_\_  
(e) Nationality: \_\_\_\_\_  
(f) Address: \_\_\_\_\_  
(g) E-mail id: \_\_\_\_\_  
(h) Relationship with the security holder: \_\_\_\_\_  
(i) Relationship with the minor nominee: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Name of the Security Holder(s): \_\_\_\_\_

Signature: \_\_\_\_\_

Witness with name and address: \_\_\_\_\_







# Vinati Organics Limited

Annexure III

Regd. Off.: B-12 & B-13/1, MIDC Industrial Area, Dist. Raigad, Mahad – 402 309, Maharashtra, India  
CIN: L24116MH1989PLC052224, Tel No.: 022-61240444/428, Fax No.: 022-61240438  
Email : shares@vinatiorganics.com, Website : www.vinatiorganics.com

## BALLOT FORM

- 1) Name of the first named Shareholder (In block letters) :
- 2) Name(s) of the Joint Holder(s),  
if any :
- 3) Postal Address :
- 4) Registered Folio No. / Client ID No.\*  
(\*Applicable to investors holding Shares in dematerialized form) :
- 5) No. of Shares :

I/we hereby exercise my/our vote(s) in respect of the Resolutions enumerated below to be passed through postal ballot for the businesses stated in the notice of the Company dated 13.05.2017 by recording, my/our assent or dissent to the said resolutions by placing the tick (✓) mark at the appropriate box below:

Sr. No	Particulars	Type of Resolution	No. of shares held	FOR I/We assent to the resolution	AGAINST I/We dissent to the resolution
1.	Adoption of the audited financial statements of the Company for the financial year ended 31st March, 2017 together with the reports of the Board of Directors and Auditors' thereon	Ordinary			
2.	Declaration of final dividend on equity shares	Ordinary			
3.	Re-appointment of Mr. Sunil Saraf (DIN: 00076887) as a Director of the Company	Ordinary			
4	Re-appointment of Mr. Mohit Mutreja (DIN: 02666018) as a Director of the Company	Ordinary			
5.	Appointment of M/s. M. M. Nissim & Co., Chartered Accountants as the Statutory Auditor of the Company to hold office from the conclusion of this 28th AGM until the conclusion of the 33rd AGM, of the Company, subject to ratification by the Members or the Company at every General Meeting on such remuneration as shall be decided by the Board of Directors of the Company.	Ordinary			

Sr. No	Particulars	Type of Resolution	No. of shares held	FOR I/We assent to the resolution	AGAINST I/We dissent to the resolution
6.	<p>“RESOLVED THAT pursuant to Sections 4, 13 and other applicable provisions of the Companies Act, 2013 if any, the existing Clause V of the existing Memorandum of Association be and is hereby substituted in its entirety by the following Clause numbered as Clause V –</p> <p>‘The Capital of the Company is ₹15,00,00,000/- (Rupees Fifteen Crores Only) divided into ₹7,50,00,000/- (Rupees Seven Crores Fifty Lakhs Only) Equity Shares of ₹2/- (Rupees Two Only) each, with a power to increase or reduce in any manner including by buy back or in any other manner the Share Capital of the Company and to divide the shares in the capital for being into several classes and to attach thereto respectively such preferential deferred, qualified or special right privileges or conditions as may be determined and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may the time being be provided.’</p> <p>FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid Resolution along with filing of necessary E-forms with the Registrar of Companies of Mumbai.”</p>	Special			
7.	<p>“RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof), the Articles of Association of the Company be and are hereby altered by replacing all the existing regulations 1 to 61 with the new regulations 1 to 93, a copy of which is available from the Company on request be an is hereby adopted as new regulations of the Articles of Association of the Company.</p> <p>FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid Resolution along with filing of necessary E-forms with the Registrar of Companies of Mumbai.”</p>	Special			

Place :

Date :

(Signature of the Shareholder)

Note: Please read the instructions printed overleaf carefully before exercising your vote.

## INSTRUCTIONS

1. This Ballot form is provided for the benefit of members who do not have access to remote e-voting facility.
2. A member can opt for only one mode of voting i.e. either through remote e-voting or by Ballot. If a member casts vote by both modes, then voting done through remote e-voting shall prevail and ballot shall be treated as invalid.
3. For detailed instructions on remote e-voting, please refer to the remote e-voting Notice.
4. The Scrutinizer will collate the votes downloaded from the remote e-voting system and votes received through ballot to declare the final result for each of the Resolutions forming part of the Notice convening the AGM of the Company.

### PROCESS AND MANNER FOR MEMBERS OPTING TO VOTE BY USING THE BALLOT FORM

- a. Voting rights are reckoned on the basis of the shares registered in the names of the Members/Beneficial Owners as on 22.07.2017.
- b. Please complete and sign the Ballot form and return the form in the attached postage-prepaid self-addressed business reply envelope so as to reach the scrutinizer appointed by the Board of Directors of the Company on or before 28.07.2017 (5.00 p.m.) at the following address:  
  
M/s. VKM & Associates,  
Scrutinizer,  
Vinati Organics Limited,  
Parinee Crescenzo, 1102, 'A' Wing,  
11th Floor, Plot No. C-38 & C-39, 'G' Block,  
Behind MCA, Bandra-Kurla Complex,  
Bandra (East), Mumbai 400051.
- c. The form should be signed by the member as per the specimen signature registered with the Company/

Depositories. In case of joint holding, the form should be completed and signed by the first named member and in his/her absence, by the next named joint holder. A Power of Attorney (POA) holder may vote on behalf of a member, mentioning the registration number of the POA registered with the Company or enclosing an attested copy of the POA. Exercise of vote by Ballot is not permitted through proxy.

- d. In case the shares are held by companies, trusts, societies, etc., the duly completed Ballot form should be accompanied by a certified true copy of the relevant Board Resolution together with their specimen signatures authorizing their representative.
- e. A member may request for a duplicate Ballot form, if so required. However, duly filled in and signed duplicate form should reach the scrutinizer not later than the date and time specified in serial no.(b) above.
- f. Unsigned, incomplete, improperly or incorrectly tick marked Ballot forms will be rejected. The form will also be rejected, if it is received torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the Member or as to whether the votes are in favour or against or if the signature cannot be verified.
- g. The decision of the Scrutinizer on the validity of the Ballot form and any other related matter shall be final.
- h. The results declared alongwith Scrutinizer's Report shall be placed on the Company's website [www.vinatiorganics.com](http://www.vinatiorganics.com) and on the website of the Central Depository Services Limited <https://www.evotingindia.com> within three (3) days of the passing of the Resolutions at the AGM of the Company to be held on 29th July, 2017 and communicated to Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, where the shares of the Company are listed.

# Route Map to the AGM Venue







**Vinati Organics Limited**

Parinee Crescenzo, 1102, 11th Floor,  
"G" Block, Plot No. C38 & C39,  
Behind MCA, Bandra Kurla Complex,  
Bandra (E), Mumbai 400 051