

## INDEPENDENT AUDITOR'S REPORT

To the Members of **CHEMOLUTION CHEMICALS LIMITED**,

### Report on the Financial Statements

We have audited the accompanying financial statements of **M/s CHEMOLUTION CHEMICALS LIMITED** which comprise the Balance Sheet as at **31<sup>st</sup> March, 2017**, the Statement of Profit and Loss for the year then ended, and a summary of the 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, and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



### **Auditor's Responsibility**

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

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

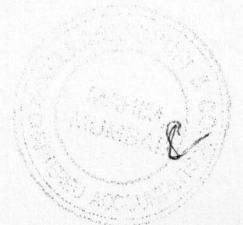
We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017, and its loss and its cash flows for the year ended on that date.





## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, 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 statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 Taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (h) 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-I".

For Kulkarni Dhuri & Co

**Chartered Accountants**

FRN: 129274W



*S.S. Kulkarni*  
S.S. Kulkarni

Partner

M.No : 036146

Place: Mumbai

Date: 13/05/2017



**Annexure-I to the Auditors Report**

The Annexure referred to in our report to the members **Chemolutions Chemicals Ltd** for the year ended **31<sup>st</sup> March 2017**. We report that:

(i)	(a) whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;	Yes, The Company has maintained proper records.
	(b) whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;	Yes.
(ii)	(a) whether physical verification or inventory has been conducted at reasonable intervals by the management;	Physical verification of inventory was conducted by the Management at reasonable intervals during the period.
	(b) are the procedures of physical verification of inventory followed by the management reasonable and adequate in relation to the size of the company and the nature of its business. If not, the inadequacies in such procedures should be reported;	The management reasonably followed the procedure of physical verification.
	(c) whether the company is maintaining proper records of inventory and whether any material discrepancies were noticed on physical verification and if so, whether the same have been properly dealt with in the books of account;	The company is maintaining proper records of inventory; no discrepancies were noticed on physical verification.
(iii)	whether the company has granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. If so,	NA
	(a) whether receipt or the principal amount and interest are also regular; and	NA
	(b) if overdue amount is more than rupees one lakh, whether reasonable steps have been taken by the company for recovery of the principal and interest.	NA





(iv)	Is there an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services? Whether there is a continuing failure to correct major weaknesses in internal control system.	The Company has adequate internal control procedure commensurate with the size of the Company and nature of its Business. We have not come across any major weakness in internal control.
(v)	in case the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, where applicable, have been complied with? if not, the nature of contraventions should be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?	In our opinion and according to the information and explanation given to us, the Company has taken unsecured loan from the Companies, Firms or other parties covered in the register maintained as per Companies Act, 2013. Balance outstanding at the end of the year is 79.97 lacs.
(vi)	where maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, whether such accounts and records have been made and maintained	As informed to us the Central Govt. has not prescribed the maintenance of cost records by the Company under Section 148 of the Companies Act, 2013.
(vii)	(a) is the company regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-Lax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated by the auditor	According to the records of the Company, the Company is <i>generally regular</i> in depositing with appropriate authorities undisputed Statutory dues including Income Tax, Cess and other material statutory dues applicable to it.
	(b) in case dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not constitute a dispute).	No undisputed amount payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears, as of 31 <sup>st</sup> March, 2017 for a period of more than six months from the date they became payable.
	(c) whether the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 2013 ( 1 of 1956) and rules made thereunder has been transferred to such fund within time.	According to information and explanation the company is not required to be transferred any amount to investor education and protection fund.



(viii)	whether in case of a company which has been registered for a period not less than five years, its accumulated losses at the end of the financial year are not less than fifty per cent of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year;	Accumulated Losses are more than fifty percent of its net worth.
(ix)	Whether the company has defaulted in repayment of dues to a financial institution or bank or debenture holders? If yes, the period and amount of default to be reported;	In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial Institutions, Banks or debenture holders.
(x)	whether the company has given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company;	In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from Bank or financial institutions.
(xi)	whether term loans were applied for the purpose for which the loans were obtained;	N.A.
(xii)	whether any fraud on or by the company has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated.	According to the information and explanations given to us, based upon the audit procedures performed and representations made by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our Audit.



For KULKARNI DHURI & CO.  
Chartered Accountants  
FRN : 129274W

S.S. Kulkarni  
Partner  
M. No. : 036146  
Place :- Mumbai  
Date :- 13/05/2017



**CHEMOLUTIONS CHEMICALS LTD.**  
**BALANCE SHEET AS AT 31 March 2017**

(Unless otherwise stated all amounts are in Indian Rupees thousand)

	<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	67,670	5,000
Reserves & Surplus	3	(46,641)	(97,817)
		<u>21,029</u>	<u>(92,817)</u>
<b>Current liabilities</b>			
Short-term Borrowings	4	2,553	2,660
Short-term Borrowings from Related Party		7,997	1,30,111
Trade payables	5	4,001	3,311
Other current liabilities	6	442	244
Short-term provisions	7	-	130
		<u>14,992</u>	<u>1,36,456</u>
<b>TOTAL</b>		<u>36,021</u>	<u>43,639</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed Assets</b>			
Tangible assets	8	94	197
Capital work-in-progress		-	-
		<u>94</u>	<u>197</u>
<b>Deferred tax Assets</b>	9	<u>28,408</u>	<u>684</u>
<b>Long- term loans and advances</b>	10	<u>125</u>	<u>27,391</u>
<b>Current assets</b>			
Inventories	11	4,653	5,219
Trade receivables	12	-	5,471
Cash and Bank Balances	13	865	1,009
Short-term loans and advances	14	1,876	3,667
		<u>7,394</u>	<u>15,366</u>
<b>TOTAL</b>		<u>36,021</u>	<u>43,639</u>

Significant accounting policies 1  
The accompanying notes are an integral part of these financial statements.

As per our report of even date  
For Kulkarni Dhuri & Company  
Chartered Accountants  
FRN 129274W

S.S.Kulkarni  
Partner  
M.No.36146  
Mumbai  
Dated : 13/05/2017

For and on behalf of the Board of Directors of  
Chemolutions Chemicals Ltd.

A.S.Dukane  
Director

J.H. Ranade  
Director

Mumbai

Dated: 13/05/2017

**CHEMOLUTIONS CHEMICALS LTD.**


**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 March 2017**

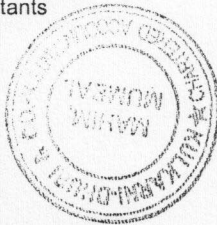
(Unless otherwise stated all amounts are in Indian Rupees thousand)

	<u>Note</u>	<u>Mar-17</u>	<u>2016</u>
<b>INCOME</b>			
Revenue from operations (Gross)		16,002	47,969
Less: Excise Duty		<u>(1,326)</u>	<u>(2,435)</u>
Revenue from operations (Net)]	15	14,676	45,534
Other Income	16	7	245
<b>Total Revenue</b>		<b><u>14,683</u></b>	<b><u>45,779</u></b>
<b>EXPENDITURE</b>			
Cost of materials consumed	17	5,051	10,316
Changes in inventories of finished goods/WIP/stock in trade	18	322	1,527
Employee benefits expense	19	828	805
Finance cost	20	8,091	5,358
Depreciation and amortisation expense	8	94	165
Other expenses	21	<u>8,181</u>	<u>11,173</u>
		<b><u>22,567</u></b>	<b><u>29,342</u></b>
<b>Profit before tax</b>		<b><u>(7,884)</u></b>	<b><u>16,437</u></b>
<b>Less : Tax expense</b>			
- Current Tax		-	130
- Deferred tax		<u>(27,723)</u>	<u>(55)</u>
<b>Profit for the year</b>		<b><u>19,839</u></b>	<b><u>16,362</u></b>
 Earnings per equity share of face value of Re 10/- each	22		
Basic		2.93	32.72
Diluted		2.93	32.72

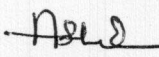
Significant accounting policies 1  
The accompanying notes are an integral part of these financial statements.

As per our report of even date  
For Kulkarni Dhuri & Company  
Chartered Accountants  
FRN 129274W

  
S.S.Kulkarni  
Partner  
M.No.36146  
Mumbai  
Dated : 13/05/2017

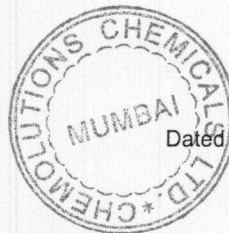



For and on behalf of the Board of Directors of  
Chemolutions Chemicals Ltd.

  
A.S.Dukane  
Director

Mumbai

Mumbai



  
J.H. Ranade  
Director

Dated : 13/05/2017



# CHEMOLUTIONS CHEMICALS LTD.

## 2 SHARE CAPITAL

	2,017	2,016
<b>Authorised Share Capital</b>		
75,00,000 equity shares of Rs. 10/- each (Previous Year 5,00,000 equity shares of Rs. 10/- each)	75,000.00	5,000
<b>Issued, subscribed and fully paid up share capital</b>		
67,67,003 Equity Shares of Rs. 10/- each (Previous Year 5,00,000 equity shares of Rs.10/-each)	67,670	5,000

### a. Terms/rights attached to equity shares

The Company has only one class of shares having par value of Re.10/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to number of equity shares held by the shareholders.

### b. Reconciliation of the number of shares

	2017		2,016	
	No. of Shares	Amount	No. of Shares	Amount
Balance, beginning of the year	5,00,000	5,000.00	5,00,000	5,000.00
Add:				
Add: Issued during the year	62,67,003	-		
Balance, end of the year	67,67,003	67,670.03	5,00,000	5,000.00

### c. Details of Shareholders holding more than 5% shares in the company

Name of Shareholder	Number	%	Number	%
Vibha Agencies Pvt.Ltd.	1,42,750	2%	1,42,750	29%
Pagoda Advisors Pvt.Ltd.	1,32,750	2%	1,32,750	27%
Abana Medisys Pvt.Ltd.	1,25,000	2%	1,25,000	25%
Camlin Fine Sciences Ltd.	63,66,503	94%	99,500	20%
	67,67,003	100%	5,00,000	7%

## 3 Reserves & Surplus

	2017	2,016
<b>Securities Premium</b>		
Balance, beginning of the year	-	
Received on exercise	31,335	
Balance, end of the year	31,335	
<b>Balance in Statement of Profit and Loss</b>		
Balance, beginning of the year	(97,817)	(1,14,178)
Profit for the year	19,839	16,361
	(77,978)	(97,816)
Balance, end of the year	(46,641)	(97,817)



**CHEMOLUTIONS CHEMICALS LTD.**
**4 Short term borrowings**

	<u>2017</u>	<u>2,016</u>
<u>Secured</u>		
Cash credit	2,555	2,660
<u>Unsecured</u>		
Inter Corporate Deposit	7,997	1,30,111
	<u>10,552</u>	<u>1,32,771</u>

The short term borrowings comprise entirely secured cash credit repayable on demand. The facilities are secured by primary charge over company's inventory of raw material, packing material, semi finished goods and book debts.

**5 Trade payables**

Trade payables comprise entirely amounts payable to creditors. Based on the information available with the Company, no creditors have been identified as 'supplier' within the meaning of Micro, Small & Medium Enterprises Development Act, 2006 as on 31 March 2015.

**6 Other current liabilities**

	<u>2017</u>	<u>2,016</u>
TDS Payable	404	244
Audit Fees Payable	-	-
Interest accrued but not due on borrowings	-	-
Other	38	1
	<u>442</u>	<u>244</u>

**7 Short-term provisions**

	<u>2017</u>	<u>2,016</u>
Taxation	-	130
	<u>-</u>	<u>130</u>

**9 Deferred tax Asset, net**

The components of the deferred tax asset are as follows

	<u>2017</u>	<u>2,016</u>
<u>Asset</u>		
Carry forward Losses	27,897	-
Depreciation	511	684
	<u>28,408</u>	<u>684</u>

**10 Long term loans and advances (unsecured, considered good)**

	<u>2017</u>	<u>2,016</u>
Capital advances	-	23,760
Security deposits	125	3,631
	<u>125</u>	<u>27,391</u>

**11 Inventories**

	<u>2017</u>	<u>2,016</u>
Raw material and components (including packing materials)	4,653	4,897
Finished goods	-	-
Work-in-progress	-	322
	<u>4,653</u>	<u>5,219</u>

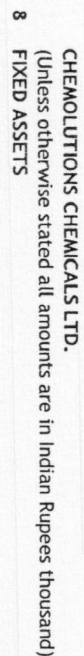
**12 Trade receivables**

Outstanding for a period exceeding six months from the date they are due for payment

	<u>2017</u>	<u>2,016</u>
Unsecured, considered good	-	-
Doubtful	-	9,624
	<u>-</u>	<u>9,624</u>
Less: Provision for doubtful debts	-	-
	<u>-</u>	<u>9,624</u>
Other debts	-	-
Unsecured, considered good	-	(4,153)
	<u>-</u>	<u>5,471</u>







PARTICULARS	Gross Block			Accumulated Depreciation			Net Block			
	As at April 1, 2016	Additions during the year	Deletions during the year	As at March 31, 2017	As at April 1, 2016	Depreciation charge for the year	Depreciation on Deletions during the year	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
i) Tangible Assets										
Plant & Machinery										
Owned	621	-	-	621	438	94	-	532	89	183
Lease	-	-	-	-	-	-	-	-	-	-
Computers	311	-	-	311	306	-	-	306	5	5
ERP Hardware Cost	162	-	-	162	160	-	-	160	2	2
Grand Total	1,094	-	-	1,094	904	94	-	998	95	189
Previous Year	1,094	-	-	1,094	739	157	-	896	197	

## CHEMOLUTIONS CHEMICALS LTD.

## 13 Cash and cash equivalents

Balances with banks

In current account

Cash on handOther bank balances

Margin money

2017	2,016
770	917
-	4
770	921
95	88
865	1,009

## 14 Short term loans and advances

Other loans and advances (unsecured, considered good)

Prepaid expenses

Balance with statutory/government authorities

Others

2017	2,016
58	56
1,302	3,005
516 *	606
1,876	3,667

## 15 Revenue from operations

Sale of products

Finished goods

Traded goods

Sale of services

Other operating revenues

- Scrap sales

Revenue from operations (gross)

Less: Excise duty

2017	2,016
11,052	17,126
473	2,677
4,449	28,154
27	13
16,002	47,970
(1,326)	(2,435)
14,676	45,535

## 16 Other income

Interest income

Miscellaneous receipts

2017	2,016
7	8
-	237
7	245

## 17 Cost of materials consumed

Opening Stock of Raw Material

Add: Purchases of Raw Material

Less: Closing Stock of Raw Material

2017	2,016
4,897	4,897
4,808	10,316
(4,653)	(4,897)
5,051	10,316

## 18 Changes in inventory of finished goods and work in progress

Opening Inventory

Finished Goods

Work-In-Progress

Closing Inventory

Finished Goods

Work-In-Progress

2017	2,016
322	1,849
-	-
322	1,849
-	-
-	322
-	322
322	1,527

## 19 Employee benefit expenses

Salaries and Wages

Staff welfare expenses

2017	2,016
752	708
76	98
828	806





20 Finance cost

21 Other expenses

### Auditor remuneration

22 Earnings per share

- 23 Company has converted the long-term advance amounting to Rs. 94,005 thousand payable to Camlin Fine Sciences Limited into 6,267,003 equity shares of Rs. 10 each at a share premium of Rs. 5 per equity share on March 22, 2017. Pursuant to the issue of these equity shares Company has become a subsidiary of Camlin Fine Sciences Limited from March 22, 2017

Company is in the process of filing consent terms before Honourable High Court of Mumbai with respect to the legal dispute with Tarapur Pharma Chem Ltd regarding purchase of plant & machinery and land (the plant). As per the agreed terms, CFSL has agreed to purchase the said plant from Tarapur Pharma Chem Ltd. Pursuant to this understanding, Company has entered into a MOU with CFSL on March 25, 2017 whereby CFSL has agreed to take over the capital advance of Rs. 35,220 thousand paid by the Company against the said plant. CFSL has also agreed to adjust this advance with inter corporate deposit payable amounting to Rs. 35,220 thousand.

#### 24 Related party transactions

The related parties with whom the Company had transactions during the year are summarized below:

a	<u>Name of the related party</u>	<u>Nature of relationship</u>
	Camlin Fine Sciences Ltd.	Holding Company
	Abana Medisys Pvt.Ltd.	Associate Company
	Pagoda Advisers Pvt.Ltd	Associate Company
	Vibha Agencies Pvt. Ltd	Associate Company

- b The transactions with related parties are summarised below (figures in brackets represent previous year amounts):

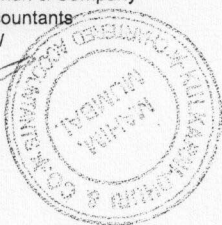
	<b>Subsidiaries</b>	<b>Associate</b>
i <b>Purchases/Expenses</b>		
Goods	-	Nil
	Nil	(Nil)
ii <b>Sales</b>		
Goods	336.60	Nil
	(Nil)	(Nil)
iii <b>Finance</b>		
Inter Corporate Loans Given	(Nil)	-
	(Nil)	(Nil)
Advance Given	(Nil)	Nil
	(Nil)	(Nil)
Interest Given	123.15	Nil
	(Nil)	(Nil)
v <b>Outstanding</b>		
Inter Corporate Loans Given	7,996.91	Nil
	(Nil)	(Nil)
Advances	434.99	Nil

#### 25 Prior year comparatives

Prior year figures have been reclassified, where necessary to confirm to current year's classification.

As per our report of even date  
For Kulkarni Dhuri & Company  
Chartered Accountants  
FRN 129274W

S.S.Kulkarni  
Partner  
M.No.36146  
Mumbai  
Dated :



For and on behalf of the Board of Directors of  
Chemolutions Chemicals Ltd.

A.S.Dukane  
Director

Mumbai



J.H. Ranade  
Director

Dated :