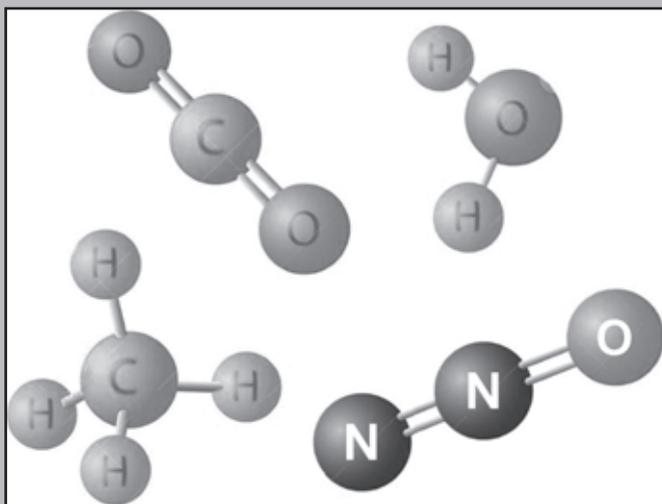




26th Annual Report
2016-2017



Vadilal Chemicals Limited

REGISTERED OFFICE:

503-504, Aditya Building, Nr. Sardar Patel Seva Samaj,
Mithakhali, Navrangpura, Ahmedbad- 380 006.

The truth about us we market what you cannot see



VCL range product include Pure Gases, Gas Mixtures & Liquid Gases as Listed below :

UHP Grade	Comraerdal Grade	Liquefied Gases	Imported Gases
Nitrogen	Nitrogen	Nitrogen	Methane, Ethane
Helium	Argon	Argon	Butane, Propane
Zero Air	Hydrogen	Carbon Dioxide	Ethylene, Propylene
Argon	Carbon Dioxide	Oxygen	Carbon Monoxide
Hydrogen	Anhydrous Ammonia	Liquor Ammonia	Neon, Krypton
Industrial Gas Mixtures	Helium		Xenon
Calibration Gas Mixture			Sulfur Hexa Floride



VADILAL CHEMICALS LIMITED
(CIN:L24231GJ1991PLC015390)

26TH ANNUAL REPORT 2016-17

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Executive Directors :

Shri Rajesh R. Gandhi Chairman & Managing Director

Shri Devanshu L. Gandhi Managing Director

Non Executive & Non Independent Directors :

Shri Kalpit R. Gandhi

Smt. Deval D. Gandhi

Independent Directors (Additional Directors) :

Shri Rohit J. Patel

Shri Jignesh J. Shah

Shri Ashish H. Modi

Shri Udayan R. Patel

OTHER KEY MANAGERIAL PERSONNEL:

Shri Ravi Thakkar Chief Financial Officer

Shri Soham Raval Company Secretary

AUDITORS:

M/s. RRS & Associates,
Chartered Accountants,
Ahmedabad.

BANKERS:

Bank of Baroda
IDBI Bank

REGISTERED OFFICE:

503-504, Aditya Building, Nr. Sardar Patel Seva Samaj,
Mithakhali, Navrangpura, Ahmedabad- 380 006.

Ph.: 079-30086937-38-39 Fax: 079-30086940.

E-Mail: cs@vadilalgases.co.in Website: www.vadilalgases.co.in

REGISTRAR AND SHARE

Big Share Services Private Limited

TRANSFER AGENT:

1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road,
Marol, Andheri (E), Mumbai-400 059.

E-Mail: bhagwan@bigshareonline.com, Ph: 022-62638295, Fax : 022-62638299

Website : www.bigshareonline.com

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26th ANNUAL GENERAL MEETING

DAY : Friday

DATE : 29th September, 2017

TIME : 05.30 p.m.

VENUE : GICEA, Gajjar Hall, Nirman
Bhavan, Opp. Law Garden,
Ellisbridge, Ahmedabad- 380 006.

NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of the Company will be held on Friday, 29th September, 2017 at 05.30 p.m. At GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad- 380 006, to transact the following business:

ORDINARY BUSINESS:

1. To Consider and adopt:
 - (a) the audited financial statement of the company for the financial year ended on 31st March, 2017, the report of Board of Directors and Auditors thereon; and
 - (b) the audited consolidated financial statement of the Company for the financial year ended on March 31, 2017.
2. To declare dividend on Equity Shares for the financial year ended on March 31, 2017.
3. To appoint a Director in place of Shri Kalpit R. Gandhi (holding DIN: 02843308) who retires by rotation as per provision of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Smt. Deval D. Gandhi (holding DIN: 00988905), who retires by rotation as per provision of Section 152(6) of the Companies Act, 2013 and being eligible, offers herself for re-appointment.
5. To ratify the appointment of Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification, the following resolution, as Ordinary Resolution:

“RESOLVED THAT pursuant to provision of Section 139 of the Companies Act, 2013 read with rules made thereunder, appointment of M/s. RRS & Associates, Chartered Accountants, Ahmedabad (FRN: 118336W) be and is hereby ratified to continue as Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of next Annual General meeting at a remuneration to be mutually decided.”

SPECIAL BUSINESS:

6. To appoint Shri Rohit J. Patel (holding DIN 00012367) as an Independent Director of the Company and in this regard 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 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri Rohit J. Patel (holding DIN 00012367), who was appointed as an Additional Director of the Company pursuant to Section 161(1) of the Companies Act, 2013 and Rules made thereunder and Articles of Association, by the Board of Directors of the Company on 11th November, 2016 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013, in writing from a Member, proposing the candidature of Shri Rohit J. Patel for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 consecutive years consecutive years upto the conclusion of the 31st Annual General Meeting of the Company in the calendar year 2022.”
7. To appoint Shri Jignesh J. Shah (DIN: 01202435) as an Independent Director of the Company and in this regard 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 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri Jignesh J. Shah (holding DIN 01202435), who was appointed as an Additional Director of the Company pursuant to Section 161(1) of the Companies Act, 2013 and Rules made thereunder and Articles of Association, by the Board of Directors of the Company on 11th November, 2016 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013, in writing from a Member, proposing the candidature of Shri Jignesh J. Shah for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 consecutive years upto the conclusion of the 31st Annual General Meeting of the Company in the calendar year 2022.”
8. To appoint, Shri Ashish H. Modi (holding DIN 02506019), as an Independent Director of the Company and in this regard 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 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri Ashish H. Modi (holding DIN 02506019), who was appointed as an Additional Director of the Company pursuant to Section 161(1) of the Companies Act, 2013 and Rules made thereunder and Articles of Association, by the Board of Directors of the Company on 11th November, 2016 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013, in writing from a Member, proposing the candidature of Shri Ashish H. Modi for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 consecutive years consecutive years upto the conclusion of the 31st Annual General Meeting of the Company in the calendar year 2022.”
9. To appoint , Shri Udayan R Patel (holding DIN 06674232), as an Independent Director of the Company and in this regard 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 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri Udayan R Patel (holding DIN 06674232), who was

appointed as an Additional Director of the Company pursuant to Section 161(1) of the Companies Act, 2013 and Rules made thereunder and Articles of Association, by the Board of Directors of the Company on 11th November, 2016 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013, in writing from a Member, proposing the candidature of , Shri Udayan R Patel for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 consecutive years consecutive years upto the conclusion of the 31st Annual General Meeting of the Company in the calendar year 2022."

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and proxy need not be a member. Proxies, in order to be effective, must be delivered at the registered office of the company not less than 48 hours before the commencement of the meeting.
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than 10 percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. A Statement pursuant to Section 102(1) of the Companies Act, 2013 setting out the material facts relating to the Special Business to be transacted at the Meeting is annexed hereto.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. (a) The Company has notified closure of Register of Members and Share Transfer Books from 16th September, 2017 to 29th September, 2017 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
(b) Dividend of Re. 0.50/- per share (@5%) on Equity Shares for the year ended on 31st March, 2017 as recommended by the Board, if declared at the meeting, will be paid without deduction of tax at source :
to those members, whose names appear on the Register of Members after giving effect to all valid share transfers in physical form lodged with the Company/Share Transfer Agent on or before 15th September, 2017, or
in respect of shares held in electronic form, to those "Beneficial Owners" whose names appear in the Statement of Beneficial Ownership furnished by NSDL and CDSL as at the end of business hours on 15th September, 2017.
6. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agent, cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members.
7. The Company's shares are listed with the four regional Stock Exchanges viz. Ahmedabad Stock Exchange Limited, The Calcutta Stock Exchange Limited, Madras Stock Exchange Limited, Delhi Stock Exchange Limited.
8. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
9. Members, who hold shares in dematerialised form, are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
10. Members are requested to bring their attendance slip along with their copy of annual report to the meeting.
11. Members seeking any further information about the Accounts and/or Operations of the Company are requested to send their queries to the Company Secretary at least 10 days before the date of the meeting.
12. At this Annual General Meeting, Mr. Kalpit R. Gandhi, Director of the Company and Mrs. Deval D. Gandhi, Director of the Company, shall retire by rotation and being eligible, offer themselves for re-appointment.
At this Annual General Meeting, Mr. Rohit J. Patel, Mr. Jignesh J. Shah, Mr. Ashish H. Modi and Mr. Udayan R. Patel are proposed to be appointed as Independent Directors of the Company, not liable to retire by rotation.
Brief Profile of Independent Directors are mentioned in the Explanatory Statement given under Section 102(1) of the Companies Act, 2013.
As required under Regulation 36 of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 and as required under secretarial standard-2, given below are the details of the above Directors to be re-appointed/appointed as Directors of the Company.
Brief Profile of Mr. Kalpit R. Gandhi and Mrs. Deval D. Gandhi, who retires by rotation are given below:

Profile of Mr. Kalpit R. Gandhi (Age 32 years)

Mr. Kalpit Gandhi's highest degree is Master in Business Administration from IESE Business School Barcelona (Spain), which is one of the top universities globally ranked as 5th as per Economist and 7th as per Financial Times and have numerous accolades in field of executive education. He is a graduate from University of Southern California with BSC in Administration & Accounting and carrying wide experience in Finance and Marketing functions with international exposure. He had served reputed organization like Godrej Consumer Products Limited, Financial Technologies (India) Ltd. in various capacities and had also exposure in international company named Akin Bay in USA which strengthen his business acumens. He do not take any remuneration from the company apart from sitting fees. He has attended 4 board meetings during the year 2016-17.

Mr. Kalpit R. Gandhi is not Member of any Committee of the Company. He is acting as non-executive director of the company. Mr. Kalpit R. Gandhi holds 17290 shares in Vadilal Chemicals Limited in his individual capacity. Mr. Kalpit R.

Gandhi is Director in the following other companies :

Directorship:
• Vadilal Industries Limited
• Vadilal International Private Limited
• Vadilal Marketing Private Limited

Relationship between the Directors :-

Mr. Kalpit R. Gandhi is the son of Mr. Rajesh R. Gandhi.

Profile of Mrs. Deval D. Gandhi (Age 46 years)

Mrs. Deval D. Gandhi, a commerce graduate & a diploma in design. As an exclusive designer, with a keen eye for aesthetics and interesting interpretation of traditional Indian craftsmanship and clothes design heritage.

Mrs. Deval D. Gandhi has evolved into a successful label – Timeless Weaves, catering to loyal local clientele, employing small core group of highly skilled craftsman in Ahmedabad, while leveraging highly qualified established resource-base from all over India. She is acting as non-executive director of the company. She do not take any remuneration from the company apart from sitting fees. She has attended 4 board meetings during the year 2016-17.

Mrs. Deval D. Gandhi is not a Member of any committee. Mrs. Deval D. Gandhi holds 1,19,250 shares in Vadilal Chemicals Limited in her individual capacity. Mrs. Deval D. Gandhi is Director in the following other companies:

Directorship:
• Vadilal Industries Limited
• Vadilal International Private Limited
• Byad Packaging Industries Private Limited
• Esveegee Wires and Metals Private Limited

Relationship between the Director :-

Mrs. Devalben D. Gandhi is the spouse of Mr. Devanshu L. Gandhi.

None of the other directors are related to Mr. Kalpit R. Gandhi or Mrs. Deval D. Gandhi, Directors of the Company.

13. Ministry of Corporate Affairs, New Delhi ("MCA") has launched a "Green Initiative" by permitting paperless compliances by companies pursuant to provisions of Section 20 of the Companies Act, 2013 read with sub rule 3 & 4 of rule 35 of Companies (Incorporation) Rules, 2014 and Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014 and Section 136 of the Companies Act, 2013 read with Rule 11 of the Companies (Accounts) Rules, 2014 which provides for service of documents including notice of General meeting, circulation of Financial Statements etc. through electronic mode. Members of the Company are requested to update their email address by writing to the Registrar and Transfer Agent of the Company quoting their folio number(s).

ANNEXURE TO THE NOTICE:

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

ITEM NO. 6:

Shri Rohit J Patel (holding DIN 00012367) has been appointed as additional director of the Company w.e.f. 11th November, 2016 as per applicable provisions of the Companies Act, 2013. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri Rohit J Patel being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to the conclusion of Annual General Meeting that may be held for the financial year ending March 31, 2022.

Profile of Shri Rohit J. Patel (Age : 71 years)

Shri Rohit J. Patel (holding DIN 00012367) is B.E. (Electrical) and Consultant on Management and Human Resources. He is having 32 years of experience in training people for Communication – Time Management. He is a Proprietor of Symcom Corporation, an Educational Institution in Ahmedabad. He is also a Guest Faculty at various educational institutions. He is a member of Education Committee of Ahmedabad Management Association.

He is the Chairman of the Nomination and Remuneration Committee of the Company and also Chairman of Stakeholder Relationship Committee of the Company. Shri Rohit Patel does not hold any shares in the Company. He is also working as Director and Audit Committee Member of Gujarat Ambuja Exports Limited. He is acting as an independent director of the company. He do not take any remuneration from the company apart from sitting fees. He has attended 4 board meetings during the year 2016-17. A notice has been received from a member proposing Shri Rohit J. Patel as a candidate for the office of Independent Director of the Company.

In the opinion of the Board, Shri Rohit J Patel (holding DIN 00012367) fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for his appointment as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Rohit J. Patel (holding DIN 00012367) as a Director. Accordingly the Board recommends his appointment as an Independent Director of the Company.

Except Shri Rohit J. Patel (holding DIN 00012367), being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item no.6.

ITEM NO. 7:

Shri Jignesh J Shah (holding DIN 01202435) has been appointed as additional director of the Company w.e.f. 11th November, 2016 as per applicable provisions of the Companies Act, 2013. In terms of Section 149 and other applicable

provisions of the Companies Act, 2013, Shri Jignesh J Shah being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for 5 consecutive years for a term up to the conclusion of Annual General Meeting that may be held for the financial year ending March 31, 2022.

Profile of Shri Jignesh J Shah (Age : 49 years)

Shri Jignesh J Shah (holding DIN 01202435) is B.Com Graduate, CMA (Cost and Management Accountant) and FCA (Chartered Accountant). He is having 27 years of experience in training people for Communication – Time Management. He is a Partner in J T Shah & Co., Chartered Accountants since 1992.

He is Chairman of the Audit Committee of the Company and also a member of Nomination and Remuneration Committee of the Company. Shri Jignesh J. Shah does not hold any shares in the Company. He is also working as a director of other companies such as Vadilal Industries Limited, Vadilal Enterprises Limited, Vadilal International Private Limited and Sakar Management Consultants Private Limited. He is acting as an independent director of the company. He do not take any remuneration from the company apart from sitting fees. He has attended 6 board meetings during the year 2016-17.

A notice has been received from a member proposing him as a candidate for the office of Director of the Company.

In the opinion of the Board, Shri Jignesh J Shah (holding DIN 01202435) fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and he is independent of the management. Copy of the draft letter for his appointment as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Jignesh J. Shah (holding DIN 01202435) as a Director. Accordingly the Board recommends his re-appointment.

Except Shri Jignesh J. Shah (holding DIN 01202435), being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item no.7.

ITEM NO. 8:

Shri Ashish H Modi (holding DIN 02506019) has been appointed as additional director of the Company w.e.f. 11th November, 2016 as per applicable provisions of the Companies Act, 2013. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri Ashish H Modi being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for 5 consecutive years for a term up to the conclusion of Annual General Meeting that may be held for the financial year ending March 31, 2022.

Profile of Shri Ashish H. Modi (Age : 49 years)

Shri Ashish H Modi (holding DIN 02506019) is B.Com Graduate. He is having 28 years of experience of family business (Road Construction). Apart from this he is also director in Ganesh Housing Corporation Limited.

Shri Ashish Modi does not hold any shares in the Company. He is working as a director of other companies such as Vadilal Enterprises Limited, Yash Organisers Private Limited, Essem Infra Private Limited and also working as Director and Chairman of Audit Committee and Stakeholder Relationship Committee of Ganesh Housing Corporation Limited. He is acting as an independent director of the company. He do not take any remuneration from the company apart from sitting fees. He has attended 5 board meetings during the year 2016-17.

A notice has been received from a member proposing him as a candidate for the office of Director of the Company.

In the opinion of the Board, Shri Ashish H Modi (holding DIN 02506019) fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for his appointment as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Ashish H Modi (holding DIN 02506019) as a Director. Accordingly the Board recommends his re-appointment.

Except Shri Ashish H Modi (holding DIN 02506019), being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item no.8.

ITEM NO. 9:

Shri Udayan R Patel (holding DIN 06674232) has been appointed as additional director of the Company w.e.f. 11th November, 2016 as per applicable provisions of the Companies Act, 2013. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri Udayan R Patel being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for 5 consecutive years for a term up to the conclusion of Annual General Meeting that may be held for the financial year ending March 31, 2022.

Profile of Shri Udayan R. Patel (Age : 57 years)

Shri Udayan R Patel (holding DIN 06674232) is commerce Graduate from H L College of Commerce. He is having 32 years of experience in managing electrical components manufacturing companies. Functional expertise in handling over all administration, finance, business development, commercial operations & manufacturing and also have got outstanding success in building & maintaining relationship with key corporate decision makers. Presently he is partner in Make-A-Light Industries, Dehradun. He is not a Director in any Company except Vadilal Chemicals Limited. He is a Member of the Audit Committee of the Directors of the Company. He does not hold any shares of the Company.

He is acting as an independent director of the company. He do not take any remuneration from the company apart from sitting fees. He has attended 5 board meetings during the year 2016-17.

A notice has been received from a member proposing him as a candidate for the office of Director of the Company. In the opinion of the Board, Shri Udayan R Patel (holding DIN 06674232) fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for his appointment as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Udayan R Patel (holding DIN 06674232) as a Director. Accordingly the Board recommends his re-appointment.

Except Shri Udayan R Patel (holding DIN 06674232), being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item no.9.

Registered Office:

503-504, Aditya Building,
Nr. Sardar Patel Seva Samaj,
Mithakhali, Ahmedabad – 380006.
Date : 26th August, 2017

**BY ORDER OF THE BOARD
FOR VADILAL CHEMICALS LIMITED**

**(RAJESH R GANDHI)
(DIN: 00009879)
Chairman & Managing Director**

Process and Manner for availing remote e-voting facility

- The Company pleased to offer Evoting facility to all its members to enable them to cast their vote electronically in terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (including any statutory modification or re-enactment thereof for the time being in force). Accordingly, a member may exercise his vote through e-voting services provided by Central Depository Services (India) Limited (CDSL) and the company may pass any resolution by electronic voting system in accordance with the above provisions.
- The process and manner of e-voting is being sent to all the members whose e-mail Ids are registered with the Company/Depository Participant /Share Transfer Agent for communication purpose through electronic mode.
- The Members who has cast their votes by remote e-voting may also attend the Meeting but shall not be entitled to cast their votes again.
- The Board of Directors of the company has appointed Mr. Manoj R. Hurkat of M/s. Manoj Hurkat & Associates, Practicing Company Secretary, Ahmedabad as Scrutinizer to scrutinize the poll and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
- Voting rights shall be reckoned on the paid up value of shares registered in the name of the member/ beneficial owner (in case of electronic shareholding) as on the cut off date i.e. 22nd September, 2017.
- Any person who becomes a member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut off date i.e.22nd September, 2017 may obtain the User ID and Password in the manner as mentioned below:
 - If e-mail Id address or mobile number of the member is registered against folio No./ DP ID/ Client ID, then on the home page of <http://www.evotingindia.com>, the member may click "Forgot password" and enter folio No. or DP ID or Client ID and PAN to generate password.
 - Member may call CDSL toll free number 18002005533.
 - Member may send an e-mail request to helpdesk.evoting@cdslindia.com
 - If the member is already registered with CDSL e-voting platform then he can use his existing user ID and password for casting the vote through remote e-voting.
- The Scrutinizer after Scrutinizing the votes cast at the meeting (poll) and through remote e-voting, will not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.vadilalgases.co.in and on the website of CDSL viz. <http://www.evotingindia.com>. The results shall simultaneously be communicated to the stock exchange.

The Instructions for shareholders voting electronically are as under:

- The Voting Period begins on Tuesday, 26th September, 2017 at 9.00 a.m. and ended on Thursday, 28th September, 2017 at 5.00 p.m. During the Period shareholders of the company holding shares either in physical form or in Dematerialised form as on the cut off date (record date) of 22nd September, 2017 may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- The process and manner of e-voting is being sent to all the members whose e-mail Ids are registered with the Company/Depository Participant /Share Transfer Agent for communication purpose through electronic mode.
- The shareholders should log on to the e-voting website.
- Pursuant to provision of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolution set forth in the notice convening 26th Annual General Meeting. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide the e-voting facility :

The shareholders should log on to the e-voting website www.evotingindia.com.

- a. Click on Shareholders.
- b. Now Enter your User ID
- c. For CDSL: 16 digits beneficiary ID,
- d. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- e. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - Next enter the Image Verification as displayed and Click on Login.
 - If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Address Label (sticker) pasted on back of the Annual Report.
Dividend Bank Details OR Date of Birth (DOB)	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. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction.

- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares in physical form will then directly reach 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.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- 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.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- 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.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Shareholders can use Mobile app "m-Voting" for e-voting. M-Voting app is available in IOS, android & Windows based Mobile. Shareholders may log in to m-Voting using their e voting credentials to vote for the company resolutions.

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 and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote .
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- 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 you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Registered Office:

503-504, Aditya Building,
Nr. Sardar Patel Seva Samaj,
Mithakhali, Ahmedabad – 380006.
Date : 26th August, 2017

**BY ORDER OF THE BOARD
FOR VADILAL CHEMICALS LIMITED**

(RAJESH R GANDHI)
(DIN: 00009879)
Chairman & Managing Director

DIRECTORS' REPORT

To,
The Members,
VADILAL CHEMICALS LIMITED
Ahmedabad.

FINANCIAL HIGHLIGHTS:

Your Directors have pleasure in presenting herewith the 26th Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2017. (Rs. In lacs)

Sr. No.	Particulars	Year ended 31-03-2017	Year ended 31-03-2016
(a)	Earnings/ (Loss) before Interest, Tax, Depreciation and Amortization (EBITDA)	321.48	(66.40)
(b)	Finance Cost	95.80	120.95
(c)	Depreciation and amortization expenses	110.40	111.19
	Less : Recoupment from Revaluation Reserve / Deferred Government Grant	0	0
(d)	Profit before Exceptional and Extraordinary Items and Tax	115.28	(298.54)
(e)	Exceptional Items Provision for diminution in the value of Long Term Investments	0	0
(f)	Profit before Extraordinary Items and Tax	115.28	(298.54)
(g)	Extraordinary Items	0.00	0.00
(h)	Profit before Tax	115.28	(298.54)
(i)	Tax Expenses		
	Current Tax / MAT Tax	42.00	66.00
	Less : MAT Credit entitlement	(0.00)	(0.00)
		42.00	66.00
	Deferred Tax charge / (release)	(2.65)	03.03
	Short/(Excess) Provision of Tax / Deferred Tax of earlier years (Net)	(2.53)	01.58
		36.82	70.61
(j)	Profit for the period	78.46	(369.15)
(k)	Surplus in the Statement of Profit and Loss:		
	Balance as per last Financial Statements	(238.55)	130.60
	Profit for the year	78.46	(369.15)
	Less : Appropriations:	0	0
	Net Surplus in the statement of Profit and Loss	(160.09)	(238.55)

STATE OF COMPANY'S AFFAIRS:

The Company has earned Turnover of Rs. 4156.13 lacs during the year ended on 31st March, 2017 as against Rs. 4231.46 lacs earned during the previous year ended on 31st March, 2016. The company has earned Net revenue from operations of Rs. 3838.05 lacs earned by the Company during the year under review as compared to Rs. 3905.13 lacs Net revenue from operations of last year and The company has also earned other income of Rs. 57.84 lacs during the year under review as against Rs. 44.65 lacs earned during the previous year.

The Company has earned Profit before Interest, Tax, Depreciation and Amortisation (EBITDA) of Rs. 321.48 lacs during the year ended on 31st March, 2017 as compared to Loss of Rs. 66.40 lacs incurred during the previous year ended on 31st March, 2016.

The Company has earned Net Profit of Rs. 78.46 lacs for the year ended on 31st March, 2017 after providing Finance Cost and Depreciation and Amortization expenses and after making Provision for Deferred Tax Charge and other adjustments, as compared to Loss of Rs. 369.15 lakhs incurred by the Company during the previous year ended on 31st March, 2016.

DIVIDEND:

The Board of Directors have recommended Dividend of Rs. 0.5/- per share (@ 5%) on 48,74,000 Equity Shares of Rs. 10/- each of the Company for the Financial Year 2016-17. This will absorb Rs. 24.37 lacs and The Corporate Dividend Distribution Tax by the Company on the said Dividend will be 4.96 lacs for the present year. If approved, the dividend will be paid without deduction of tax at source to the shareholders.

TRANSFER TO RESERVE:

The Company does not proposed to transfer any amount to General Reserve for the financial year 2016-17.

EXTRACT OF ANNUAL RETURN:

Extract of Annual Return of the Company is annexed herewith as **Annexure – I** to this Report.

FINANCE:

During the year under review, the Company has not availed any Secured Loan from Banks or Financial Institutions. During the year, company has made regular repayment of outstanding Loan & interest and there is no any overdue payment to Banks and FIs.

DETAILS OF PUBLIC DEPOSITS:

The Company has not accepted any deposit from Members/ Public as per provision of Section 73 of the Companies Act, 2013.

SUBSIDIARY/ ASSOCIATES/ JOINT VENTURE COMPANY:

The Company has sold 22,000 Equity Shares of Vadilal Forex and Consultancy Services Limited on 25th March, 2017. Hence, the said company has ceased to be an Associate Company w.e.f. 25th March, 2017. Except the same, during the year, no company has become or ceased to be a subsidiary/ associate/ joint venture.

Vadilal Cold Storage is Partnership Firm in which the company is one of the partner and holding 2% Stake of the said firm. The Company is considering the said firm as Joint Venture firm and consolidating the accounts of the Company while preparing Annual Accounts. A report of financial position of Joint Venture Company as required under Section 129(3) of the Companies Act, 2013 and rules made there under in the prescribed form AOC-1 as **Annexure- II** to the consolidated financial statement and hence not repeated here for sake of brevity.

CONSOLIDATE FINANCIAL STATEMENT:

Pursuant to the requirement of Section- 129(3) read with Schedule-III of the Companies Act, 2013 and rules made thereunder, Consolidated Financial Statement of the company with Joint Venture firm, Vadilal Cold Storage for the year ended 31st March, 2017 has been attached in the financial statement of the company. The audited consolidated financial statement form part of the Annual Report.

CORPORATE GOVERNANCE:

Provisions of Corporate Governance Regulations as specified under Chapter IV of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 for regulation 17 to 27 and clauses (b) to (I) of Sub Regulation 2 of Regulation 46 and Para C, D and E of Schedule V is not applicable to the Company as the company neither has paid up capital of Rs. 10 crore nor has net worth exceed Rs. 25 crore at the last day of previous financial year.

DIRECTORS' RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief and according to the confirmation and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)(C) and 134(5) of the Companies Act, 2013 and confirm :

- (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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit 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;
- (e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTORS:

The Independent Directors of the company have submitted Declaration of Independence at the first Board meeting of financial year pursuant to the provision of section 149 (6) of the Companies Act, 2013.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED:

During the year 2016-17, the Company has not given any loans/ guarantees/ securities or company has not made any investment which falls under section 186 of the companies act, 2013.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

Information on transactions with related parties pursuant to Section 134(3)(h) of the act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure- III** in the prescribed Form AOC-2 and the same forms part of this report, the said Related Party Transactions are duly approved by the Audit Committee of the Company.

Your Directors draw attention of the members to Note No. 29 to the financial statement which sets out related party disclosures.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and Rules made thereunder, Mr. Kalpit R. Gandhi, Director (DIN: 02843308) and Mrs. Deval D. Gandhi, Director (DIN: 00988905) of the Company, shall retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-appointment. The Members are requested to consider their re-appointment as Directors of the Company, for which necessary resolution has been incorporated in the notice of the meeting.

Pursuant to the provisions of Section 149 and 152 1of the Companies Act, 2013 and Rules made thereunder and Regulation 17 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and on the recommendation of the Nomination and Remuneration Committee, the Company proposes to appoint Mr. Rohit J. Patel, Mr. Jignesh Shah, Mr. Ashish Modi and Mr. Udayan Patel, who were appointed as Additional Directors at the Board Meeting held on 11th November, 2016, as Independent Directors of the Company, not liable to retire by rotation. The Company has received requisite notices

in writing from a Member proposing their candidature for appointment as a Director of the Company. The aforesaid Independent Directors, if appointed, shall hold office for a term of 5 consecutive years up to the conclusion of the 31st Annual General Meeting of the Company in the calendar year 2022.

BOARD EVALUATION:

The Board of directors have carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act.

The performance of the Board was evaluated by the Board on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, 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 of Directors have 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 at the Board Meeting held on 9th February, 2017.

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.

COMMITTEES OF DIRECTORS:

The details of various committees of Directors constituted under various provisions of Companies Act, 2013 and Rules made thereunder, are as under :

A. AUDIT COMMITTEE:

As on 31-3-2017, Audit Committee comprises the following Directors:-

Sr. No.	Name of the Member	Designation	Category
1	Mr. Jignesh J. Shah	Chairman	Independent Director
2	Mr. Devanshu L. Gandhi	Member	Managing Director
3	Mr. Rohit J. Patel	Member	Independent Director
4	Mr. Udayan R. Patel	Member	Independent Director

The constitution of the Audit Committee fulfills the requirements of Section 177 of the Companies Act, 2013 and Rules made thereunder. The members of audit committee are financially literate and having accounting or related financial management expertise.

Two audit committee meetings were held during the year-2016-17 on 28th May, 2016 and 7th July, 2016.

Mr. Soham Raval, who is a Company Secretary of the Company, is the Secretary to the Audit Committee.

B. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee comprises the following Directors of the Company, as on 31st March, 2017, namely:

Sr. No.	Name of the Member	Designation	Category
1	Mr. Rohit J. Patel	Chairman	Independent Director
2	Mr. Jignesh J. Shah	Member	Independent Director
3	Mr. Udayan Patel	Member	Independent Director

The constitution of the Nomination and Remuneration Committee fulfills the requirements of Section 178 of the Companies Act, 2013 and Rules made there under.

No Nomination and Remuneration Committee meeting held during the year 2016-17.

C. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The Stakeholders' Relationship Committee comprises the following Directors of the Company, as on 31st March, 2017, namely:

Sr. No.	Name of the Member	Designation	Category
1	Mr. Rohit J. Patel	Chairman	Independent Director
2	Mr. Rajesh R. Gandhi	Member	Chairman and Managing Director
3	Mr. Devanshu L. Gandhi	Member	Managing Director

The constitution of Stakeholders' Relationship Committee fulfills the requirements of Section 178 of the Companies Act, 2013 and Rules made thereunder.

The Committee looks after duplicate Share Certificates, splitting and consolidation of Shares, redressal of Shareholder's complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividends, etc., if requests receive for the same. The Board of Directors has delegated the power of approving transfer of Shares etc. to the Stakeholders' Relationship Committee.

There are four meetings of Stakeholder Relationship Committee held during the year-2016-17. The meetings held on 30/06/2016, 30/09/2016, 31/12/2016 and 31/03/2017.

No request for issue of duplicate Share Certificates, splitting and consolidation of Shares received by the company during the year 2016-17.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:

The Nomination and Remuneration Committee have recommended and Board of Directors, at its meeting held on 31st March, 2015 have adopted the Policy on appointment and remuneration of Directors in terms of the provisions of Section 178 of the Companies Act, 2013 at the meeting held on 31st March, 2015 and applicable provisions of applicable Listing Regulations. The said policy is enclosed with the Directors' report and marked as "**Annexure - IV**". There is no change in the Policy during the financial year- 2016-17.

CONSTITUTION OF BOARD OF DIRECTORS:

Sr. No.	Name of the Director	Designation	Category
1	Mr. Rajesh R. Gandhi	Chairman & Managing Director	Executive
2	Mr. Devanshu L. Gandhi	Managing Director	Executive
3	Mr. Kalpit R. Gandhi	Director	Non Executive & Non Independent
4	Mrs. Deval D. Gandhi	Director	Non Executive & Non Independent
5	Mr. Jignesh J. Shah	Additional Director	Independent
6	Mr. Ashish H. Modi	Additional Director	Independent
7	Mr. Rohit J. Patel	Additional Director	Independent
8	Mr. Udayan Patel	Additional Director	Independent

NUMBER OF BOARD MEETINGS :

During the year under review, Six Meetings of Board of Directors were held on 28/05/2016, 24/06/2016, 07/07/2016, 08/08/2016, 11/11/2016 and 09/02/2017.

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

As required under Section 134(1)(m) of the Companies Act, 2013 and Rules made thereunder, details relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in the **Annexure - V** attached herewith and forming part of the Directors' Report.

RISK MANAGEMENT:

The Company is exposed to various business risks from time to time. Risk management involves handling appropriately risk that are likely to harm an organization. There are various types of risks associated with conducting business of the Company. The ultimate goal of risk management is the preservation of physical and human assets of the organization for successful continuation of its operations. The Board periodically reviews the risk assessment and minimization procedure in relation to the business of the Company.

Risk management Policy as per Regulation 21 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 is not applicable to the company.

CORPORATE SOCIAL RESPONSIBILITY:

Provisions of Section 135 of the Companies Act, 2013 towards Corporate Social Responsibility is not applicable to the company.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY.

In view of the management, the Company has adequate internal control systems for the business processes followed by the Company. The External and Internal Auditors carry out periodical reviews of the functioning and suggest changes and Board of Directors discuss the same periodically.

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

AUDITORS AND AUDITORS' REPORT:

Section 139(2) of the Companies Act, 2013 (effective 1st April, 2014), mandates that a listed company or such other prescribed classes of companies shall not appoint or re-appoint an audit firm as Statutory Auditors for more than two terms of five consecutive years each.

Our auditors, M/s. RRS & Associates, Chartered Accountants, Ahmedabad were re-appointed as Statutory Auditors of the company for the period of three years at the last annual General Meeting 2015-16.

The Audit Committee and the Board of Directors recommended to ratify the appointment of M/s. RRS & Associates, Chartered Accountants, Ahmedabad as Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company for the year 2017-18.

The Company has received a certificate from the said Auditors under Section 139 of the Companies Act, 2013 to the effect that their appointment, if made, would be within the prescribed limits under Section 139 of the Act and they are not disqualified under the Act.

There is no qualification/ reservation/ adverse remark raised by statutory auditors of the company which are required to be clarified in the directors' report for the affairs of the company for the financial year 2016-17.

SECRETARIAL AUDITOR:

The Board has appointed M/s. SPAN & Co., Company Secretaries, LLP to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017 is annexed herewith marked as **Annexure- VI** to this Report.

The Company has changed Secretarial Auditor for the financial year 2016-17, the Previous Secretarial Auditor was M/s. SPANJ Associates, Practicing Company Secretaries Firm during the previous financial year 2014-15 and 2015-16.

There is no qualification / reservation / adverse remark raised by secretarial auditor which are required to be clarified in Director's report for F.Y. 2016-2017.

INSURANCE:

All insurable interests of the Company including buildings, plant and machinery, furniture & fixtures and other insurable interest are adequately insured.

PARTICULARS OF EMPLOYEES:

The Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are enclosed with this report as **Annexure - VII**.

The Statement of particulars of employees under Section 197(12) read with Rule 5 (2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 is not provided with as, during the financial year under review, no employee of the Company including Managing Directors was in receipt of remuneration in excess of the limits set out in the said rules.

WHISTLE BLOWER POLICY / VIGIL MECHANISM:

The Company has adopted Vigil mechanism and Whistle blower policy under which the employees are free to report any act of serious misconduct or wrongful activity being occurred or suspected to occur within the organization, to his immediate HOD or the HR Head or directly to the concern Managing Director of the Company, as he may desire. No employee of the Company is denied access to the Audit Committee.

The Audit Committee has approved and Board of Directors have adopted Policy of Vigil Mechanism in their Meeting held on 14th August, 2014.

MATERIAL INFORMATION:

- Vortex Ice-cream Private Limited jointly with Mr. Virendra R. Gandhi (the erstwhile Director) and others have filed a petition against the Company and it's the then Directors, before the Company Law Board, Mumbai bench dated 18th April, 2015 under Section 397 and 398 of the Companies Act, 1956 alleging Oppression and Mismanagement.
- After hearing both the parties to the petition, the Hon'ble NCLT Bench Member reserved the matter for pronouncement of order.
- However, the Petitioners and Respondents to the petition are seeking to arrive at amicable resolution of the matter and hence, they jointly filed an application to the Hon'ble NCLT on 11th July, 2017 to defer the pronouncement of the order of the said petition. The Hon'ble NCLT Bench Member, after hearing both the parties, passed an order on 19-7-2017, approving the application of the parties.

GENERAL:

- 1 During the year under review, there was no change in the nature of business of the Company and there is no material change and/or commitments, affecting the financial position of the Company, during the period from 31st March, 2017 till the date of this report.
- 2 During the year under review, there was no significant and/or material order passed by any regulators or courts or tribunals impacting the going concern status and company's operations in future.
- 3 The Company does not provide any loan or other financial arrangement to its employees or Directors or Key Managerial Personnel for purchase of its own shares and hence, the disclosure under Section 67(3)(c) of the Companies Act, 2013 does not require.
- 4 During the year under review, no Director or Managing Director of the Company has received any remuneration or commission from subsidiary of the Company in terms of provisions of Section 197(14) of the Companies Act, 2013.
- 5 The disclosure in terms of Rule – 4 of Companies (Share Capital and Debenture) Rules, 2014 is not provided, as the Company does not have any equity shares with differential voting rights.

ACKNOWLEDGEMENT:

The Directors place on record the appreciation and gratitude for the co-operation and assistance extended by various departments of the Union Government, State Government, Bankers and Financial Institutions.

The Directors also place on record their appreciation of dedicated and sincere services of the employees of the Company at all levels.

The Company will make every effort to meet the aspirations of its Shareholders and wish to sincerely thank them for their whole hearted co-operation and support at all times.

Registered Office:

503-504, Aditya Building,
Nr. Sardar Patel Seva Samaj,
Mithakhali, Ahmedabad – 380006.
Date : 26th August, 2017

**BY ORDER OF THE BOARD
FOR VADILAL CHEMICALS LIMITED**

**(RAJESH R GANDHI)
(DIN: 00009879)
Chairman & Managing Director**

ANNEXURE – I TO THE DIRECTORS' REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

REGISTRATION & OTHER DETAILS:

CIN	L24231GJ1991PLC015390
Registration Date	11/04/1991
Name of the Company	VADILAL CHEMICALS LIMITED
Category/Sub-category of the Company	Public Limited Company
Address of the Registered office & contact details	503-504, Aditya Building, Nr. Sardar Patel seva Samaj, Mithakhali, Navrangpura, Ahmedabad- 380 006.
Whether listed company	Listed at Ahmedabad stock Exchange Limited, Calcutta Stock Exchange Limited, Madras Stock Exchange Limited and Delhi Stock Exchange Limited.
Name, Address & contact details of the Registrar & Transfer Agent, if any.	Big Share Services Private Limited, 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (E), Mumbai-400 059. Phone : 022-62638295

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the company
1	Ammonia Gas	2814	35.00%
2	Hydrogen	2804	18.00%
3	Liquor Ammonia	2814	15.00%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary /Associate	% of Shares held	Applicable Section
1	Vadilal Cold Storage (Partnership Firm)	---	Joint Venture	2.00%	2(6)

VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1)Indian									
a) Individual/ HUF	849384	492665	1342049	27.53	849384	492665	1342049	27.53	0
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0
d) Bodies Corp.	893600	2209254	3102854	63.66	893600	2209254	3102854	63.66	0
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0
f) Any other	0	0	0	0.00	0	0	0	0.00	0
Directors' Relatives	0	0	0	0.00	0	0	0	0	0
Non Residential Individual	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A)	1742984	2701919	4444903	91.19	1742984	2701919	4444903	91.19	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0
g) FII's	0	0	0	0	0	0	0	0	0
h) Foreign Capital Funds	0	0	0	0.00	0	0	0	0.00	Venture 0
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp.					0				
i) Indian	0	5900	5900	0.12	0	5900	5900	0.12	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	3516	419681	423197	8.80	4316	418881	423197	8.80	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)									
Non Resident Indians	0	0	0	0	0	0	0	0	0
Overseas Corporate Bodies	0	0	0	0.00	0	0	0	0.00	0
Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0
Clearing Members	0	0	0	0.00	0	0	0	0.00	0
Trusts	0	0	0	0.00	0	0	0	0.00	0
Foreign Bodies - D R	0	0	0	0.00	0	0	0	0.00	0
Hindu Undivided Families (HUF)	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	3516	425581	429097	8.8	4316	424781	429097	8.8	0
Total Public Share-holding (B)=(B)(1)+ (B)(2)	3516	425581	429097	8.8	4316	424781	429097	8.8	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0
Grand Total (A+B+C)	1746500	3127500	4874000	100.00	1747300	3126700	4874000	100.00	0

* There is no change in the Promoter/ Promoter Group Shareholding during the year- 2016-17.

B) Shareholding of Promoter-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (1-4-2016)			Shareholding at the end of the year (31-3-2017)			% 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	Vadilal International Private Limited	2013204	41.3	0	2013204	41.3	0	0.00
2	Devanshu Laxmanbhai Gandhi	434661	8.91	0	434661	8.91	0	0
3	Vadilal Marketing Private Limited	423650	8.69	0	423650	8.69	0	0.00
4	Vortex Ice cream Private Limited	383650	7.87	0	383650	7.87	0	0.00
5	Kalpiti Realty and Services Limited	173650	3.56	0	173650	3.56	0	0
6	Rajesh Ramchandra Gandhi	157037	3.22	0	157037	3.22	0	0.00
7	Virendra Ramchandra Gandhi	135002	2.77	0	135002	2.77	0	0
8	Deval Devanshu Gandhi	119250	2.45	0	119250	2.45	0	0
9	Smt Pushpaben L. Gandhi	97589	2	0	97589	2	0	0.00

10	Byad Packaging Industries Pvt Ltd.	86300	1.77	0	86300	1.77	0	0.00
11	Mamta Rajesh Gandhi	76416	1.56	0	76416	1.56	0	0.00
12	Shri Ramchandra R. Gandhi	56271	1.15	0	56271	1.15	0	0
13	Smt. Ilaben V. Gandhi	49482	1.01	0	49482	1.01	0	0.00
14	Usha Navinchandra Modi	48544	0.99	0	48544	0.99	0	0
15	Nayana Surendra Choksi	43050	0.88	0	43050	0.88	0	0
16	Shri Janmajay V. Gandhi	37177	0.76	0	37177	0.76	0	0
17	Miss Khevna V. Gandhi	33740	0.69	0	33740	0.69	0	0.00
18	Smt. Dharini V. Gandhi	36540	0.75	0	36540	0.75	0	0.00
19	Veronica Constructions Private Limited	22400	0.46	0	22400	0.46	0	0.00
20	Shri Kalpit R. Gandhi	17290	0.35	0	17290	0.35	0	0.00
	TOTAL	4444903	91.19	0	4444903	91.19	0	0

C) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the beginning of the year(As on 1-4-2016)		Cumulative Shareholding during the year (from 1-4-2016 to 31-3-2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	4444903	91.19	4444903	91.19
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0	0	0
	At the end of the year	4444903	91.19	4444903	91.19

There is no change in the shareholding position of promoter group in comparison to last year.

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	Particulars	Shareholding at the beginning of the year(As on 1-4-2016)		Cumulative Shareholding during the year (from 1-4-2016 to 31-3-2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
1	NITABEN ALIAS HEMALI PIYUSH SURATI	6631	0.14	6631	0.14
2	ADATIYA HITESHBHAI NAVANITLAL	6600	0.14	6600	0.14
3	DIPESHBHAI MAHENDRAKUMAR ADATIA	6600	0.14	6600	0.14
4	KRISHNA AMAN KHAJANCHI	4403	0.09	4403	0.09
5	VAIBHAVI HIREN GANDHI	4403	0.09	4403	0.09
6	MANOJKUMAR VADILAL MODI	3844	0.08	3844	0.08
7	PUNNU SECURITIES LTD	2500	0.05	2500	0.05
8	CHETNA YOGENDRA MODI	2500	0.05	2500	0.05
9	YOGENDRA MODI	2500	0.05	2500	0.05
10	JAGDISH R. PATEL	2400	0.05	2500	0.05
	At the end of the year				
1	NITABEN ALIAS HEMALI PIYUSH SURATI	6631	0.14	6631	0.14
2	ADATIYA HITESHBHAI NAVANITLAL	6600	0.14	6600	0.14
3	DIPESHBHAI MAHENDRAKUMAR ADATIA	6600	0.14	6600	0.14
4	KRISHNA AMAN KHAJANCHI	4403	0.09	4403	0.09
5	VAIBHAVI HIREN GANDHI	4403	0.09	4403	0.09
6	MANOJKUMAR VADILAL MODI	3844	0.08	3844	0.08
7	PUNNU SECURITIES LTD	2500	0.05	2500	0.05
8	CHETNA YOGENDRA MODI	2500	0.05	2500	0.05
9	YOGENDRA MODI	2500	0.05	2500	0.05
10	JAGDISH R. PATEL	2400	0.05	2400	0.05

E) Shareholding of Directors and Key Managerial Personnel:

SN	Particulars	Shareholding at the beginning of the year(As on 1-4-2016)		Cumulative Shareholding during the year (from 1-4-2016 to 31-3-2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Rajesh R. Gandhi, Chairman and Managing Director				
	At the beginning of the year	157037	3.22	157037	3.22
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	157037	3.22	157037	3.22
2.	Mr. Devanshu L. Gandhi, Managing Director				
	At the beginning of the year	434661	8.92	434661	8.92
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	434661	8.92	434661	8.92
3.	Mrs. Deval D. Gandhi, Director				
	At the beginning of the year	119250	2.45	119250	2.45
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	119250	2.45	119250	2.45
4.	Mr. Kalpit R. Gandhi, Director				
	At the beginning of the year	17290	0.35	17290	0.35
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	17290	0.35	17290	0.35

Note: Independent Directors and other Key Managerial Personnel do not hold any shares of the Company.

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

Particulars	Secured Loans excluding deposits	Unsecured	*Deposits Loans	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	16202847	89244821	24307802	129755470
ii) Interest due but not paid	0	9892523	0	9892523
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	16202847	99137344	24307802	139647993
Change in Indebtedness during the financial year				
Addition	8531527	0	2642499	11174026
Reduction	13158678	23754051	1920859	38833588
Indebtedness at the end of the financial year				
i) Principal Amount	11575696	75383293	25029442	111988431
ii) Interest due but not paid	0	8468359	0	8468359
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	11575696	83851652	25029442	120456790

* Deposits includes Interest free cylinder Security deposits taken by the company. Further, the company has not taken any Unsecured deposit from public or members of the company.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. Rajesh R. Gandhi, Chairman and Managing Director	Mr. Devanshu L. Gandhi, Managing Director	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission - as % of profit - others, specify...	0 0	0 0	0 0
5	Others, please specify:Contribution to Provident Fund	0	0	0
	Total (A)	0	0	0

B. REMUNERATION TO OTHER DIRECTORS

SN.	Particulars of Remuneration	Name of Directors #						Total Amount (Gross)
		Mr. Rohit J. Patel	Mr. Jignesh J. Shah	Mr. Udayan R. Patel	Mr. Ashish H. Modi	Mrs. Deval D. Gandhi	Mr. Kalpit R. Gandhi	
1	Independent Directors							
	Fee for attending board committee meetings	36000	56000	36000	40000	0	0	168000
	Commission	0	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0	0
	Total (1)	36000	56000	36000	40000	0	0	168000
2	Other Non-Executive Directors							
	Fee for attending board committee meetings		0	0	0	40000	32000	72000
	Commission	0	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0	0
	Total (2)	0	0	0	0	40000	32000	72000
	Total (B)=(1+2)	36000	56000	36000	40000	40000	32000	240000
	Total Managerial Remuneration (A+B) (Gross)							240000

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

SN	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Ravi Thakkar, Chief Financial Officer	Mr. Soham Raval, Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	595704	376560	972264
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option			
3	Sweat Equity			
4	Commission - as % of profit others, specify...			
5	Others (Bonus, Gratuity, Ex- Gratia, Provident Fund)	51890	35363	87253
	Total	647594	411923	1059517

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

ANNEXURE – II TO THE DIRECTORS' REPORT**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Sr. No.	Particulars	Rs. in Lacs
1	Name of the subsidiary	NIL
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiary	
4	Share capital	
5	Reserves & surplus	
6	Total assets	
7	Total Liabilities	
8	Investments	
9	Turnover	
10	Profit / (Loss) before taxation	
11	Provision for taxation	
12	Profit / (Loss) after taxation	
13	Proposed Dividend	
14	% of shareholding	

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sr No	Particulars	Joint Venture Amount in Rs.
1	Name of associate	Vadilal Cold Storage
2	Latest audited Balance Sheet Date	31st March, 2017
3	Shares of Associate held by the company on the year end	
i	No.of shares	—
ii	Amount of Investment in Associate	—
iii	Extend of Holding%	2.00%
4	Description of how there is significant influence	-
5	Reason why the Associate is not consolidated	NA
6	Net worth attributable to shareholding as per latest audited Balance Sheet	7.40
7	Profit for the year (before tax)	24.25
i	Considered in Consolidation	0.48
ii	Not Considered in Consolidation	23.77

Note-1: Vadilal Cold Storage is the Partnership Firm in which company is one of the partner and holding 2% stake.**Note-2 :**

- Names of associates or joint ventures which are yet to commence perations - NA
- Names of associates or joint ventures which have been liquidated or sold during the year - NA

ANNEXURE – III TO THE DIRECTORS' REPORT

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 transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis. **NIL**
2. Details of contracts or arrangements or transactions at Arm's length basis.

VADILAL GASES LIMITED

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Vadilal Gases Limited (VGL), a Public Company in which Directors are Directors and holding more than 2% shares alongwith relatives.
b)	Nature of contracts/ arrangements/transaction	Purchase and Sell of Industrial Gases by the Company to Vadilal Gases Limited
c)	Duration of the contracts/ arrangements/transaction	Company has taken approval of shareholders for transactions of Rs. 30 crore per financial year for the period of 5 years commencing from 2014-15.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	VCL, in the ordinary course of business, enters into transactions of purchase and sale of industrial Gases from VGL. During the year-2016-2017, VCL has made purchase Industrial Gases of Rs. 8,58,71,373/- and sold the Industrial Gases to Vadilal Gases Limited of Rs. 2,93,56,624/-.
e)	Justification for entering into such contracts or arrangements or transactions'	The Company and VGL, both are engaged in the business of manufacturing of Industrial Gases. VGL is in the business of manufacturing of various grades of Argon & Nitrogen Gases, Calibration Gases, Mixture Gases etc. and sells its products/materials to VCL, while VCL, after re-labelling the products received from VGL, sells in the open market. The Company has taken approval of Shareholders at the 24 th Annual General Meeting of Rs. 30 crore per financial year for the period of 5 years commencing from 2014-15.
f)	Date of approval by the Board	The Company has taken quarterly approval of Board of Directors of the Company.
g)	Amount paid as advances, if any	Nil
h)	Date on which the Ordinary resolution was passed in General meeting as required under first proviso to section 188	26/11/2015

OTHER NON- MATERIAL RELATED PARTY TRANSACTIONS:

I. VADILAL INDUSTRIES LIMITED

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Vadilal Industries Limited, a Public Company in which Directors are Directors and holding more than 2% shares alongwith relatives.
b)	Nature of contracts/ arrangements/transaction	Sell of Industrial Gases by the Company to Vadilal Industries Limited.
c)	Duration of the contracts/ arrangements/transaction	Transactions made during the year – 2016-2017 are disclosed in the Annual Report.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any.	The Company, in ordinary course of business and on principal to principal basis, sold Industrial Gases to VIL of Rs. 10,18,773/- during the year 2016-2017.
e)	Justification for entering into such contracts or arrangements or transactions'	VIL requires Industrial Gases for its manufacturing units situated at Pundhra and Bareilly. For that purpose, it purchases Industrial Gases from the Company on regular basis.
f)	Date of approval by the Board	The Company has taken quarterly approval of Board of Directors of the Company.
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188.	No such approval is required as the transactions, as the said transactions are non material transactions and they are within the threshold limit.

**ANNEXURE – IV TO THE DIRECTORS' REPORT
VADILAL CHEMICALS LIMITED
NOMINATION AND REMUNERATION POLICY**

Introduction:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the listing agreement as amended from time to time this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

Objective and purpose of the Policy:

The objective and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the Chemicals industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee at its meeting held on 31st March, 2015 and adopted by the Board of Directors at its meeting held on 31st March, 2015.

Effective Date:

This policy shall be effective from 31st March, 2015.

Constitution of the Nomination and Remuneration Committee:

The Board has changed the nomenclature of the existing Remuneration Committee of the Company by renaming it as Nomination and Remuneration Committee on 29th July, 2014 and by re-constituting it as per the criteria laid down under Section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee comprises of following Directors:

Sr. No.	Name of the Member	Designation	Category
1	Mr. Rohit J. Patel	Chairman	Independent
2	Mr. Jignesh Shah	Member	Independent
3	Mr. Udayan Patel	Member	Independent

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

Definitions:

- Board means Board of Directors of the Company.
- Directors means Directors of the Company.
- Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- Company means Vadilal Chemicals Limited.
- Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013.
- Key Managerial Personnel (KMP) means -
 - (i) Chief Executive Officer and / or Managing Director;
 - (ii) Whole-time Director;
 - (iii) Chief Financial Officer;
 - (iv) Company Secretary;
 - (v) Such other officer as may be prescribed under the applicable statutory provisions / regulations.
- Senior Management means personnel of the Company occupying the position of Chief Executive Officer (CEO) of any unit / division or Vice President including Vice President of any unit / division of the Company. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

Applicability:

The Policy is applicable to :

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

General:

- This Policy is divided in three parts: Part – A covers the matters to be dealt with and recommended by the Committee to the Board, Part – B covers the appointment and nomination and Part – C covers remuneration and perquisites etc.
- The key features of this Company's policy shall be included in the Board's Report.

PART – A**MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE:**

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

PART – B**POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT:**

- **Appointment criteria and qualifications:**

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

- **Term / Tenure:**

1. **Managing Director/Whole-time Director:**

- The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. **Independent Director:**

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1st October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

- **Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

- **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations and due to reasons of any fraud, mis-appropriation, cheating, siphoning away of funds, breach of duty, breach of trust, mis-management, financial or other irregularities found in the Company, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

- **Retirement:**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

PART – C**POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL**

- **General:**

1. The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director. Increments will be effective from 1st October in respect of a Whole-time Director and 1st April in respect of other employees of the Company.
4. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

- **Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:**

1. **Fixed pay:**

The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break -up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

3. **Provisions for excess remuneration:**

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

- **Remuneration to Non- Executive / Independent Director:**

1. **Remuneration / Commission:**

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

2. **Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. **Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

4. **Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

ANNEXURE- V TO THE DIRECTORS REPORT

Information as per section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Director's Report for the year ending on 31st March, 2017.

A. Conservation of Energy:**Steps taken or impact on Conservation of Energy:**

The Company has taken measures and applied strict control system to monitor day to day power consumption, to endeavour to ensure the optimal use of energy with minimum extent possible wastage as far as possible.

The Steps taken by the company for utilising alternate sources of energy:

The Company is continuously monitoring and making effort for optimum utilization of equipments which ensures to conserve energy during routine operations itself.

Capital investment on energy conservation equipment:

There is no specific investment plan for energy conservation.

B. Technology Absorption:**Efforts in brief, made towards technology absorption, adaption and innovation:**

N.A.

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

N.A.

In case of Imported technology (imported during last five years reckoned from the beginning of the financial year) following information to be furnished :

The Company has not imported any technology hence, the questionnaire is not applicable.

The expenditure incurred on Research and Development :

During the year under review, the Company has not incurred expenditure towards Research and Development.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

There is no foreign exchange earnings and outgo during the year under review.

ANNEXURE-VI TO THE DIRECTORS REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Vadilal Chemicals Limited
503-504 Aditya building,
Nr. Sardar Patel Seva Samaj,
Mithakhali, Navrangpura,
Ahmedabad – 380 006

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Vadilal Chemicals Limited** (CIN: L24231GJ1991PLC015390) (hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Audit Period according to the provisions of:

- i. The Companies Act, 2013 (**the Act**) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('**SCRA**') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (*Not Applicable to the Company during the Audit period*);
- v. The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('**SEBI Act**');

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 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 to the Company during the Audit period)*;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 *(Not Applicable to the Company during the Audit period)*;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 *(Not Applicable to the Company during the Audit period)*;
 - f) The Securities and Exchange Board of India (Registrar to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client *(Not Applicable to the Company during the Audit period)*;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 *(Not Applicable to the Company during the Audit period)*; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 *(Not Applicable to the Company during the Audit period)*;
- vi. We report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:
- a. Explosive Act, 1884 and rules and regulations made thereunder ;
 - b. Hazardous Chemicals Act, 1985 and rules and regulations made thereunder ; and
 - c. Hazardous Chemical Substantives Regulations, 1995

For the purpose of other laws as may be applicable specifically to the Company, we have relied on the representations made by the Company and its officers for systems and mechanisms formed by the Company for compliance under other laws as may be applicable specifically to the Company and verification of document and records on test-check basis.

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

- i) Secretarial Standards issued by the Institute of Company Secretaries of India; and
- ii) The Listing Agreements entered into by the Company with the following Stock Exchanges viz.:
 - Ahmedabad Stock Exchange Ltd.
 - Delhi Stock Exchange Ltd.
 - Madras Stock Exchange Ltd.
 - The Calcutta Stock Exchange Ltd.

and provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, 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. There were no changes in the composition of the Board of Directors during the Audit Period.

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

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

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

We further report that during the audit period, the company had no specific events/ actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, standards etc.

Place : Ahmedabad
Date : 26th August, 2017

Name of practicing C S : Premnarayan Tripathi, Designated Partner
SPAN & Co.
Company Secretaries LLP

FCS : 8851
COP : 10029

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 Members
Vadilal Chemicals Limited
503-504 Aditya building,
Nr. Sardar Patel Seva Samaj,
Mithakhali, Navrangpura,
Ahmedabad – 380 006

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Ahmedabad
Date : 26th August, 2017

Name of practicing C S : Premnarayan Tripathi, Designated Partner
SPAN & Co.
Company Secretaries LLP
FCS : 8851
COP : 10029

ANNEXURE – VII to the Directors' Report:**PARTICULARS OF EMPLOYEES:**

The information required under Section 197(12) of the Act 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 and The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

Name of the Managing Directors, Chief Financial Officers and Company Secretary	Ratio to median remuneration of the employees	% increase in remuneration in the financial year	Comparison of the Remuneration of the KMP against the performance of the Company.
Mr. Rajesh R. Gandhi, Chairman and Managing Director @	N.A.	N.A.	121.25%
Mr. Devanshu L. Gandhi, Managing Director @	N.A.	N.A.	
Mr. Ravi Thakkar, Chief Financial Officer	N.A.	18	
Mr. Soham Raval, Company Secretary	N.A.	14	

@ The Managing Directors of the Company are not drawing any remuneration from the Company. The Company does not pay any remuneration to the Non-executive Directors except sitting fees for attending Board and Committee Meetings.

- b. The percentage increase in the median remuneration of employees in the financial year: 14%
- c. The number of permanent employees on the rolls of Company: 47
- d. The explanation on the relationship between average increase in remuneration and Company performance:
On an average, employees received an annual increase of 14%. The individual increments varied from 10% to 18%, based on individual performance.
In order to ensure that remuneration reflects Company performance, the performance pay is also linked to organization performance, apart from an individual's performance.
- e. The average annual increase was around 14%. The Managing Directors are not drawing any remuneration from the Company and hence, the average percentile increase in the remuneration of employees is not comparable with that of Managing Directors.
- f. The Company affirms remuneration is as per the remuneration policy of the Company.
- g. The Statement of particulars of employees under Section 197(12) read with Rule 5 (2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 is not provided with as, during the financial year under review, no employee of the Company including Managing Directors was in receipt of remuneration in excess of the limits set out in the said rules.

Registered Office:

503-504, Aditya Building,
Nr. Sardar Patel Seva Samaj,
Mithakhali, Ahmedabad – 380006.
Date : 26th August, 2017

**BY ORDER OF THE BOARD
FOR VADILAL CHEMICALS LIMITED**

**(RAJESH R GANDHI)
(DIN: 00009879)
Chairman & Managing Director**

INDEPENDENT AUDITOR'S REPORT

To the Members,

VADILAL CHEMICALS LIMITED**Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **VADILAL CHEMICALS LIMITED** ('the company') which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position and 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 relevant rules issued thereunder.

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.

Auditors' Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the annexure A, a statement on the matters specified in 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 explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as 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 standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder;
 - e. On the basis of the written representations received from the directors as on March 31, 2017, taken on record by the Board of Director, none of the director is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act;
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in Annexure-B; and

- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in the standalone financial statements – Refer Note 20 to the financial statements;
 - 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 Investor Education and Protection Fund by the Company.
 - iv. The company has provided requisite disclosures in standalone financial statements as to holding as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 35 to the financial statements.

FOR, R. R. S. & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 118336W
(RAJESH R SHAH)
PARTNER
MEMBERSHIP NO. 034549.

PALCE: AHMEDABAD.

DATE : 25/05/2017.

Annexure- A to Independent Auditors' Report

The Annexure referred to in Independent Auditor's Report to the members of Vadilal Chemicals Limited ("the Company") the standalone financial statements for the year ended 31 March 2017, we report that:

- 1) In respect of Fixed Assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets.
 - b. According to the information and explanation given to us, the Fixed Assets of the Company have been physically verified by the management at reasonable period during the year and no material discrepancies have been noticed on such verification. In our opinion the frequency of physical verification of fixed asset is reasonable having regard to the size of the company and nature of its business.
 - c. According to information and explanations given to us and on the basis of our examination of records of the company the title deeds of immovable properties are held in the name of the company.
- 2) In respect of its inventories:
 - a. As explained to us, Stock has been physically verified at the year-end by the management. In our opinion, the frequency of verification is reasonable.
 - b. As per the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. In our opinion and according to the information and explanations given to us by the management, the Company has generally maintained & verified all records of its inventories and no material discrepancies were noticed on physical verification.
- 3) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 and therefore, the provisions of clause (iii) of the Order are not applicable to the company.
- 4) According to the information and explanation given to us, the company has not granted loans to directors or any other person in whom director is interested and also has not made loans, guarantees provided security in connection with loan to any person or other body corporate and has not acquired securities of any other body corporate. Therefore, the provisions of section 185 and section 186 of companies Act, 2013 are not applicable to the company. Thus paragraph 3(iv) of the order is not applicable to the company.
- 5) During the year, the company has not accepted any deposits from public within the meaning of provisions of section 73 to 76 of the Companies Act, 2013 and the rules framed thereunder and therefore, the provisions of clause (v) of the Order are not applicable to the company.
- 6) Maintenance of cost records has not been specified by the Central Government under sub-section (1) of the section 148 of the Companies Act; hence this clause is not applicable to the company.
- 7) In respect to statutory dues:
 - a. In our opinion and according to the information and explanations given to us, Company is generally regular in depositing with appropriate authorities undisputed statutory dues of Income tax, Wealth-tax, Service Tax, Custom duty, Cess, Provident Funds, ESI and any other statutory dues applicable to it. According to the

information and explanations given to us, there are no undisputed dues, payable in respect of above as at 31st March, 2017 for a period of more than six months from the date on which they became payable

- b. According to information and explanations given to us, there is a disputed statutory dues that have not been deposited as on 31/03/2017 are E.S.I.C. for the year 2005-2006, pending before E.S.I.C. court, amounting to Rs. 2,13,160/-. Another dispute of Excise Duty pending before CESTAT-Gujarat amounting to Rs. 5,37,715/-
- 8) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of any dues to a financial institutions and banks. The company has not issued any debentures during the year or in the preceding year.
 - 9) In our opinion and on the basis of information and explanations given to us, the company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
 - 10) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
 - 11) The Company has not paid/provided for managerial remuneration during the year and hence report on the same does not arise.
 - 12) According to the explanation given to us, the company is not a Nidhi Company and therefore the provisions of clause (xii) of the Order are not applicable.
 - 13) According to the information and explanations given to us, and based on our examinations of the records of the company, transactions with related parties are in compliance with section 177 and section 188 of the Act, where applicable and the details of the transaction have been disclosed in financial statement as required by the applicable accounting standards.
 - 14) According to the explanation and information given to us, the company has not made preferential allotment of equity shares during the financial year.
 - 15) According to the explanations given to us, and based on our examination of the records of the company, the company has not entered into non-cash transaction with directors or connected with them. Accordingly, paragraph 3 (15) of the Order is not applicable.
 - 16) According to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

FOR, R. R. S. & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 118336W
(RAJESH R SHAH)
PARTNER
MEMBERSHIP NO. 034549.

PALCE: AHMEDABAD.

DATE : 25/05/2017.

Annexure-B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial report of **Vadilal Chemicals Limited** ("the Company") as on 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls

system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of 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 of audit opinion on the Company's internal financial controls systems over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purpose in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting included 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 transaction are recorded as necessary to permit preparation of financial statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Control over Financial Reporting

Because of the inherent limitation 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, projection of any evaluation of the internal financial controls over financial reporting to future periods are subjects to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial reporting issued by the Institute of Chartered Accountants of India.

PALCE: AHMEDABAD.

DATE : 25/05/2017.

**FOR, R. R. S. & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 118336W
(RAJESH R SHAH)
PARTNER
MEMBERSHIP NO. 034549.**

BALANCE SHEET AS AT 31ST MARCH, 2017

PARTICULARS	NOTES	AS AT 31.03.2017 (₹)	AS AT 31.03.2016 (₹)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	48,740,000	48,740,000
(b) Reserves and Surplus	3	7,735,076	(111,097)
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	83,851,652	102,181,515
(b) Deferred Tax Liabilities (Net)	5	8,038,567	8,303,736
(c) Long Term Provisions	6	534,627	602,302
(3) Current Liabilities			
(a) Short-Term Borrowings	7	33,560,968	30,381,469
(b) Trade Payables	8	18,652,212	6,964,284
(c) Other Current Liabilities	9	10,013,684	9,963,280
(d) Short-Term Provisions	10	2,929,064	2,620,950
Total		214,055,851	209,646,439
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	11		
Property,Plants & Equipments		85,219,264	92,716,767
Intangible Assets		624,231	189,886
(b) Non-current investments	12	3,444,435	3,664,435
(c) Long term loans and advances	13	2,327,454	2,158,960
(d) Other non-current assets	14	88,930	83,354
(2) Current Assets			
(a) Inventories	15	9,886,288	8,777,291
(b) Trade receivables	16	69,309,684	73,022,547
(c) Cash and bank balances	17	22,651,251	10,324,032
(d) Short-term loans and advances	18	20,466,246	18,546,431
(e) Other current assets	19	38,067	162,736
Total		214,055,851	209,646,439
Summary of significant accounting policies	1		
<i>The accompanying notes are an integral parts of financial statements.</i>			

As per our report of even date attached

FOR R R S & Associates**Chartered Accountants****(Firm Reg. No.: 118336W)****Rajesh R. Shah****(Partner)****Membership No. : 034549****PLACE : AHMEDABAD****DATE : 25-05-2017****For and on behalf of the Board of Directors****Rajesh R. Gandhi**

Chairman & Managing Director

DIN: 00009879

Ravi Thakkar

Chief Financial Officer

Devanshu L. Gandhi

Managing Director

DIN: 00010146

Soham Rawal

Company Secretary

PLACE : AHMEDABAD**DATE : 25-05-2017**

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

PARTICULARS	NOTES	YEAR ENDED 31.03.2017 (₹)	YEAR ENDED 31.03.2016 (₹)
I INCOME :			
<i>Revenue from operations (Gross)</i>			
Sale of Products	21	415,613,223	423,145,612
Less : Excise Duty		31,808,145	32,633,240
Revenue from operations (Net)		383,805,078	390,512,372
Other Income	22	5,784,633	4,465,739
Total Revenue (I)		389,589,711	394,978,111
II EXPENSES :			
Cost of materials consumed	23	117,912,727	129,018,227
Purchase of Stock-in-Trade		153,319,833	140,879,501
Changes in inventories of Finished Goods, WIP & Stock in trade	24	(1,109,626)	865,974
Employee Benefit Expense	25	17,793,056	16,467,660
Financial Costs	26	9,579,858	12,094,553
Depreciation and Amortisation Expense	11	11,039,813	11,118,676
Other Expenses	27	69,525,994	66,887,478
Total Expenses (II)		378,061,655	377,332,069
III Profit before Exceptional Item & tax (I-II)		11,528,055	17,646,042
IV Exceptional Items			
Provision for doubtful advances (refer note no.: 32)		-	47,500,000
V Profit before tax (III-IV)		11,528,055	(29,853,958)
VI Tax expense:			
(1) Current tax		4,200,000	6,600,000
(2) Short(+) / Excess(-) Provision for earlier year		(252,948)	157,575
(3) Deferred tax		(265,169)	303,396
VII Profit/(Loss) for the period (V-VI)		7,846,172	(36,914,929)
VIII Earning per equity share: (Face value ₹ 10/- each)			
Basic and Diluted	30	1.61	(7.57)

The accompanying notes are an integral part of Profit & Loss statements.

As per our report of even date attached

FOR R R S & Associates

Chartered Accountants

(Firm Reg. No.: 118336W)

Rajesh R. Shah

(Partner)

Membership No. : 034549

PLACE : AHMEDABAD

DATE : 25-05-2017

For and on behalf of the Board of Directors

Rajesh R. Gandhi

Chairman & Managing Director

DIN: 00009879

Ravi Thakkar

Chief Financial Officer

Devanshu L. Gandhi

Managing Director

DIN: 00010146

Soham Rawal

Company Secretary

PLACE : AHMEDABAD

DATE : 25-05-2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

PARTICULARS	Year Ended 31.03.2017 (₹)	Year Ended 31.03.2016 (₹)
A. CASH FLOW FROM OPERATIVE ACTIVITIES		
Net Profit / (Loss) before tax	11,528,055	(29,853,958)
<u>Adjustment for :</u>		
Depreciation	11,039,813	11,118,676
Interest Income	(1,450,407)	(768,158)
Dividend Income	(80)	(192)
Interest Paid	9,579,858	12,094,553
(Profit) / Loss on sales of assets	(1,653,548)	(48,825)
(Profit) / Loss on sales of Investment	(352,000)	-
(Profit) / Loss from Partnership Firm	(34,490)	14,870
Operating Profit before working capital changes	28,657,201	(7,443,034)
Add / Less : Changes in assets and liabilities		
(Increase)/ Decrease in Assets	3,775,415	56,304,412
Increase / (Decrease) in Liabilities	16,019,612	(12,841,030)
Cash generated from operation	48,452,229	36,020,348
Income tax paid	(7,053,328)	(5,851,779)
Net cash flow from Operating Activity	41,398,901	30,168,569
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed Assets	(4,700,118)	(8,255,394)
Sales of Fixed Assets	2,377,010	48,825
Sale of Investment	572,000	-
Fixed Deposit with Bank	(14,591,968)	5,267,255
Dividend Received	80	192
Interest Received	1,450,407	768,158
Net Cash used in Investing Activities	(14,892,589)	(2,170,964)
C. CASH FLOW USED IN FINANCING ACTIVITIES		
Interest Paid	(9,579,858)	(12,094,553)
Proceed/(Repayment) of Short term borrowings	3,179,500	1,932,342
Proceed/(Repayment) of Long term borrowings	(22,370,703)	(17,732,263)
Net Cash used in Financing Activities	(28,771,061)	(27,894,474)
Net Increase/Decrease in Cash & Cash Equivalents Total (A+B+C)	(2,264,750)	103,131
Cash & Cash Equivalents At The Beginning Of The Year		
Cash on Hand	447,419	439,666
Bank Balance	3,681,789	9,021,112
Fixed Deposits For Less Than 3 Months	6,194,824	760,124
	10,324,033	10,220,902
Cash & Cash Equivalents At The End Of The Year		
Cash on Hand	243,517	447,419
Bank Balance	801,696	3,681,789
Fixed Deposits For Less Than 3 Months	7,014,070	6,194,824
	8,059,283	10,324,033

Notes :

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 issued by The Institute of Chartered Accountants of India.
- The figures in brackets represent outflows.
- Previous periods figures have been regrouped/ reclassified, wherever necessary, to confirm to current year presentation.

As per our report of even date attached

FOR R R S & Associates**Chartered Accountants****(Firm Reg. No.: 118336W)****Rajesh R. Shah****(Partner)****Membership No. : 034549****PLACE : AHMEDABAD****DATE : 25-05-2017****For and on behalf of the Board of Directors****Rajesh R. Gandhi**

Chairman & Managing Director

DIN: 00009879

Ravi Thakkar

Chief Financial Officer

Devanshu L. Gandhi

Managing Director

DIN: 00010146

Soham Rawal

Company Secretary

PLACE : AHMEDABAD**DATE : 25-05-2017**

Note 1

SIGNIFICANT ACCOUNTING POLICIES :**(1) BASIS OF PREPARATION OF ACCOUNTS**

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 2013 including accounting standards notified there under.

(2) USE OF ESTIMATES:

The preparation of financial statements requires estimates and assumptions which affect the reported amount of assets, liabilities, revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known or materialized.

(3) SALE/REVENUE RECOGNITION:

(i) Sales are recognized on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude value added tax, central sales tax and trade discount/rebate.

(ii) Income from partnership firm in which company is a Partner is accounted on the basis of provisional accounts subject to audit of said Partnership firm.

(ii) Dividend income is accounted for when the right to receive it is established. Interest on deposits is recognized on accrual basis.

(4) PROPERTY, PLANTS & EQUIPMENTS:

Property, Plants & Equipments acquired by the Company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any. The acquisition value includes the purchase price (excluding refundable taxes), and expenses directly attributable to assets to bring it to the factory and in the working condition for its intended use. Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings if any, the corresponding borrowing cost are capitalized up to the date when the asset is ready for its intended use.

(5) DEPRECIATION:

Depreciation is provided on the straight line method (SLM). Depreciation is provided based on useful life of the assets as prescribed in schedule II to the Companies Act, 2013.

The Company Capitalizes software where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over an estimated useful life of 3 years on straight line method.

(6) CASH FLOW :

The Cash flow statement is prepared by the "Indirect Method" Set out in Accounting Standard 3 on "Cash Flow Statements" and present the cash flow by operating, Investing and financing activities of the company.

Cash and Cash equivalents presented in the cash flow statement consist of cash on hand and other current account balance / deposits with the bank.

(7) INVESTMENT:

Long term investments are stated at cost. Provision is made to recognize a diminution, other than temporary, in the value of investments. Investment that are readily realizable and intended to be held for not more than a year are classified as current investments.

Current investment are carried at the lower of cost or fair value determined on an individual investment basis.

(8) INVENTORIES:

Inventory of Raw Material and Stores & Spares are valued at cost on First in First out (FIFO) basis or net realizable value which ever is lower.

Cost of finished goods and work in progress includes cost of material consumed, labour and systematic allocation of variable and fixed Production overhead. Finished products include excise duty wherever applicable.

(9) EMPLOYEE BENEFITS:**(a) Short Term**

Short term employee benefits are recognized as an expense as the undiscounted amount expected to be paid over the period of services rendered by the employee to the company.

(b) Long Term

The Company has both defined contribution and defined benefit Plans, of which some have assets in approved funds. These plans are financed by the Company in the case of defined contribution plans.

(c) Defined Contribution Plans

These are plan in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to Employees Provident Fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employee perform the services that the payment covers.

(d) Defined Benefit Plan

Expenses for defined benefit gratuity payment plans are calculated as at the balance sheet date by independent actuaries in the manner that distributes expenses over the employees working life. These commitment are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discounted rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government Bonds with a remaining term i.e. almost equivalent to the average balance working period of employees.

(e) Other Employee Benefit

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encased or veiled in twelve months immediately following the year and are reported as expenses during the year in which

the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid.

(10) FOREIGN CURRENCY TRANSACTIONS:

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of transaction. Exchange differences arising on settlement thereof during the year are recognized as income or expenses in the profit and loss account.

Current assets and current liabilities are translated at year end exchange rates. The resulting gains and losses are appropriately recognized in the Profit and Loss account. Non monetary item are reported using exchanged rate prevailing on the date of transaction.

Gains or Losses on settlement, in a subsequent period of transactions entered in to in an earlier period are credited or charged to Profit and Loss account.

(11) BORROWING COST:

Borrowing cost incurred in relation to acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets till the activities necessary for its intended use are complete. All other borrowing costs are charged in statement of profit & loss of the year in which incurred.

(12) EARNING PER SHARE:

Basic Earning per share is calculated by dividing the net profit after tax for the year attributable to Equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earning per share is calculated by dividing the net profit attributable to equity shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

(13) PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions involving substantial degree of estimation in measurement are recognized 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 recognized but the same is disclosed in the financial statements.

Contingent assets are neither recognized nor disclosed in the financial statements.

(14) TAXES ON INCOME :

Provision for Current Tax is made as per the provisions of the Income Tax Act, 1961.

Deferred tax is recognized, on timing differences between the accounting income and the taxable income for the year, and quantified using the basic tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable and virtual certainty as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2017

Particulars	AS AT	AS AT
	31.03.2017	31.03.2016
	(₹)	(₹)
Note : 2		
SHARE CAPITAL		
AUTHORIZED SHARES		
1,00,00,000 Equity Shares of ₹10/- each.	100,000,000	100,000,000
	100,000,000	100,000,000
ISSUED , SUBSCRIBED & FULLY PAID UP SHARES ISSUED :		
50,09,500 Equity Shares of ₹10/- each (P.Y. 50,09,500 Equity Shares of ₹10/- each)	50,095,000	50,095,000
SUBSCRIBED & FULLY PAID-UP :		
48,74,000 Equity Share of ₹10/- Each Fully Paid-up (P.Y. 48,74,000 Equity Share of ₹10/- Each Fully Paid-up)	48,740,000	48,740,000
Total	48,740,000	48,740,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	31.03.2017		31.03.2016	
	Nos.	₹	Nos.	₹
At the beginning of the period	48,74,000	48,740,000	48,74,000	48,740,000
Add :- Shares issued during the year	-	-	-	-
Less :- Shares Bought back during the year	-	-	-	-
Outstanding at the end of the period	48,74,000	48,740,000	48,74,000	48,740,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity share 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% shares in the company

Equity Shares of ₹ 10 each fully paid	31.03.2017		31.03.2016	
	No.	%Holding in the class	No.	%Holding in the class
Vadilal International Pvt.Ltd.	2,013,204	41.30	2,013,204	41.30
Devanshu L. Gandhi	434,661	8.92	434,661	8.92
Vadilal Marketing Pvt.Ltd.	423,650	8.69	423,650	8.69
Vortex Ice-Cream Pvt.Ltd.	383,650	7.87	383,650	7.87

Note : 3

RESERVE & SURPLUS

Particulars	AS AT	
	31.03.2017 (₹)	31.03.2016 (₹)
Capital Reserve	(A) 1,493,788	1,493,788
Securities Premium Account	(B) 15,289,734	15,289,734
General Reserve		
Balance as per last account	6,960,365	6,960,365
	(C) 6,960,365	6,960,365
Surplus /(Deficit) in the Statement of Profit & Loss		
Balance as per last Financial Statement	(23,854,984)	13,059,945
Add : Profit for the year	7,846,172	(36,914,929)
Net surplus/(Deficit) in the statement of profit and loss	(D) (16,008,812)	(23,854,984)
Total	(A+B+C+D) 7,735,076	(111,097)

Note : 4

LONG TERM BORROWINGS

Vehicle Loan (Secured)		
- From Bank and Financial Institution (Secured against Vehicle)	3,044,169	10,129,180
Less: Current maturities of vehicle loan	(3,044,169)	(7,085,009)
	(A) -	3,044,171
Loans & Advances from Related Parties (Unsecured)		
Veronica Construction Pvt. Ltd. *	83,851,652	99,137,344
	(B) 83,851,652	99,137,344
The Above amount includes :		
Secured Borrowing	3,044,169	10,129,180
Unsecured Borrowing	83,851,652	99,137,344
Total	(A + B) 83,851,652	102,181,515

Repayment Schedule of Vehicle Loan :

Particulars	Rate of Interest	As at 31.03.2017	2017-18	2018-19	2019-20	2020-21
Vehicle Loan	₹	₹	₹	₹	₹	
ICICI BANK LTD.	12.49%	3,044,169	3,044,169	-	-	-
Total		3,044,169	3,044,169	-	-	-

* The Company has taken a loan from Veronica Construction Private Limited @ 10.50%. The Repayment schedule for the same is not fixed and the amount is paid depending on the liquidity & financial requirement of the company. Accordingly, management is of the view that this loan is repayable after period of 12 months.

Particulars	AS AT	
	31.03.2017 (₹)	31.03.2016 (₹)
DEFERRED TAX LIABILITY (Net)		
Deferred Tax Liability		
Arising on accounts of timing difference of :-		
Fixed Asset -		
Impact of difference between Tax depreciation & Depreciation Charged for Financial Reporting	8,803,483	9,011,280
	(A) 8,803,483	9,011,280

Particulars	AS AT 31.03.2017 (₹)	AS AT 31.03.2016 (₹)
Deferred Tax Assets		
Arising on accounts of timing difference of :-		
Gratuity	55,219	4,279
Leave Encashment	614,378	601,094
Bonus	95,319	102,171
	(B) <u>764,916</u>	<u>707,544</u>
Net Deferred Tax Liability (A-B)	<u>8,038,567</u>	<u>8,303,736</u>
Note : 6		
LONG TERM PROVISIONS		
Provision from Employee Benefits :		
- Leave Encashment	534,627	602,302
Total	<u>534,627</u>	<u>602,302</u>
Note : 7		
SHORT TERM BORROWINGS		
Secured Loans		
-From Banks (Bank Overdraft against FD From IDBI Bank-A'bad)	8,531,527	6,073,667
Cylinder Deposit (Interest Free)	25,029,442	24,307,802
(Against Company Cylinders with Customers)		
Total	<u>33,560,968</u>	<u>30,381,469</u>
Note : 8		
TRADE PAYABLES		
Micro, Small and Medium Enterprises *	-	-
Others	18,652,212	6,964,284
Total	<u>18,652,212</u>	<u>6,964,284</u>
* In the absence of information regarding the status of creditors As Micro - Small & Medium Enterprise in accordance with Micro, Small & Medium Enterprise Development Act, 2006, the disclosure regarding amount due to such parties as at Balance sheet date and provision for interest liability thereon as per the requirement under the said Act, has not been made.		
Particulars	AS AT 31.03.2017 (₹)	AS AT 31.03.2016 (₹)
Note : 9		
OTHER CURRENT LIABILITIES		
Current Maturities of Long term borrowings		
- From Banks and Financial Institutions(Secured against Vehicles)	3,044,169	7,085,009
Rent Deposit	310,500	465,600
Other Payable		
Statutory dues payable*	1,565,264	1,362,931
Advance From Customers	5,093,751	1,049,740
Total	<u>10,013,684</u>	<u>9,963,280</u>
The Above amount includes :		
Secured Borrowing	3,044,169	7,085,009
Total	<u>3,044,169</u>	<u>7,085,009</u>
* It includes Excise, Vat, Tds, Professional tax, Esi, etc...		
Note : 10		
SHORT TERM PROVISION		
Provision for Employee Benefits :		
- Leave Encashment	1,453,650	1,342,986
- Bonus	308,476	330,650
- Gratuity (Net fixed deposit with LIC (Against gratuity))	178,701	13,849
Others :		
- Provision for Expenses	988,237	933,465
Total	<u>2,929,064</u>	<u>2,620,950</u>

(C.Y.: Total Fixed deposit with LIC Rs.2954267 Less Total gratuity liability of Rs.3132968, Net short balance of Rs.-178701 (2954267-3132968).

(P.Y.: Total Fixed deposit with LIC Rs.2746547 Less Total gratuity liability of Rs.2760396, Net short balance of Rs.-13849 (2746547-2760396).

Note : 11 Fixed Assets:

(Amount in ₹)

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	OPENING BALANCE 01.04.2016	ADDITION DURING THE YEAR	DEDUCTION	CLOSING BALANCE 31.03.2017	OPENING BALANCE 01.04.2016	PROVIDED DURING THE YEAR	DEDUCTION TRANSFER	CLOSING BALANCE 31.03.2017	BALANCE AS ON 31.03.2017	BALANCE AS ON 31.03.2016
Property, Plants & Equipments:										
LAND	11,529,749	-	-	11,529,749	-	-	-	-	11,529,749	11,529,749
FACTORY BUILDING	18,412,524	2,451,861	-	20,864,385	9,949,422	665,198	-	10,614,620	10,249,765	8,463,102
OFFICE BUILDING	6,821,873	-	-	6,821,873	2,074,572	115,914	-	2,190,486	4,631,387	4,747,301
CARPETED ROAD (RCC)	11,344,554	-	-	11,344,554	1,793,372	1,134,455	-	2,927,827	8,416,727	9,551,182
PLANT & MACHINERY	22,710,981	504,146	180,617	23,034,510	14,569,164	608,731	180,617	14,997,278	8,037,232	8,141,817
FURNITURE	7,242,499	69,575	-	7,312,074	6,083,836	260,025	-	6,343,861	968,213	1,158,663
OFFICE EQUIPMENT	3,307,830	119,467	-	3,427,297	3,107,191	106,750	-	3,213,941	213,356	200,639
COMPUTER	4,795,168	332,375	-	5,127,543	4,613,106	129,422	-	4,742,528	385,015	182,062
GAS CYLINDERS & TANKS	220,979,545	590,955	5,017,922	216,552,578	195,133,239	2,311,591	4,964,756	192,480,074	24,072,504	25,846,306
TRANSPORT VEHICLE	69,997,818	-	3,260,058	66,737,760	47,101,873	5,510,333	2,589,762	50,022,444	16,715,316	22,895,945
TOTAL	377,142,541	4,068,379	8,458,597	372,752,323	284,425,774	10,842,419	7,735,135	287,533,059	85,219,264	92,716,767
INTEGIBLE ASSETS	553,680	631,739	-	1,185,419	363,794	197,394	-	561,188	624,231	189,886
GRAND TOTAL (16-17)	377,696,221	4,700,118	8,458,597	373,937,742	284,789,568	11,039,813	7,735,135	288,094,247	85,843,495	92,906,653
Previous Year (15-16)	369,474,777	8,255,394	33,950	377,696,221	273,704,842	11,118,676	33,950	284,789,568	92,906,653	95,769,935

Note : 12

NON - CURRENT INVESTMENT

Particulars	No. of Shares	AS AT	AS AT
		31.03.2017 (₹)	31.03.2016 (₹)
Trade Investments (valued at cost unless stated otherwise)			
Investment in Equity Instruments			
In Equity Shares of Associate Company			
Quoted, fully paid up			
Vadilal Enterprise Ltd of ₹ 10/- each	100 (100)	1,835	1,835
Others			
Maharashtra Polybotens Ltd of ₹ 1/- each	150 (150)	12,350	12,350
Unimers India Ltd of ₹ 10/- each	200 (200)	7,250	7,250
Total (a)		21,435	21,435
Unquoted, fully paid-up			
Others			
Vadilal Forex and Consultancy Services Ltd of ₹ 10/- each	48000 (70000)	480,000	700,000
Kalpiti Realty & Services Ltd of ₹ 10/- each	30000 (30000)	3,000	3,000
Total (b)		483,000	703,000
Total (a + b)		504,435	724,435
Investment in Partnership Firm			
M/s. Vadilal Cold Storage *(Refer Note below)		2,940,000	2,940,000
Total (c)		2,940,000	2,940,000
Grand Total (a+b+c)		3,444,435	3,664,435
Aggregate market value of quoted investments		65,161	57,051
Aggregate total quoted investments		21,435	21,435
Aggregate total Unquoted investments		483,000	703,000

Note : Figures in brackets are related to Previous Year.

Particulars	AS AT 31.03.2017 (₹)	AS AT 31.03.2016 (₹)
*Details of Investment in Partnership Firm -		
The company continues to be a partner in the following partnership firm. The details Regarding investment in the total capital of the Partnership firm as well as Profit/Loss Sharing ratio of the company along with other Partners is stated hereunder.		
Investment in Vadilal Cold Storage		
Total Capital of the Firm	16,940,000	16,940,000
Investment in :-		
Capital Account	2,940,000	2,940,000
Current Account (Refer Note 13 Long Term Loans & Advances)	583,467	548,977
	<u>3,523,467</u>	<u>3,488,977</u>
Name of the partners and share in profit (%)		
M/s. Vadilal Chemicals Limited	2%	2%
M/s. Vadilal Industries Limited	98%	98%
Note : 13		
LONG TERM LOANS AND ADVANCES		
Unsecured, Considered good unless otherwise stated		
Security Deposit	1,306,872	1,302,938
Other Loans and advances		
Advance to Vadilal Cold Storage	583,467	548,977
(Balance in current account with Firm in which company is a partner)		
Prepaid Expenses	323,615	56,545
Loans to Employees	78,000	215,000
Security Deposit with Sales tax Authorities	35,500	35,500
Total	<u>2,327,454</u>	<u>2,158,960</u>
Note : 14		
OTHER NON CURRENT ASSETS		
Unsecured, Considered good unless otherwise stated		
In Margin Money Deposit (Against Bank Guaratnee)	88,930	83,354
Total	<u>88,930</u>	<u>83,354</u>
Note : 15		
INVENTORIES		
Raw Material	2,404,218	2,474,257
Finished Goods	750,474	885,508
Stock-in-Trade	5,794,205	4,549,545
Stores & Spares	932,004	862,448
Share Of RPL	5,387	5,533
Total	<u>9,886,288</u>	<u>8,777,291</u>
Note : 16		
TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they are due for payment		
a) Unsecured, Considered Good :	2,838,156	3,582,063
Others		
a) Unsecured, Considered Good :	66,471,528	69,440,484
Total	<u>69,309,684</u>	<u>73,022,547</u>

Particulars	AS AT 31.03.2017 (₹)	AS AT 31.03.2016 (₹)
Note : 17		
CASH & BANK BALANCES		
Balances with banks		
Cash and Cash equivalents		
Balance with Bank -In current account	801,696	3,681,789
Cash on hand	243,517	447,419
Others		
In Fixed Deposit with original maturity of less than three months	7,014,070	6,194,824
(A)	8,059,283	10,324,032
Other Bank Balance		
In Fixed Deposit with for more than 3 months but less than 12 months	14,591,968	-
(B)	14,591,968	-
In Margin Money Deposit (Against Bank Guaratnee)	88,930	83,354
Less : Transferred to Other Non Current Assets	(88,930)	(83,354)
(C)	-	-
Total [A + B + C]	22,651,251	10,324,032
Note : 18		
SHORT TERM LOANS AND ADVANCES		
Unsecured, Considered good unless otherwise stated		
Other Loans and advances		
Advance to Suppliers	9,543,727	10,352,271
Advance to Drivers/Staff	77,736	24,151
Prepaid Expenses	2,997,759	2,890,166
Loans to Employees	146,500	210,051
Balance with Excise/Sales tax Authorities	2,527,629	3,003,172
Advance Income Tax (Net of Provision)	5,172,896	2,066,620
Total	20,466,246	18,546,431
Note : 19		
OTHER CURRENT ASSETS		
Unsecured, Considered good unless otherwise stated		
The New India Insurance Claim Receivable	38,067	162,736
Unsecured, Considered doubtful		
Success Vyapar Limited	-	47,500,000
Less: Provision for doubtful advance (refer note no.:32)	-	(47,500,000)
Total	38,067	162,736
Note : 20		
CONTINGENT LIABILITIES (To the extent not provided for)		
1. Contingent Liabilities		
a. Claims against the company not acknowledge as debts		
i) E.S.I.C	213,160	213,160
ii) Priya Shanghi	1,451,701	1,451,701
iii) Ragini Shanghi	1,395,915	1,395,915
iv) J.K Engineering Works	-	1,264,954
v) Excise Duty & Penalty	537,715	4,206,369
b. Guarantees		
i) Bank Guarantees Outstanding	403,630	403,630
Total	4,002,121	8,935,729
1) Rs. 37,00,000 Excise duty supreme court case: - Order Receivd from Supreme Court of India as on 12-01-2017 in our favour & win the case.		
2) Rs. 12,64,954 J.K. Engg. Works case: - Order Receivd from The District Court, Thane as on 01-10-2016 in our favour & settle matter with Rs. 13,22,000 Receipt.		

Particulars	YEAR ENDED 31.03.2017 (₹)	YEAR ENDED 31.03.2016 (₹)
Note : 21		
REVENUE FROM OPERATIONS		
Sale of Products	413,746,684	421,162,782
Other Operating Revenues :		
Net Cylinder Rent	1,866,539	1,982,830
Total	415,613,223	423,145,612
Note : 22		
OTHER INCOME		
Interest Income	1,450,407	768,158
Dividend Income	80	192
Net gain on sale of assets	1,653,548	48,825
Profit On Sale of Investment	352,000	-
Profit From Partnership Firm	34,490	-
Other Non-operating income		
Office Rent Income	1,136,296	1,663,292
Other Income	605,822	1,168,520
Sundry Balance Written-back	284,382	816,752
Interest on Income Tax Refund	267,608	-
Total	5,784,633	4,465,739
Note : 23		
COST OF MATERIAL CONSUMED		
Opening Stock of Raw Material	2,474,257	4,106,655
Add: Purchased During the year	117,842,688	127,385,829
	120,316,945	131,492,484
Less: Closing Stock	2,404,218	2,474,257
Total	117,912,727	129,018,227
Note : 24		
CHANGE IN INVENTORIES		
Opening Stock		
Finished Goods	885,508	784,312
Stock in Trade	4,549,545	5,516,715
Total (A)	5,435,053	6,301,027
Closing Stock		
Finished Goods	750,474	885,508
Stock in Trade	5,794,205	4,549,545
Total (B)	6,544,679	5,435,053
Total (A-B)	(1,109,626)	865,974
Note : 25		
EMPLOYMENT BENEFIT EXPENSES		
Salaries and wages	14,307,047	13,013,175
Contributions to Provident and other fund	1,556,489	1,492,046
Staff welfare expenses	1,929,520	1,962,439
Total	17,793,056	16,467,660
Note : 25.1		
EMPLOYEE BENEFITS		

With effect from 1st January 2007, the company adopted Accounting Standard ('AS') 15 (Revised 2005) - "employee benefits" issue by The Institute of Chartered Accountant of India. As per the Transitional provision specified in the Standard, the difference in the liability as per the existing policy followed by the Company and that arising on adoption of this Standard is required to be charged to opening reserves and surplus account

Gratuity plan

The following table sets out the status of the gratuity plan as required under AS 15 (Revised 2005) and the reconciliation of opening and closing balances of the present Value of the defined benefit obligation:

Particulars	31.03.17 (Funded) (₹)	31.03.16 (Funded) (₹)
Change in present value of obligations		
Obligations at beginning of the year	2,760,396	2,342,568
Service cost	200,597	183,262
Interest cost	222,764	186,468
Actuarial (gain) / loss	49,839	66,410
Benefits paid	(100,628)	(18,312)
Obligation at the end of the year	<u>3,132,968</u>	<u>2,760,396</u>
Reconciliation of opening and closing of Fair value of Plan Assets	LIC 1994-96	LIC 1994-96
Fair value of Plan assets at beginning of the year	2,746,547	2,532,389
Expected return of plan asset	221,646	201,578
Actuarial gain/ (loss) on plan Assets	(33,054)	(7,166)
Contribution	19,128	19,746
Benefits paid	-	-
Fair value of plan assets at end of the year	2,954,267	2,746,547
Total Actuarial gain/ (loss) to be recognized	82,893	73,576
Reconciliation of present value of the obligation and fair value of plan assets		
Present value of the defined benefit obligation at the end of the year	<u>3,132,968</u>	<u>2,760,396</u>
Fair value of plan assets at the end of the year	<u>2,954,267</u>	<u>2,746,547</u>
Funded status amount of Assets recognized in the balance sheet	178,701	13,849
Gratuity cost for the year		
Service cost	200,597	183,262
Interest cost	222,764	186,468
Expected return of plan asset	(221,646)	(201,578)
Actuarial gain/ (loss) on plan Assets	82,893	73,576
Net gratuity cost	<u>284,608</u>	<u>241,728</u>
Assumptions (LIC 1994-96)		
Interest rate	7.52%	8.07%
Estimated rate of return of plan assets	7.52%	8.07%
Rate of growth in salary levels	6.00%	6.00%
Amounts for the Current & Previous four periods are as follows		

Particulars	31.03.17	31.03.16	31.03.15	31.03.14	31.03.13
Defined Benefit Obligation	3,132,968	2,760,396	2,342,568	1,891,351	1,659,059
Plan Assets	2,954,267	2,746,547	2,532,389	2,282,531	2,138,202
Surplus/ (Deficit)	178,701	13,849	(189,821)	(391,180)	(479,143)
Experience adjustments on plan liability	-	-	-	-	-
Experience adjustments on plan assets	178,701	13,849	(189,821)	(391,180)	(479,143)

Leave Encashment Plan

The following table sets out the status of the pension plan as Required under AS 15 (Revised 2005) and the reconciliation of opening and closing balances of the present Value of the defined benefit obligation.

Particulars	31.03.17 (Funded) (₹)	31.03.16 (Funded) (₹)
Change in present value of obligations		
Obligations at beginning of the year	1,945,288	1,900,940
Service cost	152,853	145,226
Interest cost	156,985	151,315
Actuarial (gain) / loss	(193,066)	(194,409)
Benefits paid	(73,783)	(57,784)
Obligation at the end of the year	<u>1,988,277</u>	<u>1,945,288</u>

Change in Plan assets

Fair value of Plan assets at beginning of the year	-	-
Expected return of plan asset	-	-
Actuarial gain/ (loss) on plan Assets	(73,783)	(57,784)
Contribution	73,783	57,784
Benefits paid	-	-
	-	-
Total Actuarial gain/ (loss) to be recognized	193,066	194,409

Reconciliation of present value of the obligation and fair value of plan assets

Present value of the defined benefit obligation at the end of the year	1,988,277	1,945,288
Fair value of plan assets at the end of the year	-	-
UnFunded status amount of Assets recognized in the balance sheet	1,988,277	1,945,288

Leave Encashment cost for the year

Service cost	152,853	145,226
Interest cost	156,985	151,315
Expected return of plan asset	-	-
Actuarial gain/ (loss) on plan Assets	(193,066)	(194,409)
Net leave encashment cost	116,772	102,132
Assumptions		
Interest rate	7.52%	8.07%
Estimated rate of return of plan assets	-	-
Rate of growth in salary levels	6.00%	6.00%

Amounts for the Current & Previous four periods are as follows

Particulars	31.03.17 ₹	31.03.16 ₹	31.03.15 ₹	31.03.14 ₹	31.03.13 ₹
Defined Benefit Obligation	-	-	-	-	-
Plan Assets	1,988,277	1,945,288	1,900,940	1,555,959	1,386,105
Surplus/ (Deficit)	-	-	-	-	-
Experience adjustments on plan liability	1,988,277	1,945,288	1,900,940	1,555,959	1,386,105
Experience adjustments on plan assets	-	-	-	-	-

Particulars	YEAR ENDED 31.03.2017 (₹)	YEAR ENDED 31.03.2016 (₹)
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Note : 26**FINANCIAL COST****Interest Expenses**

Interest on Bank	763,284	1,427,218
Interest on Other loans	8,765,106	10,637,419
	9,528,390	12,064,637

Other borrowing costs

Bank Charges	51,468	29,916
Total	9,579,858	12,094,553

Note : 27**OTHER EXPENSES****Plant Operation Charges**

Cylinder Filling Labour	860,795	754,066
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Consumption of Stores and Spares Parts

Opening Stores and Spares	862,448	786,990
Add: Purchase during the year	1,503,640	1,358,015
Less: Closing Stores and Spares	932,004	862,448
	1,434,084	1,282,557

Water charges	434,631	425,008
Factory Electricity Expenses	730,847	672,467
Factory Expenses	591,994	430,879

Particulars	YEAR ENDED 31.03.2017 (₹)	YEAR ENDED 31.03.2016 (₹)
Repairs on		
Cylinders	1,438,336	1,528,918
Plant and machinery	464,602	334,933
Building	29,396	10,460
Others	736,592	489,115
(A)	6,721,277	5,928,403
Administrative Expenses		
Rent, Rates & Taxes	1,023,037	992,577
Insurance Expenses	1,526,719	1,386,645
Postage & Telephone Expenses	1,109,547	1,203,510
Legal & Professional Charges	5,708,905	8,100,078
Listing & Roc Filing Fees	65,925	88,157
Travelling Expenses	1,422,383	1,451,025
Security Service Charges	1,475,790	1,328,562
Office Expenses	1,657,291	1,728,347
Office Electricity Expenses	257,153	304,899
Other administrative Expenses	253,477	293,150
Change in excise duty on inventory	16,192	(18,941)
Prior period Expense	728,587	203,627
Sundry Balances & Bad-debts written off	1,497,256	433,414
Sales Tax /Service Tax/ Excise duty Expenses	1,170,370	831,171
Loss From Partnership Firm (Net)	-	14,870
Penalty Expense	18,800	30,670
Payment to Auditor		
As auditor :		
Audit Fees	210,000	210,000
Tax Audit Fees	100,000	100,000
Other service	40,000	40,000
	350,000	350,000
Donation	-	4,100
Conveyance Expenses	636,555	601,126
Printing & Stationery Expenses	652,584	665,017
Director Sitting Fees	240,000	236,800
Membership Fees	3,000	50,134
(B)	19,813,571	20,278,938
Selling and Distribution Expenses		
Transport & Vehicle Tax Expenses	37,462,702	34,882,033
Transport Vehicle Repairs	5,427,167	5,680,544
Advertisement & Sales Promotion Expenses	101,277	117,560
(C)	42,991,146	40,680,137
Total (A+B+C).....	69,525,994	66,887,478

Note : 28

SEGMENT REPORTING

Based on the guiding principle given in Accounting Standard AS-17 on Segment Reporting issued by The Institute of Chartered Accountants of India, the company's primary business is industrial gases. The business of the company includes gases and mixtures which have similar risks and returns, accordingly there are no separate reportable segment as far as primary segment is concerned. As sales outside India is Rs. Nil, secondary reportable geographical segment-wise reporting is not required to be shown.

Note : 29**RELATED PARTY DISCLOSURE UNDER AS-18**

As per AS-18 "Related Parties Disclosure", there are no transactions with related parties during the year.

Note : 30**EARNING PER SHARE (EPS) AS PER ACCOUNTING STANDARD - 20**

Particulars	2016-17	2015-16
	₹	₹
Net Profit/(Loss) for the year	7,846,172	(36,914,929)
Basic/ Weighted average number of Equity Shares outstanding during the year	48,74,000	48,74,000
Nominal value of Equity Shares	10	10
Basic/ Diluted Earning per Share	1.61	(7.57)

Note : 31

Certain balances of Trade Receivable, Trade Payables, loans and advances and Cylinder deposits, advances from customers/ dealers and balances of cylinder accounts are subject to confirmation.

Note : 32

In the Previous Year (i.e. FY: 2015-16), as per the Internal Auditor's report, an amount of Rs. 4,75,00,000/- has been paid to M/s. Success Vyapar Limited, Kolkatta, on the various dates during the financial year 2013-14 by the then Chairman and Managing Director, without Board Resolution and without Authority. The Company had appointed an independent investigation agency to know the facts in the matter of huge amount paid to M/s Success Vyapar Ltd. On the basis of the Investigation report by independent agency, the Board of Directors in their board meeting held on 24/06/2016 has decided :

- To make a provision for Rs. 4,75,00,000/- as the recovery from M/s Success Vyapar Limited, Kolkatta is doubtful.
- To file civil suit against the then Chairman and Managing Director of the company and M/s Success Vyapar Limited or any other necessary action for the recovery of huge amount Rs. 4,75,00,000/- that has been paid to M/s. Success Vyapar Limited, Kolkatta.

The company has filed a Civil suit No. 299 of 2016 dated 28/06/2016 against the then Chairman & Managing Director and M/s Success Vyapar Limited, Kolkatta for the recovery of payment of Rs 4,75,00,000/-. The company has made provision to reflect a true and fair view of the affairs of the company and provided in books of accounts an amount of Rs. 4,75,00,000/- as a "Provision for doubtful advance".

Note : 33**OTHER DETAILS****Note : 33.1****Consumption Of Raw Materials :- (Amt. in ₹)**

Product	2016-17	2015-16
Ammonia Gas	117,912,727	129,018,227

Note : 33.2**Goods Purchased (Traded) :- (Amt. in ₹)**

Product	2016-17	2015-16
Ammonia Tanker	30,506,032	28,748,416
Other Gases & Gas Mixtures	118,774,165	110,865,473
Gas Cylinder	4,039,636	1,265,612
Total....	153,319,833	140,879,501

Note : 33.3**Sales , Opening & Closing stock of Finished goods :- (Amt. in ₹)**

Product	Sales		Opening stock		Closing stock	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Ammonia Gas	114,485,422	120,317,508	389,371	195,938	362,147	389,371
Liquor Ammonia	63,408,742	68,203,999	496,137	588,374	388,327	496,137
Total....	177,894,164	188,521,507	885,508	784,312	750,474	885,508

Note : 33.4**Sales , Opening & Closing stock of Traded goods :- (Amt. in ₹)**

Product	Sales		Opening stock		Closing stock	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Ammonia Tanker	30,531,600	29,060,718	—	—	—	—
Other Gases & Gas Mixtures	199,087,537	199,355,832	1,239,277	1,319,435	1,832,297	1,239,277
Gas Cylinder	6,233,383	4,224,725	3,310,268	4,197,278	3,961,908	3,310,268
Total....	235,852,520	232,641,275	4,549,545	5,516,713	5,794,205	4,549,545

Note : 33.5**Closing Stock of Raw-Material Components :- (Amt. in ₹)**

Product	Raw-Material Components	
	2016-17	2015-16
Ammonia Gas	2,404,218	2,474,257

Note : 33.6**Details of Share (Sale & Purchase) During the Period 01.04.16 to 31.03.17 :-****(Amt. in ₹)**

Name	Opening		Purchase		Sale		Profit(+) / Loss(-)	Surplus(+) Erosion(-)	Closing	
	Nos.	Value	Nos.	Value	Nos.	Value			Nos.	Value
Reliance Power Ltd	112	5,533	-	-	-	-	-	(146)	112	5,387
Total	112	5,533	-	-	-	-	-	(146)	112	5,387

Note : 34

Previous periods figures have been regrouped/ reclassified, wherever necessary, to confirm to current year presentation.

Note : 35**Specified Bank Notes (SBN):-**

The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:-

(Amt. in ₹)

Particulars	SBNs	Other Denomination Notes	Total
Closing Balance as at 8th November -2016	252,000	377,106	629,106
Add: Withdrawal from bank accounts	-	1,568,000	1,568,000
Add: Receipts from permitted transactions	-	233,525	233,525
Less: Paid for permitted transactions	-	1,859,344	1,859,344
Less: Deposited in bank accounts	252,000	2,022	254,022
Closing Balance as at 30th December -2016	-	317,265	317,265

Signature to Notes 1 to 35**FOR R R S & Associates****Chartered Accountants****(Firm Reg. No.: 118336W)****Rajesh R. Shah****(Partner)****Membership No. : 034549****PLACE : AHMEDABAD****DATE : 25-05-2017****For and on behalf of the Board of Directors****Rajesh R. Gandhi****Chairman & Managing Director****DIN: 00009879****Ravi Thakkar****Chief Financial Officer****PLACE : AHMEDABAD****DATE : 25-05-2017****Devanshu L. Gandhi****Managing Director****DIN: 00010146****Soham Rawal****Company Secretary**

INDEPENDENT AUDITOR'S REPORT

To the Members,

VADILAL CHEMICALS LIMITED**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **VADILAL CHEMICALS LIMITED** ('the Holding Company') and its jointly controlled entity, comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Consolidated Cash Flow Statements for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company including jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder.

The respective Board of Directors of the Company and its jointly controlled entity are responsible for 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, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

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

While conducting the 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 of consolidated financial statements 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding 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 Holding Company's Directors, as well as evaluating the overall presentation of consolidated the financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in term of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Company and its jointly controlled entity as at 31st March, 2017, and its consolidated profit and its consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of jointly control entity, whose financial statements reflects total assets of Rs 391.79 lacs, total revenues of Rs 227.80 lacs and net cash flows amount to Rs. 0.07 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it related to the amounts and disclosures included in respect of these jointly controlled entity, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial

- statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c. The consolidated Balance Sheet, the consolidated Statement of Profit and Loss and the consolidated cash flow statement dealt with by this Report are in agreement with the consolidated books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act read with relevant rules issued thereunder;
 - e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017, taken on record by the Board of Holding Director of the Company none of the director is disqualified as on March 31, 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-A; which is based on the auditors' report of the Holding company.
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigation's on its financial position in the financial statements – Refer Note 20 to the financial statements.
 - 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 Investor Education and Protection Fund by the Holding Company.
 - iv. The company has provided requisite disclosures in standalone financial statements as to holding as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 40 other financial statements.

FOR, RRS & ASSOCIATES

CHARTERED ACCOUNTANTS

FRN: 118336W

RAJESH R SHAH

PARTNER

PLACE: AHMEDABAD.

DATE : 26/08/2017.

MEMBERSHIP NO. 034549.

Annexure-A to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial report of **Vadilal Chemicals Limited** ("the Company") as on 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of 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 of audit opinion on the Company's internal financial controls systems over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purpose in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting included 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 transaction are recorded as necessary to permit preparation of financial statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Control over Financial Reporting

Because of the inherent limitation 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, projection of any evaluation of the internal financial controls over financial reporting to future periods are subjects to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial reporting issued by the Institute of Chartered Accountants of India.

FOR, RRS & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN: 118336W

RAJESH R SHAH
PARTNER

PLACE: AHMEDABAD.

DATE : 26/08/2017.

MEMBERSHIP NO. 034549.

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2017

PARTICULARS	NOTES	AS AT 31.03.2017 (₹)	AS AT 31.03.2016 (₹)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	48,740,000	48,740,000
(b) Reserves and Surplus	3	8,556,243	1,086,439
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	83,851,652	102,181,515
(b) Deferred Tax Liabilities (Net)	5	8,038,567	8,303,736
(c) Long Term Provisions	6	534,627	602,302
(3) Current Liabilities			
(a) Short-Term Borrowings	7	33,560,968	30,381,469
(b) Trade Payables	8	18,653,068	6,965,794
(c) Other Current Liabilities	9	10,016,559	10,022,825
(d) Short-Term Provisions	10	2,968,786	2,655,343
Total		214,920,471	210,939,422
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	11		
Property, Plants & Equipments		85,468,699	92,965,681
Intangible Assets		624,231	189,886
(b) Non-current investments	12	1,325,603	1,921,971
(c) Long term loans and advances	13	1,743,987	1,609,983
(d) Other non-current assets	14	88,930	83,354
(e) Goodwill on Consolidation	14	2,783,333	2,783,333
(2) Current Assets			
(a) Inventories	15	9,886,288	8,777,291
(b) Trade receivables	16	69,333,335	73,047,273
(c) Cash and bank balances	17	22,691,918	10,357,886
(d) Short-term loans and advances	18	20,936,079	19,040,028
(e) Other current assets	19	38,067	162,736
Total		214,920,471	210,939,422

Summary of significant accounting policies

1

The accompanying notes are an integral parts of Consolidated financial statements.

As per our report of even date attached.

FOR R R S & Associates
Chartered Accountants
(Firm Reg. No.: 118336W)

Rajesh R. Shah
(Partner)
Membership No. : 034549

For and on behalf of the Board of Directors

Rajesh R. Gandhi
Chairman & Managing Director
DIN: 00009879

Ravi Thakkar
Chief Financial Officer

Soham Rawal
Company Secretary

PLACE : AHMEDABAD
DATE : 26-08-2017

PLACE : AHMEDABAD
DATE : 26-08-2017

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

PARTICULARS	NOTES	YEAR ENDED 31.03.2017 (₹)	YEAR ENDED 31.03.2016 (₹)
I INCOME :			
<i>Revenue from operations (Gross)</i>			
Sale of Products	21	416,055,314	423,546,433
Less : Excise Duty		31,807,687	32,633,044
Revenue from operations (Net)		384,247,627	390,913,389
Other Income	22	5,407,503	4,475,998
Total Revenue (I)		389,655,130	395,389,387
II EXPENSES :			
Cost of materials consumed	23	117,912,727	129,018,227
Purchase of Stock-in-Trade		153,319,833	140,879,501
Changes in inventories of Finished Goods, WIP & Stock in trade	24	(1,109,626)	865,974
Employee Benefit Expense	25	17,829,375	16,502,358
Financial Costs	26	9,579,858	12,094,553
Depreciation and Amortisation Expense	11	11,056,944	11,135,272
Other Expenses	27	69,900,332	67,211,627
Total Expenses (II)		378,489,443	377,707,512
III Profit before Exceptional Item & tax (I-II)		11,165,687	17,681,875
IV Exceptional Items			
Provision for doubtful advances (refer note no.: 33)		-	47,500,000
V Profit before tax (III-IV)		11,165,687	(29,818,125)
VI Tax expense:			
(1) Current tax		4,214,000	6,600,000
(2) Short(+) / Excess(-) Provision for earlier year		(252,948)	157,575
(3) Deferred tax		(265,169)	303,396
VII Profit/(Loss) for the period (V-VI)		7,469,804	(36,879,096)
VIII Share in Profit of Associate		-	543,886
IX Profit for the period (VII+VIII)		7,469,804	(36,335,210)
X Earning per equity share: (Face value ₹ 10/- each)	30		
Basic and Diluted		1.53	(7.57)

The accompanying notes are an integral parts of Consolidated Profit & Loss Statement.

As per our report of even date attached.

FOR R R S & Associates
Chartered Accountants
(Firm Reg. No.: 118336W)

Rajesh R. Shah
(Partner)
Membership No. : 034549

PLACE : AHMEDABAD
DATE : 26-08-2017

For and on behalf of the Board of Directors

Rajesh R. Gandhi
Chairman & Managing Director
DIN: 00009879

Ravi Thakkar
Chief Financial Officer

Soham Rawal
Company Secretary

PLACE : AHMEDABAD
DATE : 26-08-2017

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

PARTICULARS	YEAR ENDED	YEAR ENDED
	31.03.2017	31.03.2016
	(₹)	(₹)
A. CASH FLOW FROM OPERATIVE ACTIVITIES		
Net Profit / (Loss) before tax	11,165,687	(29,818,125)
<u>Adjustment for :</u>		
Depreciation	11,056,944	11,135,272
Interest Income	(1,450,407)	(768,158)
Dividend Income	(80)	(192)
Interest Paid	9,579,858	12,094,553
(Profit) / Loss on sales of assets	(1,653,548)	(48,825)
(Profit) / Loss on sales of Investment	24,368	-
Operating Profit before working capital changes	28,722,822	(7,405,475)
Add / Less : Changes in assets and liabilities		
(Increase)/ Decrease in Assets	3,800,254	56,229,634
Increase /(Decrease) in Liabilities	15,967,617	(12,760,782)
Cash generated from operation	48,490,693	36,063,377
Income tax paid	(7,067,328)	(5,851,779)
Net cash flow from Operating Activity	41,423,366	30,211,598
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed Assets	(4,717,770)	(8,279,310)
Sales of Fixed Assets	2,377,010	48,825
Sale of Investment	572,000	-
Fixed Deposit with Bank	(14,591,968)	5,267,255
Dividend Received	80	192
Interest Received	1,450,407	768,158
Net Cash used in Investing Activities	(14,910,241)	(2,194,880)
C. CASH FLOW USED IN FINANCING ACTIVITIES		
Interest Paid	(9,579,858)	(12,094,553)
Proceed/(Repayment) of Short term borrowings	3,179,500	1,932,342
Proceed/(Repayment) of Long term borrowings	(22,370,703)	(17,732,263)
Net Cash used in Financing Activities	(28,771,061)	(27,894,474)
Net Increase/Decrease in Cash & Cash Equivalents Total (A+B+C)	(2,257,937)	122,244
Cash & Cash Equivalents At The Beginning Of The Year		
Cash on Hand	460,061	449,231
Bank Balance	3,703,001	9,026,288
Fixed Deposits For Less Than 3 Months	6,194,824	760,124
	10,357,886	10,235,643
Cash & Cash Equivalents At The End Of The Year		
Cash on Hand	248,946	460,061
Bank Balance	836,934	3,703,001
Fixed Deposits For Less Than 3 Months	7,014,070	6,194,824
	8,099,950	10,357,886

Notes :

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 issued by The Institute of Chartered Accountants of India.
- The figures in brackets represent outflows.
- Previous periods figures have been regrouped/ reclassified, wherever necessary, to confirm to current year presentation.

As per our report of even date attached.

For and on behalf of the Board of Directors

FOR RRS & AssociatesChartered Accountants
(Firm Reg. No.: 118336W)**Rajesh R. Gandhi**
Chairman & Managing Director
DIN: 00009879**Rajesh R. Shah**
(Partner)**Ravi Thakkar**
Chief Financial Officer**Soham Rawal**
Company Secretary**Membership No. : 034549**PLACE : AHMEDABAD
DATE : 26-08-2017PLACE : AHMEDABAD
DATE : 26-08-2017

Note 1

SIGNIFICANT ACCOUNTING POLICIES :**(1) PRINCIPLES OF CONSOLIDATION:**

The Consolidated Financial Statements of year 2016-17 relates to "Vadilal Chemicals Limited" (The Parent Company) and Vadilal Cold Storage (Partnership Firm- Jointly Controlled). And the Consolidated Financial Statements of year 2015-16 relates to "Vadilal Chemicals Limited" (The Parent Company), Vadilal Cold Storage (Partnership Firm- Jointly Controlled) and Vadilal Forex and Consultancy Services Ltd. (An Associate Company). The Consolidated Statements have been prepared on the following basis.

In the consolidated financial statements , 'Goodwill' represents the excess of the cost to the Company of its investment in the joint ventures over its share of equity.

Investment in the Joint Ventures are dealt with in accordance with Accounting Standard (AS) 27 ' Financial Reporting of Interest in Joint Venture'. The company's interest in jointly controlled entities are reported using proportionate consolidation, whereby the Company's share of jointly controlled assets and liabilities and share of income and expenses of the jointly controlled entities are reported as separate line items.

Investment in the Associates are dealt with in accordance with Accounting Standard (AS) 23 ' Accounting for Investment in Associates in Consolidated Financial Statements'. Effects has been given to the carrying amount of the investment in associates using the 'Equity Method'. The Company's share of the post acquisition profit or losses is included in the carrying cost of Investment.

(2) USE OF ESTIMATES:

The preparation of financial statements requires estimates and assumptions which affect the reported amount of assets, liabilities, revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known or materialized.

(3) SALE/REVENUE RECOGNITION:

(i) Sales are recognized on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude value added tax, central sales tax and trade discount/rebate.

(ii) Income from partnership firm in which company is a Partner is accounted on the basis of provisional accounts subject to audit of said Partnership firm.

(iii) Dividend income is accounted for when the right to receive it is established. Interest on deposits is recognized on accrual basis.

(4) PROPERTY, PLANTS & EQUIPMENTS:

Property, Plants & Equipments acquired by the Company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any. The acquisition value includes the purchase price (excluding refundable taxes), and expenses directly attributable to assets to bring it to the factory and in the working condition for its intended use. Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings if any, the corresponding borrowing cost are capitalized up to the date when the asset is ready for its intended use.

(5) DEPRECIATION:

Depreciation is provided on the straight line method(SLM). Depreciation is provided based on useful life of the assets as prescribed in schedule II to the Companies Act, 2013.

The Company Capitalizes software where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over an estimated useful life of 3 years on straight line method.

(6) CASH FLOW :

The Cash flow statement is prepared by the "Indirect Method" Set out in Accounting Standard 3 on " Cash Flow Statements" and present the cash flow by operating , Investing and financing activities of the company.

Cash and Cash equivalents presented in the cash flow statement consist of cash on hand and other current account balance / deposits with the bank.

(7) INVESTMENT:

Long term investments are stated at cost. Provision is made to recognize a diminution, other than temporary, in the value of investments. Investment that are readily realizable and intended to be held for not more than a year are classified as current investments.

Current investment are carried at the lower of cost or fair value determined on an individual investment basis.

(8) INVENTORIES:

Inventory of Raw Material and Stores & Spares are valued at cost on First in First out (FIFO) basis or net realizable value which ever is lower .

Cost of finished goods and work in progress includes cost of material consumed, labour and systematic allocation of variable and fixed Production overhead. Finished products include excise duty wherever applicable.

(9) EMPLOYEE BENEFITS:**(a) Short Term**

Short term employee benefits are recognized as an expense as the undiscounted amount expected to be paid over the period of services rendered by the employee to the company.

(b) Long Term

The Company has both defined contribution and defined benefit Plans, of which some have assets in approved funds. These plans are financed by the Company in the case of defined contribution plans.

(c) Defined Contribution Plans

These are plan in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to Employees Provident Fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employee perform the services that the payment covers.

(d) Defined Benefit Plan

Expenses for defined benefit gratuity payment plans are calculated as at the balance sheet date by independent actuaries in the manner that distributes expenses over the employees working life. These commitment are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discounted rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government Bonds with a remaining term i.e. almost equivalent to the average balance working period of employees.

(e) Other Employee Benefit

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encased or veiled in twelve months immediately following the year and are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid.

(10) FOREIGN CURRENCY TRANSACTIONS:

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of transaction. Exchange differences arising on settlement thereof during the year are recognized as income or expenses in the profit and loss account.

Current assets and current liabilities are translated at year end exchange rates. The resulting gains and losses are appropriately recognized in the Profit and Loss account. Non monetary item are reported using exchanged rate prevailing on the date of transaction.

Gains or Losses on settlement, in a subsequent period of transactions entered in to in an earlier period are credited or charged to Profit and Loss account.

(11) BORROWING COST:

Borrowing cost incurred in relation to acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets till the activities necessary for its intended use are complete. All other borrowing costs are charged in statement of profit & loss of the year in which incurred.

(12) EARNING PER SHARE:

Basic Earning per share is calculated by dividing the net profit after tax for the year attributable to Equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earning per share is calculated by dividing the net profit attributable to equity shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

(13) PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions involving substantial degree of estimation in measurement are recognized 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 recognized but the same is disclosed in the financial statements.

Contingent assets are neither recognized nor disclosed in the financial statements.

(14) TAXES ON INCOME :

Provision for Current Tax is made as per the provisions of the Income Tax Act, 1961.

Deferred tax is recognized, on timing differences between the accounting income and the taxable income for the year, and quantified using the basic tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable and virtual certainty as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realizes.

PARTICULARS	AS AT	AS AT
	31.03.2017	31.03.2016
	₹	₹
Note : 2		
SHARE CAPITAL		
AUTHORIZED SHARES		
1,00,00,000 Equity Shares of ₹10/- each.	100,000,000	100,000,000
	100,000,000	100,000,000
ISSUED , SUBSCRIBED & FULLY PAID UP SHARES		
ISSUED :		
50,09,500 Equity Shares of ₹10/- each (P.Y. 50,09,500 Equity Shares of ₹10/- each)	50,095,000	50,095,000
SUBSCRIBED & FULLY PAID-UP :		
48,74,000 Equity Share of ₹10/- Each Fully Paid-up (P.Y. 48,74,000 Equity Share of ₹10/- Each Fully Paid-up)	48,740,000	48,740,000
Total	48,740,000	48,740,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	31 March 2017		31 March 2016	
	No of Shares	₹	No of Shares	₹
Equity Shares				
At the beginning of the period	48,74,000	48,740,000	48,74,000	48,740,000
Add :- Shares issued during the year	-	-	-	-
Less :- Shares Bought back during the year	-	-	-	-
Outstanding at the end of the period	48,74,000	48,740,000	48,74,000	48,740,000

b. Terms/ rights attached to equity shares

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

In the event of liquidation of the company, the holders of equity share 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% shares in the company

Particulars	31 March 2017		31 March 2016	
	No of Shares	% Holding	No of Shares	% Holding
Equity shares of ₹10/- each fully paid				
Vadilal International Pvt.Ltd.	2,013,204	41.30	2,013,204	41.30
Devanshu L. Gandhi	434,661	8.92	434,661	8.92
Vadilal Marketing Pvt.Ltd.	423,650	8.69	423,650	8.69
Vortex Ice-Cream Pvt.Ltd.	383,650	7.87	383,650	7.87

PARTICULARS	AS AT	AS AT
	31.03.2017	31.03.2016
	₹	₹
Note : 3		
RESERVE & SURPLUS		
Capital Reserve (A)	1,493,788	1,493,788
Securities Premium Account (B)	15,289,734	15,289,734
General Reserve		
Balance as per last account	6,960,365	6,960,365
	6,960,365	6,960,365
Surplus /(Deficit) in the Statement of Profit & Loss		
Balance as per last Financial Statement	(22,657,448)	13,677,762
Add : Profit for the year	7,469,804	(36,335,210)
Net surplus/(Deficit) in the statement of profit and loss (D)	(15,187,645)	(22,657,448)
Total (A+B+C+D)	8,556,243	1,086,439

PARTICULARS	AS AT	AS AT
	31.03.2017	31.03.2016
	₹	₹
Note : 4		
LONG TERM BORROWINGS		
Vehicle Loan (Secured)		
- From Bank and Financial Institution (Secured against Vehicle)	3,044,169	10,129,180
Less: Current maturities of vehicle loan	(3,044,169)	(7,085,009)
	(A)	3,044,171
Loans & Advances from Related Parties (Unsecured)		
Veronica Construction Pvt. Ltd. *	83,851,652	99,137,344
	(B)	99,137,344
The Above amount includes :		
Secured Borrowing	3,044,169	10,129,180
Unsecured Borrowing	83,851,652	99,137,344
Total	(A + B)	83,851,652 102,181,515

Repayment Schedule of Vehicle Loan :

Particulars	Rate of Interest	As at 31.03.2017	2017-18	2018-19	2019-20	2020-21
		₹	₹	₹	₹	₹
Vehicle Loan						
ICICI BANK LTD.	12.49%	3,044,169	3,044,169	-	-	-
Total		3,044,169	3,044,169	-	-	-

* The Company has taken a loan from Veronica Construction Private Limited @ 10.50%. The Repayment schedule for the same is not fixed and the amount is paid depending on the liquidity & financial requirement of the company. Accordingly, management is of the view that this loan is repayable after period of 12 months.

PARTICULARS	AS AT	AS AT
	31.03.2017	31.03.2016
	₹	₹
Note : 5		
DEFERRED TAX LIABILITY (Net)		
Deferred Tax Liability		
Arising on accounts of timing difference of :-		
Fixed Asset -		
Impact of difference between Tax depreciation & Depreciation Charged for Financial Reporting	8,803,483	9,011,280
	(A)	9,011,280
Deferred Tax Assets		
Arising on accounts of timing difference of :-		
Gratuity	55,219	4,279
Leave Encashment	614,378	601,094
Bonus	95,319	102,171
	(B)	707,544
Net Deferred Tax Liability	(A-B)	8,038,567 8,303,736
Note : 6		
LONG TERM PROVISIONS		
Provision from Employee Benefits :		
- Leave Encashment	534,627	602,302
Total	534,627	602,302
Note : 7		
SHORT TERM BORROWINGS		
Secured Loans		
- From Banks (Bank Overdraft against FD From IDBI Bank-A'bad)	8,531,527	6,073,667
Cylinder Deposit (Interest Free)	25,029,442	24,307,802
(Against Company Cylinders with Customers)		
Total	33,560,968	30,381,469

PARTICULARS	AS AT	AS AT
	31.03.2017	31.03.2016
	₹	₹
Note : 8		
TRADE PAYABLES		
Micro, Small and Medium Enterprises *	-	-
Others	18,652,212	6,964,284
Share From Joint Ventures	856	1,510
Total	18,653,068	6,965,794
* In the absence of information regarding the status of creditors As Micro - Small & Medium Enterprise in accordance with Micro, Small & Medium Enterprise Development Act, 2006, the disclosure regarding amount due to such parties as at Balance sheet date and provision for interest liability thereon as per the requirement under the said Act, has not been made.		

PARTICULARS	AS AT	AS AT
	31.03.2017	31.03.2016
	₹	₹
Note : 9		
OTHER CURRENT LIABILITIES		
Current Maturities of Long term borrowings		
- From Banks and Financial Institutions(Secured against Vehicles)	3,044,169	7,085,009
Rent Deposit	310,500	465,600
Other Payable		
Statutory dues payable*	1,565,264	1,362,931
Advance From Customers	5,093,751	1,049,740
Share From Joint Ventures	2,875	59,545
Total	10,016,559	10,022,825
The Above amount includes :		
Secured Borrowing	3,044,169	7,085,009
Total	3,044,169	7,085,009

* It includes Excise, Vat, Tds, Professional tax, Esi, etc...

Note : 10		
SHORT TERM PROVISION		
Provision for Employee Benefits :		
- Leave Encashment	1,453,650	1,342,986
- Bonus	308,476	330,650
- Gratuity (Net fixed deposit with LIC (Against gratuity))	178,701	13,849
Others :		
- Provision for Expenses	988,237	933,465
Share From Joint Ventures	39,722	34,393
Total	2,968,786	2,655,343

(C.Y.: Total Fixed deposit with LIC Rs.2954267 Less Total gratuity liability of Rs.3132968, Net short balance of Rs.-178701 (2954267-3132968).

(P.Y.: Total Fixed deposit with LIC Rs.2746547 Less Total gratuity liability of Rs.2760396, Net short balance of Rs.-13849 (2746547-2760396).

Note : 11

TANGIBLE FIXED ASSETS

(Amount in ₹)

PARTICULARS	GROSSBLOCK			DEPRICIATION BLOCK			NETBLOCK			
	OPENING BALANCE 01.04.2016	ADDITION DURING THE YEAR	DEDUCTION	CLOSING BALANCE 31.03.2017	OPENING BALANCE 01.04.2016	PROVIDED DURING THE YEAR	DEDUCTION TRANSFER	CLOSING BALANCE 31.03.2017	BALANCE AS ON 31.03.2017	BALANCE AS ON 31.03.2016
Property, Plants & Equipments:										
LAND	11,529,749	-	-	11,529,749	-	-	-	-	11,529,749	11,529,749
FACTORY BUILDING	18,412,524	2,451,861	-	20,864,385	9,949,422	665,198	-	10,614,620	10,249,765	8,463,102
OFFICE BUILDING	6,821,873	-	-	6,821,873	2,074,572	115,914	-	2,190,486	4,631,387	4,747,301
CARPETED ROAD (RCC)	11,344,554	-	-	11,344,554	1,793,372	1,134,455	-	2,927,827	8,416,727	9,551,182
PLANT & MACHINERY	22,710,981	504,146	180,617	23,034,510	14,569,164	608,731	180,617	14,997,278	8,037,232	8,141,817
FURNITURE	7,242,499	69,575	-	7,312,074	6,083,836	260,025	-	6,343,861	968,213	1,158,663
OFFICE EQUIPMENT	3,307,830	119,467	-	3,427,297	3,107,191	106,750	-	3,213,941	213,356	200,639
COMPUTER	4,795,168	332,375	-	5,127,543	4,613,106	129,422	-	4,742,528	385,015	182,062
GAS CYLINDERS & TANKS	220,979,545	590,955	5,017,922	216,552,578	195,133,239	2,311,591	4,964,756	192,480,074	24,072,504	25,846,306
TRANSPORT VEHICLE	69,997,818	-	3,260,058	66,737,760	47,101,873	5,510,333	2,589,762	50,022,444	16,715,316	22,895,945
TOTAL	377,142,541	4,068,379	8,458,597	372,752,323	284,425,774	10,842,419	7,735,135	287,533,059	85,219,264	92,716,767
Share From Joint Ventures	729,135	17,652	-	746,787	480,221	17,131	-	497,352	249,435	248,914
TOTAL	377,871,676	4,086,031	8,458,597	373,499,110	284,905,995	10,859,550	7,735,135	288,030,411	85,468,699	92,965,681
INTEGIBLE ASSETS	553,680	631,739	-	1,185,419	363,794	197,394	-	561,188	624,231	189,886
GRAND TOTAL (16-17)	378,425,356	4,717,770	8,458,597	374,684,529	285,269,789	11,056,944	7,735,135	288,591,599	86,092,930	93,155,567
Previous Year (15-16)	370,179,996	8,279,310	33,950	378,425,356	274,168,467	11,135,272	33,950	285,269,789	93,155,567	96,011,529

Note : 12

NON - CURRENT INVESTMENT

PARTICULARS	No. of Shares	AS AT	AS AT
		31.03.2017 ₹	31.03.2016 ₹
Trade Investments (valued at cost unless stated otherwise)			
Investment in Equity Instruments			
In Equity Shares of Associate Company			
Quoted, fully paid up			
Vadilal Enterprise Ltd of ₹ 10/- each	100 (100)	1,835	1,835
Others			
Maharashtra Polybotens Ltd of ₹ 1/- each	150 (150)	12,350	12,350
Unimers India Ltd of ₹ 10/- each	200 (200)	7,250	7,250
Total (a)		21,435	21,435
Unquoted, fully paid-up			
Others			
Vadilal Forex and Consultancy Services Ltd of ₹ 10/- each	48000 (70000)	480,000	700,000
Add: Accumulated Profits Upto 2015-16		821,168	1,197,536
Kalpiti Realty & Services Ltd of ₹ 10/- each	30000 (30000)	3,000	3,000
Total (b)		1,304,168	1,900,536
Total (a + b)		1,325,603	1,921,971
Aggregate market value of quoted investments		65,161	57,051
Aggregate total quoted investments		21,435	21,435
Aggregate total Unquoted investments		1,304,168	1,900,536

Note : Figures in brackets are related to Previous Year.

PARTICULARS	AS AT	AS AT
	31.03.2017	31.03.2016
	₹	₹
Note : 13		
LONG TERM LOANS AND ADVANCES		
Unsecured, Considered good unless otherwise stated		
Security Deposit	1,306,872	1,302,938
Other Loans and advances		
Prepaid Expenses	323,615	56,545
Loans to Employees	78,000	215,000
Security Deposit with Sales tax Authorities	35,500	35,500
Total	1,743,987	1,609,983
Note : 14		
OTHER NON CURRENT ASSETS		
Unsecured, Considered good unless otherwise stated		
In Margin Money Deposit (Against Bank Guaratnee)	88,930	83,354
Total	88,930	83,354
Note : 15		
INVENTORIES		
Raw Material	2,404,218	2,474,257
Finished Goods	750,474	885,508
Stock-in-Trade	5,794,205	4,549,545
Stores & Spares	932,004	862,448
Share Of RPL	5,387	5,533
Total	9,886,288	8,777,291
Note : 16		
TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they are due for payment		
a) Unsecured, Considered Good :	2,838,156	3,582,063
Others		
a) Unsecured, Considered Good :	66,471,528	69,440,484
Share From Joint Ventures	23,651	24,726
Total	69,333,335	73,047,273
Note : 17		
CASH & BANK BALANCES		
Balances with banks		
Cash and Cash equivalents		
Balance with Bank -In current account	801,696	3,681,789
Cash on hand	243,517	447,418
Share From Joint Ventures:		
Balance with Bank -In current account	35,238	21,212
Cash on hand	5,429	12,643
Others		
In Fixed Deposit with original maturity of less than three months	7,014,070	6,194,824
(A)	8,099,950	10,357,886
Other Bank Balance		
In Fixed Deposit with for more than 3 months but less than 12 months	14,591,968	-
(B)	14,591,968	-
In Margin Money Deposit (Against Bank Guaratnee)	88,930	83,354
Less : Transferred to Other Non Current Assets	(88,930)	(83,354)
(C)	-	-
Total	[A + B + C]	22,691,918
		10,357,886

PARTICULARS	AS AT	AS AT
	31.03.2017	31.03.2016
	₹	₹
Note : 18		
SHORT TERM LOANS AND ADVANCES		
Unsecured, Considered good unless otherwise stated		
Other Loans and advances		
Advance to Suppliers	9,543,727	10,352,271
Advance to Drivers/Staff	77,736	24,151
Prepaid Expenses	2,997,759	2,890,166
Loans to Employees	146,500	210,051
Balance with Excise/Sales tax Authorities	2,527,629	3,003,172
Advance Income Tax (Net of Provision)	5,172,896	2,066,620
Share From Joint Ventures	469,833	493,597
Total	20,936,079	19,040,028
Note : 19		
OTHER CURRENT ASSETS		
Unsecured, Considered good unless otherwise stated		
The New India Insurance Claim Receivable	38,067	162,736
Unsecured, Considered doubtful		
Success Vyapar Limited	-	47,500,000
Less: Provision for doubtful advance (refer note no.: 33)	-	(47,500,000)
Total	38,067	162,736
20 CONTINGENT LIABILITIES (To the extent not provided for)		
1. Contingent Liabilities		
a. Claims against the company not acknowledge as debts		
i) E.S.I.C	213,160	213,160
ii) Priya Shanghi	1,451,701	1,451,701
iii) Ragini Shanghi	1,395,915	1,395,915
iv) J.K Engineering Works	-	1,264,954
v) Excise Duty & Penalty	537,715	4,206,369
b. Guarantees		
i) Bank Guarantees Outstanding	403,630	403,630
Total	4,002,121	8,935,729
1) Rs. 37,00,000 Excise duty supreme court case:		
- Order Receivd from Supreme Court of India as on 12-01-2017 in our favour & win the case.		
2) Rs. 12,64,954 J.K. Engg. Works case:		
- Order Receivd from The District Court, Thane as on 01-10-2016 in our favour & settle matter with Rs. 13,22,000 Receipt.		

PARTICULARS	YEAR ENDED	YEAR ENDED
	31.03.2017	31.03.2016
	₹	₹
Note : 21		
REVENUE FROM OPERATIONS		
Sale of Products	413,742,560	421,161,017
Sale From Joint Ventures	219,988	183,403
Other Operating Revenues :		
Net Cylinder Rent	1,866,518	1,982,752
Share From Joint Ventures	226,248	219,261
Total	416,055,314	423,546,433
Note : 22		
OTHER INCOME		
Interest Income	1,450,407	768,158
Dividend Income	80	192
Net gain on sale of assets	1,653,548	48,825
Profit On Sale of Investment	-	-
Other Non-operating income		
Office Rent Income	1,136,296	1,663,292
Other Income	605,822	1,168,520
Sundry Balance Written-back	284,382	816,752
Interest on Income Tax Refund	267,608	-
Share From Joint Ventures	9,360	10,259
Total	5,407,503	4,475,998

PARTICULARS	YEAR ENDED 31.03.2017 ₹	YEAR ENDED 31.03.2016 ₹
Note : 23		
COST OF MATERIAL CONSUMED		
Opening Stock of Raw Material	2,474,257	4,106,655
Add: Purchased During the year	117,842,688	127,385,829
	<u>120,316,945</u>	<u>131,492,484</u>
Less: Closing Stock	2,404,218	2,474,257
Total	<u>117,912,727</u>	<u>129,018,227</u>
Note : 24		
CHANGE IN INVENTORIES		
Opening Stock		
Finished Goods	885,508	784,312
Stock in Trade	4,549,545	5,516,715
Total (A)	<u>5,435,053</u>	<u>6,301,027</u>
Closing Stock		
Finished Goods	750,474	885,508
Stock in Trade	5,794,205	4,549,545
Total (B)	<u>6,544,679</u>	<u>5,435,053</u>
Total (A-B)	<u>(1,109,626)</u>	<u>865,974</u>
Note : 25		
EMPLOYMENT BENEFIT EXPENSES		
Salaries and wages	14,307,047	13,013,175
Contributions to Provident and other fund	1,556,489	1,492,046
Staff welfare expenses	1,929,520	1,962,439
Share From Joint Ventures	36,319	34,698
Total	<u>17,829,375</u>	<u>16,502,358</u>

Note : 25.1**EMPLOYEE BENEFITS**

With effect from 1st January 2007, the company adopted Accounting Standard ('AS') 15 (Revised 2005) - "employee benefits" issue by The Institute of Chartered Accountant of India. As per the Transitional provision specified in the Standard, the difference in the liability as per the existing policy followed by the Company and that arising on adoption of this Standard is required to be charged to opening reserves and surplus account

Gratuity plan

The following table sets out the status of the gratuity plan as required under AS 15 (Revised 2005) and the reconciliation of opening and closing balances of the present Value of the defined benefit obligation:

PARTICULARS	YEAR ENDED 31.03.17 (Funded) ₹	YEAR ENDED 31.03.16 (Funded) ₹
Change in present value of obligations		
Obligations at beginning of the year	2,760,396	2,342,568
Service cost	200,597	183,262
Interest cost	222,764	186,468
Actuarial (gain) / loss	49,839	66,410
Benefits paid	(100,628)	(18,312)
Obligation at the end of the year	<u>3,132,968</u>	<u>2,760,396</u>
Reconciliation of opening and closing of Fair value of Plan Assets		
Fair value of Plan assets at beginning of the year	2,746,547	2,532,389
Expected return of plan asset	221,646	201,578
Actuarial gain/ (loss) on plan Assets	(33,054)	(7,166)
Contribution	19,128	19,746
Benefits paid	-	-
Fair value of plan assets at end of the year	<u>2,954,267</u>	<u>2,746,547</u>
Total Actuarial gain/ (loss) to be recognized	82,893	73,576
Reconciliation of present value of the obligation and fair value of plan assets		
Present value of the defined benefit obligation at the end of the year	3,132,968	2,760,396
Fair value of plan assets at the end of the year	2,954,267	2,746,547
Funded status amount of Assets recognized in the balance sheet	178,701	13,849

PARTICULARS	YEAR ENDED	YEAR ENDED
	31.03.2017 (Funded) ₹	31.03.2016 (Funded) ₹
Gratuity cost for the year		
Service cost	200,597	183,262
Interest cost	222,764	186,468
Expected return of plan asset	(221,646)	(201,578)
Actuarial gain/ (loss) on plan Assets	82,893	73,576
Net gratuity cost	284,608	241,728
Assumptions (LIC 1994-96)		
Interest rate	7.52%	8.07%
Estimated rate of return of plan assets	7.52%	8.07%
Rate of growth in salary levels	6.00%	6.00%

Amounts for the Current & Previous four periods are as follows

Particulars	31.03.17 ₹	31.03.16 ₹	31.03.15 ₹	31.03.14 ₹	31.03.13 ₹
Defined Benefit Obligation	3,132,968	2,760,396	2,342,568	1,891,351	1,659,059
Plan Assets	2,954,267	2,746,547	2,532,389	2,282,531	2,138,202
Surplus/ (Deficit)	178,701	13,849	(189,821)	(391,180)	(479,143)
Experience adjustments on plan liability	-	-	-	-	-
Experience adjustments on plan assets	178,701	13,849	(189,821)	(391,180)	(479,143)

Leave Encashment Plan

The following table sets out the status of the pension plan as Required under AS 15 (Revised 2005) and the reconciliation of opening and closing balances of the present Value of the defined benefit obligation.

PARTICULARS	YEAR ENDED	YEAR ENDED
	31.03.2017 (Non-Funded) ₹	31.03.2016 (Non-Funded) ₹
Change in present value of obligations		
Obligations at beginning of the year	1,945,288	1,900,940
Service cost	152,853	145,226
Interest cost	156,985	151,315
Actuarial (gain) / loss	(193,066)	(194,409)
Benefits paid	(73,783)	(57,784)
Obligation at the end of the year	1,988,277	1,945,288
Change in Plan assets		
Fair value of Plan assets at beginning of the year	-	-
Expected return of plan asset	-	-
Actuarial gain/ (loss) on plan Assets	(73,783)	(57,784)
Contribution	73,783	57,784
Benefits paid	-	-
Total Actuarial gain/ (loss) to be recognized	193,066	194,409
Reconciliation of present value of the obligation and fair value of plan assets		
Present value of the defined benefit obligation at the end of the year	1,988,277	1,945,288
Fair value of plan assets at the end of the year	-	-
UnFunded status amount of Assets recognized in the balance sheet	1,988,277	1,945,288
Leave Encashment cost for the year		
Service cost	152,853	145,226
Interest cost	156,985	151,315
Expected return of plan asset	-	-
Actuarial gain/ (loss) on plan Assets	(193,066)	(194,409)
Net leave encashment cost	116,772	102,132
Assumptions		
Interest rate	7.52%	8.07%
Estimated rate of return of plan assets	-	-
Rate of growth in salary levels	6.00%	6.00%

Amounts for the Current & Previous four periods are as follows

Particulars	31.03.17 ₹	31.03.16 ₹	31.03.15 ₹	31.03.14 ₹	31.03.13 ₹
Defined Benefit Obligation	-	-	-	-	-
Plan Assets	1,988,277	1,945,288	1,900,940	1,555,959	1,386,105
Surplus/ (Deficit)	-	-	-	-	-
Experience adjustments on plan liability	1,988,277	1,945,288	1,900,940	1,555,959	1,386,105
Experience adjustments on plan assets	-	-	-	-	-

PARTICULARS	YEAR ENDED 31.03.2017 ₹	YEAR ENDED 31.03.2016 ₹
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Note : 26**FINANCIAL COST****Interest Expenses**

Interest on Bank

763,284 1,427,218

Interest on Other loans

8,765,106 10,637,419

9,528,390 12,064,637

Other borrowing costs

Bank Charges

51,468 29,916

Total

9,579,858 12,094,553

Note : 27**OTHER EXPENSES****Plant Operation Charges**

Cylinder Filling Labour

860,795 754,066

Consumption of Stores and Spares Parts

Opening Stores and Spares

862,448 786,990

Add: Purchase during the year

1,503,640 1,358,015

Less: Closing Stores and Spares

932,004 862,448

1,434,084 1,282,557

Water charges

434,631 425,008

Factory Electricity Expenses

730,847 672,467

Factory Expenses

591,994 430,879

Repairs on

Cylinders

1,438,336 1,528,918

Plant and machinery

464,602 334,933

Building

29,396 10,460

Others

736,592 489,115

Share From Joint Ventures

324,162 320,612

(A)

7,045,439 6,249,015

Administrative Expenses

Rent, Rates & Taxes

1,023,037 992,577

Insurance Expenses

1,526,719 1,386,645

Postage & Telephone Expenses

1,109,547 1,203,510

Legal & Professional Charges

5,708,905 8,100,078

Listing & Roc Filling Fees

65,925 88,157

Travelling Expenses

1,422,383 1,451,025

Security Service Charges

1,475,790 1,328,562

Office Expenses

1,657,291 1,728,347

Office Electricity Expenses

257,153 304,899

Other administrative Expenses

253,477 293,150

Change in excise duty on inventory

16,192 (18,941)

Prior period Expense

728,587 203,627

Sundry Balances & Bad-debts written off

1,497,256 433,414

Sales Tax /Service Tax/ Excise duty Expenses

1,170,370 831,171

Loss on Sale of Investments

24,368 -

Penalty Expense

18,800 30,670

Payment to Auditor**As auditor :**

Audit Fees

210,000 210,000

Tax Audit Fees

100,000 100,000

Other service

40,000 40,000

350,000 350,000

PARTICULARS	YEAR ENDED	YEAR ENDED
	31.03.2017	31.03.2016
	₹	₹
Donation	-	4,100
Conveyance Expenses	636,555	601,126
Printing & Stationery Expenses	652,584	665,017
Director Sitting Fees	240,000	236,800
Membership Fees	3,000	50,134
Share From Joint Ventures	25,808	18,407
(B)	19,863,747	20,282,475
Selling and Distribution Expenses		
Transport & Vehicle Tax Expenses	37,462,702	34,882,033
Transport Vehicle Repairs	5,427,167	5,680,544
Advertisement & Sales Promotion Expenses	101,277	117,560
(C)	42,991,146	40,680,137
Total (A+B+C).....	69,900,332	67,211,627

Note : 28

i) Enterprises Considered in the consolidated financial statements are:

Name	country of Incorporation	Proportion of ownership Interest
Vadilal Cold Storage:		
Current Year: 2016-17	India	2 %
Previous Year: 2015-16	India	2 %

ii) The associate Considered in the consolidated financial statements are:

Name	country of Incorporation	Proportion of ownership Interest
Vadilal Forex and Consultancy Services Ltd.:		
Current Year: 2016-17	India	19.20 %
Previous Year: 2015-16	India	28 %

Note : 29

SEGMENT REPORTING

Based on the guiding principle given in Accounting Standard AS-17 on Segment Reporting issued by The Institute of Chartered Accountants of India, the company's primary business is industrial gases. The business of the company includes gases and mixtures which have similar risks and returns, accordingly there are no separate reportable segment as far as primary segment is concerned. As sales outside India is Rs. Nil, secondary reportable geographical segment-wise reporting is not required to be shown.

Note : 30

RELATED PARTY DISCLOSURE UNDER AS-18

As per AS-18 "Related Parties Disclosure", there are no transactions with related parties during the year.

Note : 31

EARNING PER SHARE (EPS) AS PER ACCOUNTING STANDARD - 20

Particulars	2016-17	2015-16
	₹	₹
Net Profit/(Loss) for the year	7,469,804	(36,879,096)
Basic/ Weighted average number of Equity Shares outstanding during the year	48,74,000	48,74,000
Nominal value of Equity Shares	10	10
Basic/ Diluted Earning per Share	1.53	(7.57)

Note : 32

Certain balances of Trade Receivable, Trade Payables, loans and advances and Cylinder deposits, advances from customers/ dealers and balances of cylinder accounts are subject to confirmation.

Note : 33

In the Previous Year (i.e. FY: 2015-16), as per the Internal Auditor's report, an amount of Rs. 4,75,00,000/- has been paid to M/s. Success Vyapar Limited, Kolkatta, on the various dates during the financial year 2013-14 by the then Chairman and Managing Director, without Board Resolution and without Authority. The Company had appointed an independent investigation agency to know the facts in the matter of huge amount paid to M/s Success Vyapar Ltd. On the basis of the Investigation report by independent agency, the Board of Directors in their board meeting held on 24/06/2016 has decided : (i) To make a provision for Rs. 4,75,00,000/- as the recovery from M/s Success Vyapar Limited, Kolkatta is doubtful. (ii) To file civil suit against the then Chairman and Managing Director of the company and M/s Success Vyapar Limited or any other necessary action for the recovery of huge amount Rs. 4,75,00,000/- that has been paid to M/s. Success Vyapar Limited, Kolkatta. The company has

filed a Civil suit No. 299 of 2016 dated 28/06/2016 against the then Chairman & Managing Director and M/s Success Vyapar Limited, Kolkatta for the recovery of payment of Rs 4,75,00,000/-. The company has made provision to reflect a true and fair view of the affairs of the company and provided in books of accounts an amount of Rs. 4,75,00,000/- as a "Provision for doubtful advance".

Note : 34

OTHER DETAILS

Note : 34.1

Consumption Of Raw Materials :-

Product	2016-17	2015-16
	₹	₹
Ammonia Gas	117,912,727	129,018,227

Note : 34.2

Goods Purchased (Traded) :-

Product	2016-17	2015-16
	₹	₹
Ammonia Tanker	30,506,032	28,748,416
Other Gases & Gas Mixtures	118,774,165	110,865,473
Gas Cylinder	4,039,636	1,265,612
Total....	153,319,833	140,879,501

Note : 34.3

Sales , Opening & Closing stock of Finished goods :-

Product	Sales		Opening stock		Closing stock	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
	₹	₹	₹	₹	₹	₹
Ammonia Gas	114,485,422	120,317,508	389,371	195,938	362,147	389,371
Liquor Ammonia	63,408,742	68,203,999	496,137	588,374	388,327	496,137
Total....	177,894,164	188,521,507	885,508	784,312	750,474	885,508

Note : 34.4

Sales, Opening & Closing stock of Traded goods :-

Product	Sales		Opening stock		Closing stock	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
	₹	₹	₹	₹	₹	₹
Ammonia Tanker	30,531,600	29,060,718	—	—	—	—
Other Gases & Gas Mixtures	199,087,537	199,355,832	1,239,277	1,319,435	1,832,297	1,239,277
Gas Cylinder	6,233,383	4,224,725	3,310,268	4,197,278	3,961,908	3,310,268
Total....	235,852,520	232,641,275	4,549,545	5,516,713	5,794,205	4,549,545

Note : 34.5

Closing Stock of Raw-Material Components :-

Product	Raw-Material Components	
	2016-17	2015-16
	₹	₹
Ammonia Gas	2,404,218	2,474,257

Note : 34.6

Details of Share (Sale & Purchase) During the Period 01.04.16 to 31.03.17 :-

Name	Opening		Purchase		Sale		Profit(+) / Loss(-)	Surplus(+) /Erosion(-)	Closing	
	Nos.	Value ₹	Nos.	Value ₹	Nos.	Value ₹			Nos.	Value ₹
Reliance Power Ltd	112	5,533	-	-	-	-	-	(146)	112	5,387
Total	112	5,533	-	-	-	-	-	(146)	112	5,387

Note : 35**ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 OF ENTERPRISES CONSOLIDATED AS ASSOCIATE / JOINT VENTURE:**

Name of the Entity	Net Assets (i.e., total assets minus total liabilities)		Share of profit or (loss)	
	As % of consolidated net assets	Amount (In ₹)	As % of consolidated Profit or (loss)	Amount (In ₹)
Parent				
- Vadilal Chemicals Ltd.	98.71	56556110	99.54	7435314
Joint Ventures				
(as per proportionate consolidation)				
- Vadilal Cold Storage	1.29	740133	0.46	34490
Total....	100.00	57296243	100.00	7469804

Note : 36**Difference In Accounting Policies**

The accounting policies of joint ventures and associates especially regarding the method of depreciation and accounting for retirement benefits are not in consonance with the group accounting policies. No effect has been given in the consolidated financial statements on account of such differing accounting policies, where the impact is not expected to be material.

Note : 37

The Figures of the Investments in the Joint Venture (Vadilal Cold Storage) are considered on the basis of its unaudited financial statements during the year, while previous year the same were based on the audited books of the accounts.

Note : 38

During the year, Company has sold part of its investments in Associate, as a result these company ceased to be associates at the year end. As no significant influence was exercised by the company over these associates nor are their financial result material to the company's result, consolidated financial statements have not been prepared. However, loss on Sale of investment is recognised in this financial statements.

Note : 39

Previous periods figures have been regrouped/ reclassified, wherever necessary, to confirm to current year presentation.

Note : 40**Specified Bank Notes (SBN):-**

The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:-

Particulars	SBNs	(Amt. In ₹)	
		Other Denomination Notes	Total
Closing Cash In Hand as at 8th November -2016	479,000	1,054,675	1,533,675
Add: Withdrawal from bank accounts	-	1,568,000	1,568,000
Add: Permitted Receipts	-	1,802,017	1,802,017
Less: Permitted Payments	-	2,009,319	2,009,319
Less: Amount Deposited In Bank	479,000	1,293,752	1,772,752
Closing Cash In Hand as at 30th December -2016	-	1,121,621	1,121,621

Signature to Notes 1 to 40

FOR R R S & Associates
Chartered Accountants
(Firm Reg. No.: 118336W)

Rajesh R. Shah
(Partner)
Membership No. : 034549

PLACE : AHMEDABAD
DATE : 26-08-2017

For and on behalf of the Board of Directors
Rajesh R. Gandhi
Chairman & Managing Director
DIN: 00009879

Ravi Thakkar
Chief Financial Officer

Soham Rawal
Company Secretary

PLACE : AHMEDABAD
DATE : 26-08-2017

Form No. MGT.11

Proxy Form

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration Rules, 2014).

CIN	L24231GJ1991PLC015390
Name of the Company	VADILAL CHEMICALS LIMITED
Registered office	503-504, Aditya Building, Nr. Sardar Patel Seva Samaj, Mithakhali, Navrangpura, Ahmedabad- 380006
Name of the Member	
Registered Address	
E- Mail ID	
Folio No./ Client ID	

DP ID

I/ we, being the member(s) of Vadilal Chemicals Limited, holding..... shares of the above named company, hereby appoint

1. Name	
Address	
E- mail ID	
Signature	

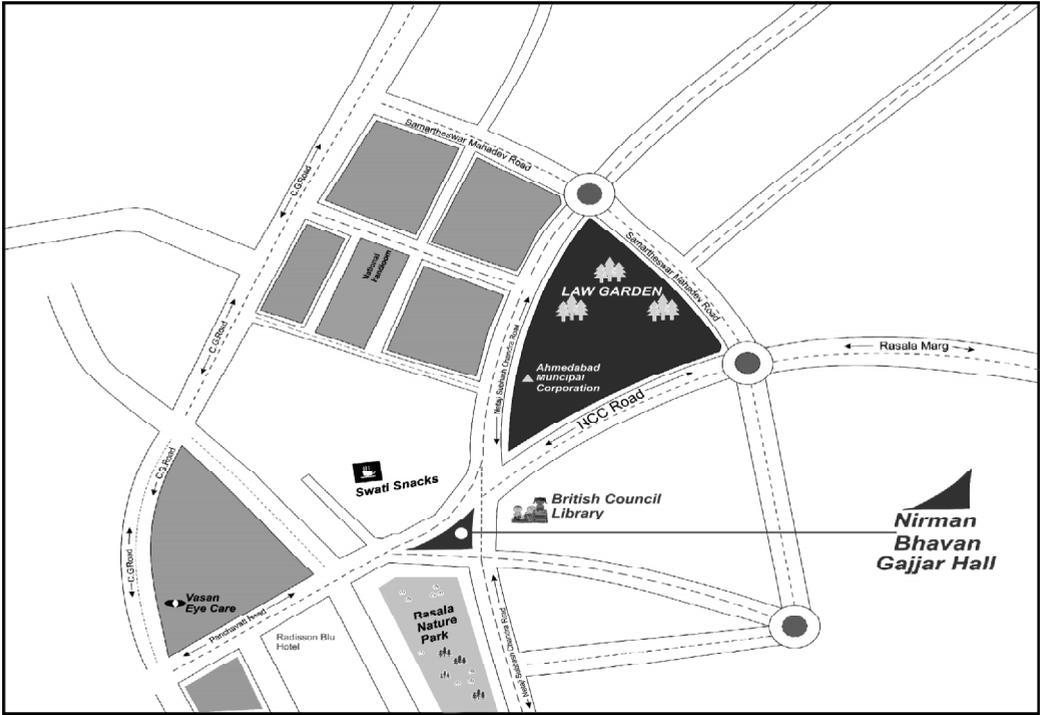
Or failing him,

2. Name	
Address	
E- mail ID	
Signature	

Or failing him,

3. Name	
Address	
E- mail ID	
Signature	

As my/ our proxy to attend and vote (on poll) for me/us and on my/our behalf at the 26th Annual General Meeting of the company, to be held on the 29th September, 2017 at 5.30 p.m. At "GICEA", Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad- 380 006 and at any adjournment thereof in respect of such resolutions as are indicated below:



Resolution No.	Resolution	Yes/ No
	Ordinary Business:	
1.	Ordinary Resolution to consider and adopt:	
	(a) The Audited financial statement of the Company for the financial year ended on 31 st March, 2017, the report of Board of Directors and Auditors thereon and	
	(b) The Audited Consolidated financial statement of the Company for the financial year ended on 31 st March, 2017.	
2.	Ordinary Resolution to declare dividend on Equity Shares for the financial year ended on March 31, 2017.	
3.	Ordinary Resolution to appoint a Director in place of Shri Kalpit R. Gandhi (holding DIN: 02843308) who retires by rotation as per provision of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.	
4.	Ordinary Resolution to appoint a Director in place of Smt. Deval D. Gandhi (holding DIN: 00988905), who retires by rotation as per provision of Section 152(6) of the Companies Act, 2013 and being eligible, offers herself for re-appointment.	
5.	Ordinary Resolution to ratify appointment of Statutory Auditors M/s. RRS & Associates, Chartered Accountants, Ahmedabad (FRN: 118336W) and to fix their remuneration.	
	Special Business:	
6.	To appoint Shri Rohit J. Patel (holding DIN 00012367) as an Independent Director of the Company pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013.	
7.	To appoint Mr. Jignesh J. Shah (DIN: 01202435) as an Independent Director of the Company pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013.	
8.	To appoint Shri Ashish H. Modi (holding DIN 02506019), as an Independent Director of the Company pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013.	
9.	To appoint Shri Udayan R Patel (holding DIN 06674232), as an Independent Director of the Company pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013.	

Signed this.....day of2017

signature of shareholder.

Signature of Proxy holder(s)

Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the registered office of the company, not less than 48 hours before the commencement of the Meeting.

VADILAL CHEMICALS LIMITED

(CIN: L24231GJ1991PLC015390)

Registered office:

503-504, Aditya Building, Nr. Sardar Patel Seva Samaj,
Mithakhali, Navrangpura, Ahmedabad- 380 006.

DP ID	Client ID	Folio No.	No. of Shares

ATTENDANCE SLIP

Name of the Shareholders : _____

Name of the Proxy/ Authorized Representative : _____

I hereby record my presence at the 26th Annual General Meeting of the company, to be held on the 29th September, 2017 at 5.30 p.m. at GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad- 380 006.

Signature of Member/ Proxy/ Authorized Representative attending the meeting: _____

Notes:

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

To,



If undelivered please return to :
Vadilal Chemicals Limited

REGISTERED OFFICE:

503-504, Aditya Building, Nr. Sardar Patel Seva Samaj,
Mithakhali, Navrangpura, Ahmedbad- 380 006.