

# LAKHOTIA POLYESTERS (INDIA) LIMITED

11<sup>th</sup> ANNUAL REPORT  
2015-16



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## 11<sup>th</sup> ANNUAL REPORT FOR THE FINANCIAL YEAR 2015-2016

### Board of Directors

▪ Mr. Madhusudan Lakhotia	Managing Director
▪ Mrs. Jayshree Lakhotia	Executive Director
▪ Mr. Sajan Choudhary	Independent Director
▪ Mr. Shailesh Mistry	Independent Director
▪ Mr. Vicky Jain	Independent Director
▪ Mr. Ashok Kumar Khajanchi	Executive Director
▪ Mr. Krishna Jhawar	Executive Director
▪ Mr. Harish Khajanchi	Executive Director

### Key Managerial Personnel

▪ Mr. Madhusudan Lakhotia	Chairman and Managing Director
▪ Mr. Vivek Rathi	Chief Financial Officer and Compliance Officer

### Bankers

- Union Bank of India
- ICICI Bank

### Statutory Auditors

M/s Sabadra & Sabadra, Chartered Accountants

### Secretarial Auditors

M/s. R.M. Mimani & Associates, Company Secretaries

### REGISTRAR AND TRANSFER AGENT

Sharex Dynamic (India) Private Limited

Luthra Ind Premises,

Unit-1, Safeed Pool,

Andheri Kurla Road, Andheri East,

Mumbai 400 072

Contact No : 022 - 28515606, 28515644

Email : [sharexindia@vsnl.com](mailto:sharexindia@vsnl.com), Website : <http://www.sharexindia.com>

### Registered Office and Contact Details and Website

LAKHOTIA POLYESTERS (INDIA) LIMITED

158/159 SamarathaSahkariAydyogikVasahat Ltd.

Pimpal- Gaon (Baswant), Tal Niphad, District Nashik, Maharashtra- 422209

Tel: +91 2550-252300 Fax: +91 2550-252300

Website: [www.lakhotiapoly.in](http://www.lakhotiapoly.in) Email: [info@lakhotiapoly.in](mailto:info@lakhotiapoly.in)

CIN :L17120MH2005PLC155146



## **NOTICE**

### **LAKHOTIA POLYESTERS (INDIA) LIMITED**

**CIN: L17120MH2005PLC155146**

Reg Office: 158/159 Samartha Sahkariaudyogik Vasahat Ltd,  
Pimpal- Gaon (Baswant) Tal Niphad Dist Nashik,  
Maharashtra- 422209

**Email Id: [info@lakhotiapoly.in](mailto:info@lakhotiapoly.in), Website: [www.lakhotiapoly.in](http://www.lakhotiapoly.in)**

**Tel: 02550-252300,**

NOTICE IS HEREBY GIVEN THAT THE 11<sup>TH</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF **LAKHOTIA POLYESTERS (INDIA) LIMITED** will be held on Friday, 30<sup>th</sup> September, 2016 at 10.00 am at 158/159 Samaratha Sahkari Audyogik Vasahat Ltd., Pimpal- Gaon (Baswant), Tal.- Niphad, Nashik – 422209, Maharashtra, India to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Financial Statements of the Company for the financial year ended March 31, 2016 including audited Balance Sheet as at March 31, 2016 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mrs. Jayshree Lakhotia (holding DIN 05357609), who retires by rotation in terms of Section 152 of Companies Act, 2013 and being eligible offers herself for reappointment.

**“RESOLVED THAT** Mrs. Jayshree Lakhotia (holding DIN 05357609), Director of the Company, who retires by rotation, pursuant to the provisions of the section 152 of the Companies Act, 2013 read with applicable rules there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and being eligible for re-appointment in terms of Companies Act, 2013, be and is hereby re-appointed to hold office of Director in the Company.”

3. To ratify the appointment of M/s. Sabadra & Sabadra, Chartered Accountants (ICAI Registration No.108921W), Statutory Auditors of the Company, and to fix their remuneration 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 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013, and the applicable rules made there under (including any statutory modification(s) for the time being in force), the Company hereby ratifies the appointment of Sabadra & Sabadra, Chartered Accountants having ICAI Firm Registration Number 108921W as the Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the 12<sup>th</sup> Annual General Meeting of the Company to be held in the year 2017 on such remuneration and reimbursement of out-of pocket expenses incurred as may be determined by the Board of Directors plus applicable taxes.”



## **SPECIAL BUSINESS:**

### **4. Appointment of Mr. Ashok Kumar Khajanchi (DIN: 01532044) as Director, liable to retire by rotation.**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** Mr. Ashok Kumar Khajanchi (DIN: 01532044), who was appointed as an Additional Director with effect from August 17, 2016 and who holds office upto the forthcoming Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013, proposing his candidature for the Office of Director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

**By Order of the Board of Directors  
Sd/-  
Madhusudhan Lakhotia  
Managing Director**

Date: September 06, 2016

Place: Nashik

LAKHOTIA POLYESTERS (INDIA)LIMITED

Regd. Office:158/159 SamarathaSahkariAydoyogikVasahat Ltd.

Pimpal- Gaon (Baswant),

Tal Niphad, District Nashik,

Maharashtra- 422209

Tel: +91 2550-252300Fax: +91 2550-252300

Website: [www.lakhotiapoly.in](http://www.lakhotiapoly.in) Email: [info@lakhotiapoly.in](mailto:info@lakhotiapoly.in)

CIN : L17120MH2005PLC155146

## **NOTES:**

1. The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (Act) in respect of the business under Item Nos. 2 and 4 of the Notice, is annexed hereto. The relevant details as required under Companies Act, 2013 and SEBI (LODR) Regulations, 2015 of persons seeking appointment/ re-appointment as Directors / Managing Director and Whole Time Director under Item No. 2 and 4 of the Notice, are also annexed.
2. The Register of Members and the Share Transfer books of the Company will remain closed from September 24, 2016 to September 30, 2016 (both days inclusive) for the purpose of the Annual General Meeting.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as



proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

4. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified true copy of the relevant Board of Directors resolution together with their respective specimen signatures authorising their representative(s) to attend and vote on their behalf at the Meeting.
5. Details under as required under of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
6. Electronic copy of the Notice of the 11<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 11<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
7. Notice of the 11<sup>th</sup> Annual General Meeting and the Annual Report for 2016 will also be available on the Company's website [www.lakhotiapoly.in](http://www.lakhotiapoly.in) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [info@lakhotiapoly.in](mailto:info@lakhotiapoly.in)
8. Mrs. Monika Kothari (M.S Kothari & Associates) Practicing Chartered Accountant (Membership No. 137777) and has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
9. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 11<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).
10. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.



11. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.lakhotiapoly.in](http://www.lakhotiapoly.in) immediately after the declaration of result by Chairman of the Company and the same will be communicated to the BSE Limited.
12. All documents referred to in the accompanying Notice and Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

### 13. VOTING BY ELECTRONIC MEANS

- (i) The voting period begins on September 26, 2016 (9:00 am) and ends on September 29, 2016 (5:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 23, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters.</li> </ul>





	Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If 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 (iv)</li> </ul>

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for “Lakhotia Polyesters (India) Limited” on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.



- (xvii) If Demat account holder has forgotten the 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.
- (xviii) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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 on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - 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.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**BY ORDER OF THE BOARD  
FOR LAKHOTIA POLYESTERS (INDIA) LIMITED.**

Sd/-

**Madhusudan Lakhotia**  
**(Managing Director)**  
**Place: Nashik**  
**Date: September 06, 2016**

LAKHOTIA POLYESTERS (INDIA) LIMITED  
Regd. Office : 158/159 SamarthaSahkariaudyogik  
Vasahat Ltd, Pimpal- Gaon (Baswant)  
Tal NiphadDistNashik – 422209

Encl: Proxy Form



**ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF  
THE COMPANIES ACT, 2013.**

**Item No 4**

Mr. Ashok Kumar Khajanchi was appointed as an Additional Director of the Company pursuant to the provision of Section 161 of the Companies Act, 2013 by the Board of Directors on August 17, 2016 and holds office till the date of the Eleventh Annual General Meeting of the Company and is eligible for appointment. He is a Law graduate and completed his L.L.B. from Dungar College (Autonomous), Bikaner in the year 1990. The Company has received a notice in writing from a Member as per Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Ashok Kumar Khajanchi as Director. None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested in this resolution except Mr. Ashok Kumar Khajanchi if any, in the Company.

The Board recommends the resolution set forth in Item No.4 for the approval of the Members.

**BY ORDER OF THE BOARD  
FOR LAKHOTIA POLYESTERS (INDIA) LIMITED.**

**Sd/-**

**Madhusudan Lakhotia  
(Managing Director)  
Place: Nashik  
Date: September 06, 2016**

**LAKHOTIA POLYESTERS (INDIA) LIMITED**  
Regd. Office : 158/159 SamarthaSahkariaudyogik  
Vasahat Ltd, Pimpal- Gaon (Baswant)  
Tal NiphadDistNashik – 422209



## ANNEXURE TO ITEM NOS. 2 and 4 OF THE NOTICE

Details of Directors seeking appointment and re-appointment at the forthcoming Annual General meeting

Name of Director	Mr. Ashok Khajanchi	Ms Jayshree Lakhotia
Date of Birth	January 29, 1964	October 03,1982
Nationality	Indian	Indian
Date of First Appointment on the Board	August 17, 2016	July 24, 2012
Qualifications	Law graduate and completed his L.L.B. from Dungar College (Autonomous), Bikaner	Bachelor of Commerce from Maharshi Dayanand Saraswati University, Ajmer.
Expertise in specific functional Areas	Day to day Management Process	Day to day Management Process
No. of Shares held in the Company (as on March 31, 2016)	-	1,55,064
List of Directorships held in other Companies	-	-
Chairman/Member in the Committee of the Boards of Companies in which he is a Director	-	-
Terms and Conditions of Appointment/re- appointment	Section 149, 152 and other applicable provisions of Companies Act, 2013	Section 152 and other applicable provisions of Companies Act, 2013
Remuneration paid (Paid in the last year)	* Not Applicable	Rs. 2,40,000
Relationship with other Directors	Not Applicable	Wife of Mr. Madhusudan Lakhotia, Managing Director
No. of Board Meetings attended in FY 2015-16	*Not Applicable	April 15, 2015, May 15, 2015, May 30, 2015, July 03, 2015, August, 26 2015, , September 03, 2015, October 29, 2015, December 08, 2015, February 12, 2016 and March 31, 2016.

\* Mr. Ashok Khajanchi was appointed as Director of the Company w.e.f August 17, 2016.



## ROUTE MAP TO THE AGM VENUE



### Registered Office:

158/159 Samartha Sahkariaudyogik Vasahat Ltd,  
Pimpal- Gaon (Baswant) Tal Niphad Dist Nashik,  
Maharashtra- 422209



## DIRECTORS REPORT

To,  
**The Members,**  
**Lakhotia Polyesters India Limited.**

The Directors are pleased to present the 11<sup>th</sup> Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2016.

### **1. FINANCIAL SUMMARY OR HIGHLIGHTS / PERFORMANCE OF THE COMPANY**

The Board's Report shall be prepared based on the stand alone financial statements of the Company.

<b>Particulars</b>	<b>FINANCIAL YEAR</b>	
	<b>2015-16</b>	<b>2014-15</b>
<b><u>Total Income</u></b>	22,73,18,607/-	135,701,165/-
Less: Expenditure	22,00,60,778/-	128,582,832/-
Profit Before Finance Cost, Depreciation & Tax	72,57,829/-	71,18,333/-
Less: Finance Cost	50,31,700/-	3,747,705/-
Less: Depreciation	15,53,864/-	1,505,178/-
<b><u>Net Profit Before Tax &amp; Extraordinary Item</u></b>	6,72,265/-	1,865,450/-
Less: Extraordinary Item	1,46,30,000/-	0/-
Less :Tax Expense	2,67,611 /-	7,29,770/-
<b><u>Net Profit After Tax</u></b>	-1,42,25,346 /-	1,135,680/-

### **2. BRIEF DESCRIPTION OF THE COMPANY'S OPERATIONS DURING THE YEAR/STATE OF COMPANY'S AFFAIR**

During the current period of operation, your company has shown an increase in the revenue to the extent of 67.51 % from Rs 1357.01Lakhs during FY 2014-15 to Rs 2273.19Lakhs during FY 2015-16. Profit after Tax of the company has decreased to Rs 142.25 lakhs during FY 2015-16 as compared to Rs 11.36 Lakhs during FY 2014-15.

### **3. FINANCIAL YEAR**

This report of Directors along with its Annexure, Management Discussion and Analysis, Corporate Governance Report, Financial Statements along with their Notes are prepared for the period April 01, 2015 to March 31, 2016 (a period of 12 months). Pursuant to the provisions of Section 2(41) of the Companies Act, 2013, a 'financial year' in relation to the Company means the period ending on the 31st day of March every year, in respect whereof financial statement of the Company is made. Your Company is in compliance with the provisions of the Companies Act, 2013.

### **4. DIVIDENDS AND RESERVES**

The Company has decided to sustain the growth in line with the long term growth objectives of the Company by retaining the profits and utilizing the same for opportunities in hand, therefore the company does not recommended any dividend.

### **5. SHARE CAPITAL**

During the period April 01, 2015 to March 31, 2016, during the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity and

there is no change in the Issued, Subscribed and paid up share Capital of Company. The Share Capital Audit as per the directives of the Securities and Exchange Board of India (SEBI) is being conducted by Ranjana Mimani & Associates, Practicing Company Secretaries. The paid up Share Capital of the Company stands at Rs. 10,47,39,880/- (Rupees Ten Crores Forty Seven Lakh Eighty Thirty Nine Thousand and Eight Hundred and Eighty Only).

#### **6. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In accordance with the provisions of the Section 152 Companies Act, 2013 read with applicable Rules, if any, Mrs. Jayshree Lakhota (holding DIN 05357609), retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

Mr. Madhusudhan Lakhota is the Managing Director of the Company and Mr. Vivek Rathi is the Chief Financial Officer of the Company.

Mr Harish Khajanchi ceased to be a Director with effect from 30<sup>th</sup> May, 2015 and Mr Krishna Jhawar, ceased to be a Director with effect from 10<sup>th</sup> May, 2016. Further Mr. Ashok Khajanchi was appointed as Executive Director w.e.f August 17, 2016.

Based on the confirmations received from Directors, none of the Directors are disqualified from appointment under Section 164 of the Companies Act 2013.

#### **7. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, the Board of Directors of the Company state that—

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation and there are no material departures from the same;
- 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 viz. March 31, 2016 and of the profit and loss of the company for that period;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis; and
- e) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively 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.

#### **8. PUBLIC DEPOSITS**

The Company has neither invited nor accepted any public deposits during the period under review.

#### **9. CORPORATE SOCIAL RESPONSIBILITY :**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company.

#### **10. NUMBER OF MEETINGS OF BOARD OF DIRECTORS**

During the Financial Year 2015-16, the Board of Directors of the Company met on April 15, 2015, May 15, 2015, May 30, 2015, July 03, 2015, August, 26 2015, , September 03, 2015, October 29, 2015, December 08, 2015, February 12, 2016 and March 31, 2016.

Frequency and quorum at these meetings were in conformity with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements), 2015 entered into by the

company with the Stock Exchanges. All the Board members and the senior management personnel have affirmed compliance with the Code of Conduct during the year ended on 31<sup>st</sup> March, 2016.

#### **11. EXTRACT OF ANNUAL RETURN**

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in **MGT 9** as a part of this Annual Report as **Annexure I**.

#### **12. PARTICULAR OF EMPLOYEES AND RELATED DISCLOSURES**

Particulars of employees as required u/s 134 of the Companies Act, 2013 are not annexed since there are no employees drawing remuneration of more than Rs. 60,00,000/- per annum during the year under review, if employed for full year or more than Rs. 5,00,000/- per month, if employed for part of the year.

Further the information required pursuant to Section 197 of the Companies Act, 2013 (the Act) read with Rule, 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Compliance Officer in this regard.

#### **13. DECLARATION OF INDEPENDENCE BY INDEPENDENT DIRECTORS:**

All the Independent Non-Executive Directors of the Company viz. Mr. Vicky Jain, Mr. Sajan Choudhary and Mr. Shailesh Mistry, have submitted the declaration of independence as required pursuant to Section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Independent Directors have also confirmed that they have complied with the Company's Code of Conduct.

#### **14. AUDIT COMMITTEE**

The composition of Audit Committee as on March 31, 2016 is as follows:

<b>Name of Directors</b>	<b>Designation in Committee</b>	<b>Nature of Directorship</b>
Mr. Vicky Jain**	Chairman	Independent Director
Mr. Shailesh Mistry	Member	Independent Director
Mr. Madhusudan Lakhota	Member	Managing Director

\*\*Vicky Jain Resigned from office of Director w.e.f 24<sup>th</sup> August, 2016

During the Financial Year 2015-16, Audit Committee met on April 15, 2015, May 30, 2015, August, 26, 2015, October 29, 2015 and February 12, 2016.

.All the recommendations made by the audit committee were accepted by the Board Frequency and quorum at these meetings were in conformity with the provisions of the Companies Act, 2013, Listing Agreement and SEBI (LODR) Regulations, 2015 entered into by the company with the Stock Exchanges.

#### **15. NOMINATION AND REMUNERATION COMMITTEE**

The Company follows a policy on "Nomination and Remuneration of Directors, Key managerial Personnel and Senior Management". The Policy adopted by the Company's Nomination and Remuneration Committee is as per **Annexure II**.



## **16. CONTRACTS AND ARRANGEMENT WITH RELATED PARTY**

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. The Company has developed a Related Party Transactions Policy for purpose of identification and monitoring of such transactions. **Form AOC 2** is attached as **Annexure III** to this report.

## **17. MANAGEMENT DISCUSSION AND ANALYSIS**

As required under SEBI (LODR) Regulations, 2015 with the Stock Exchanges, the Management Discussion and Analysis Report is annexed herewith the Annual Report.

## **18. STATUTORY AUDITORS**

The Statutory Auditors of the Company are M/s. Sabadra & Sabadra, Chartered Accountants having ICAI Firm Registration Number 108921W, have audited the Financial Statements of the Company for the period April 01, 2015 to March 31, 2016.

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 the appointment of Statutory Auditors for the Financial Year 2016-17 needs to be ratified by the members.

The letter received from M/s. Sabadra & Sabadra, Chartered Accountants also states that their appointment, if made, is as per eligibility required to be confirmed under Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

Your Directors seek ratification from the members for the appointment M/s. Sabadra & Sabadra, Chartered Accountants, as the Statutory Auditors of your Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the 11th Annual General Meeting of the Company.

## **19. SECRETARIAL AUDITORS**

The Board of Directors have appointed M/s R. M Mimani & Associates as Secretarial Auditors to conduct Secretarial Audit for the Financial Year 2015-16.

The Secretarial Audit Report issued by M/s R. M Mimani & Associates, Company Secretaries in Practice is self explanatory and does not call for further comments. The Secretarial Audit Report and Management reply on Qualifications stated in the said Secretarial report forms a part of Directors Report in **Annexure IV**.

## **20. BUSINESS RISK MANAGEMENT**

The Company has a robust Business Risk Management (BRM) framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risks trend, exposure and potential impact analysis at a Company level as also separately for business. The Company has adopted risk management policy.

## **21. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

### **I. Conservation of Energy**

Your Company is continuously taking initiatives to ensure the optimum utilization of energy available in day to day operations. Your Company uses energy efficient lighting devices, light fittings to save energy, capacitor bank / devices to maintain power factor which are environment and power efficient.

## **II. Technology Absorption**

Your Company is doing its business by ensuring optimum utilization of its available resources. Your Company has not taken any research & development activity so far.

## **III. Foreign Exchange Earnings and Outgo**

The Company has not incurred in foreign currency during the financial year 2015-16.

## **22. INTERNAL FINANCIALS CONTROLS**

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 were observed.

## **23. BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and provisions of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Compliance Committee, Nomination and Remuneration Committee and Stakeholders Relation Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

## **24. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has always believed in providing a safe and harassment free workplace for every individual through various interventions and practices.

The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Company has in place an Anti-Sexual Harassment Policy. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy

The following is a summary of sexual harassment complaints received and disposed off during the year 2015-16

- Number of complaints received: NIL
- Number of complaints disposed off: NIL

## **25. MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis Report for the year under review as stipulated under SEBI (LODR) Regulations, 2015 is presented in a separate section forming part of this Annual Report for the year ended 31st March 2016.

## **26. CORPORATE GOVERNANCE**

The Company is committed to maintain high standards of corporate governance and adhere to corporate governance requirement set out by SEBI. The report of corporate governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms an integral part of the report. The Compliance certificate from the auditors or practicing Company Secretaries regarding compliance of conditions of corporate governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be annexed with the report.

**27. AUDITORS' REPORT**

Notes to Accounts and Auditors remarks in their report are self-explanatory and do not call for any further comments.

**28. VIGIL MECHANISM AND WHISTLE BLOWER POLICY**

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Agreement, includes an Ethics & Compliance Task Force comprising senior executives of the Company. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Task Force or to the Chairman of the Audit Committee.

The Vigil Mechanism / Whistle Blower Policy has been uploaded on the Company's Website i.e [www.lakhotiapoly.in](http://www.lakhotiapoly.in)

**29. PARTICULARS OF LOANS GIVEN, OR INVESTMENTS MADE**

Particulars of loans given, investments made, along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the financial statement. (Please refer the standalone financial statement).

**30. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

**31. HUMAN RESOURCES**

Your Company treats its "human resources" as one of its most important assets. Your Company continuously invest in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

**32. CODE OF CONDUCT**

The Board has laid down a Code of Conduct for all Board members and senior management personnel of the Company, which is available on website of the company i.e. [www.lakhotiapoly.in](http://www.lakhotiapoly.in). The Company has obtained confirmations for the compliance with the said code from all its Board members and senior management personnel for the year ended March, 31, 2016.

**33. CAUTIONARY STATEMENT**

Statements in this Report, Management Discussion and Analysis, Corporate Governance, Notice to the Shareholders or elsewhere in this Annual Report, describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statement' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied in the statement depending on the Market conditions and circumstances.

### **34. ACKNOWLEDGEMENTS**

The Directors wish to thank and deeply acknowledge the co-operation, assistance and support extended by the Regulatory Authorities, Company's Bankers, Customers, Shareholders and other business constituents during the year under review.

The Directors also wish to place on record their appreciation for all round co-operation and contribution made by employees at all levels.

**By Order of the Board of Director**

**Date: September 06, 2016**

**Place: Nashik**

**Sd/-**

**Madhusudhan Lakhotia**

**(Managing Director)**

**Sd/-**

**Jayshree Lakhotia**

**(Executive Director)**

**ANNEXURE I  
FORM NO. MGT 9**

**EXTRACT OF ANNUAL RETURN  
As on financial year ended on 31.03.2016**

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

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	L17120MH2005PLC155146
2.	Registration Date	05/08/2005
3.	Name of the Company	<b>LAKHOTIA POLYESTERS (INDIA) LIMITED</b>
4.	Category / Sub-category of the Company	Public Company Limited by Shares
5.	Address of the Registered Office and Contact details	158/159 SamarathaSahkariAydyogikVasahat Ltd. Pimpal- Gaon (Baswant), Tal Niphad, District Nashik, Maharashtra- 422209 <b>Tel:</b> +91 2550-252300, <b>Fax:</b> +91 2550-252300 <b>Website:</b> www.lakhotiapoly.in, <b>Email:</b> <a href="mailto:info@lakhotiapoly.in">info@lakhotiapoly.in</a>
6.	Whether listed company	Yes
7.	Name, Address & contact details of The Registrar & Transfer Agent, if any.	<b>Sharex Dynamic (India) Private Limited</b> Luthra Ind Premises, Unit-1, Safeed Pool, Andheri Kurla Road, Andheri (East), Mumbai - 400 072 <b>Contact No:</b> 022 - 28515606, 28515644 <b>Email:</b> sharexindia@vsnl.com, <b>Website:</b> http://www.sharexindia.com

**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 Product or Service	NIC Code of Product/Service	% of Total Turnover of the Company
1.	17297	Mfg. Metallized Yarn	80%
2.	17121	Gery Cloth Manuf.	20%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

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

#### IV. SHARE HOLDING PATTERN

##### (Equity Share Capital Breakup as percentage of Total Equity)

###### i. Category-wise Shareholding:

Category of Shareholders	No. Of Shares held at the beginning of the year (As on April 01 , 2015)				No. Of Shares held at the end of the year (As on March 31, 2016)				% Change during The year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
<b>1) Indian</b>									
a) Individual / HUF	33,28,388	-	33,28,388	31.78	33,28,388	-	33,28,388	31.78	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total(A)(1):-</b>	<b>33,28,388</b>	<b>-</b>	<b>33,28,388</b>	<b>31.78</b>	<b>33,28,388</b>	<b>-</b>	<b>33,28,388</b>	<b>31.78</b>	<b>-</b>
<b>2) Foreign</b>									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	-	-	-	-	-	-	-	-	-
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total(A)(2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-

f) Insurance Companies	-	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
i) Others - Market Maker	-	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1)</b>	-	-	-	-	-	-	-	-	-	-
<b>2. Non Institutions</b>										
a) Bodies Corp.	66,23,136	-	66,23,136	63.23	66,09,061	-	66,09,061	63.10	-0.13	-
(i) Indian										
(ii) Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals										
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	9,664	-	9664	0.09	3,77,639	-	26293	0.25	-	-
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	5,12,800	-	5,12,800	4.90	1,58,900	-	510246	4.87	-	-
c) Others – NRI	-	-	-	-	-	-	-	-	-	-
d) Others – Clearing Members	-	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (2)</b>	<b>71,45,600</b>	-	<b>71,45,600</b>	<b>68.22</b>	<b>71,45,600</b>	-	<b>71,45,600</b>	<b>68.22</b>	-	-
<b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>	<b>71,45,600</b>	-	<b>71,45,600</b>	<b>68.22</b>	<b>71,45,600</b>	-	<b>71,45,600</b>	<b>68.22</b>	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>1,04,73,988</b>	-	<b>1,04,73,988</b>	-	<b>1,04,73,988</b>	-	<b>1,04,73,988</b>	<b>100</b>	-	-

**i. Shareholding of Promoters:**

Sr. No	Shareholder's Name	Shareholding at the beginning of the year i.e April 01, 2015			Shareholding at the end of the year i.e March 31, 2016			% 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.	Madhusudan Shyamsunder Lakhota HUF	203000	1.94	-	203000	1.94	-	-
2.	Shymasunder D hanraj Lakhota	271376	2.95	-	271376	2.95	-	-
3.	Dhanraj Nihalchand Lakhota	193844	1.85	-	193844	1.85	-	-
4.	Madhusudan S Lakhota	1409380	13.46	-	1409380	13.46	-	-
5.	Shyamsunder D Lakhota	359100	3.43	-	359100	3.43	-	-
6.	Jayshree Lakhota	155064	1.48	-	155064	1.48	-	-
7.	Kanchandevi Shyamsunder Lakhota	736624	7.03	-	736624	7.03	-	-
	<b>Total</b>	<b>33,28,388</b>	<b>31.78</b>	<b>-</b>	<b>33,28,388</b>	<b>31.78</b>	<b>-</b>	<b>-</b>

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

Sr. no	Name of the Promoter	Shareholding at the beginning of the year i.e April 01, 2015		Shareholding at the end of the year i.e March 31, 2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Madhusudan Shyamsunder Lakhota HUF	2,03,000	1.94	2,03,000	1.94
2.	Shymasunder D hanraj Lakhota HUF	2,71,376	2.95	2,71,376	2.95
3.	Dhanraj Nihalchand Lakhota	1,93,844	1.85	1,93,844	1.85
4.	Madhusudan S Lakhota	14,09,380	13.46	14,09,380	13.46
5.	Shyamsunder D Lakhota	3,59,100	3.43	3,59,100	3.43
6.	Jayshree Lakhota	1,55,064	1.48	1,55,064	1.48
7.	Kanchandevi Shyamsunder Lakhota	7,36,624	7.03	7,36,624	7.03



iii. **Change in Top Ten Shareholders (Other than Directors, Promoters and Holders of ADRs and GDRs)**

Sr. no	Name of Shareholder	Shareholding at the beginning of the year i.e April 01, 2015		Cumulative Shareholding during the year i.e March 31, 2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Sanwaria Vincomm Private Limited	30,80,000	29.41	23,80,000	22.72
2.	Sanjoyog Trade-Link Private Limited	17,24,800	16.47	17,04,800	16.28
3.	Intensive Softshare Pvt.Ltd.	9,61,600	9.18	0	0
4.	Shatrunjaya Estates Private Limited	8,40,000	8.02	24,98,992	23.86
5.	Vijaykumar Mukhiya	53,600	0.51	74,000	0.71
6.	Bharat B Mishra Huf	32,400	0.31	62,500	0.60
7.	Usha Bajaj	23,600	0.23	13,600	0.13
8.	Anita Dynaneshwar Aiwale	11,200	0.11	11,200	0.11
9.	Alka J Shah	11,200	0.11	11,200	0.11
10.	Punam Chand Bajaj	22,400	0.21	14,138	0.14
11.	Vijaylaxmi Bajaj	22,400	0.21	22,400	0.21

iv. Shareholding of Directors and Key Managerial Personnel

Sr. no	For each of the Directors and KMP	Shareholding at the beginning of the year (April 01, 2015)		Cumulative Shareholding during the year (March 31, 2016)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr.Madhusudan Lakhotia	14,09,380	13.46	14,09,380	13.46
2.	Mrs.Jayshree Lakhotia	1,55,064	1.48	1,55,064	1.48
3.	Mr.KrishnakumarJhawar	-	-	-	-
4.	Mr.Sajan Choudhary	-	-	-	-
5.	Mr.Shailesh Mistry	-	-	-	-
6.	Mr. Vicky Jain	-	-	-	-

**V. INDEBTEDNESS :**

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,90,54,927	22,67,691	-	3,13,22,617
ii) Interest due but not paid			-	-
iii) Interest accrued but not			-	-
<b>Total (i+ii+iii)</b>	<b>2,90,54,927</b>	<b>22,67,691</b>		<b>3,13,22,617</b>
Change in Indebtedness during the financial year				
- Addition	56,96,548	61,96,812	-	1,18,93,360
- Reduction	-	-	-	-
<b>Net Change</b>	<b>56,96,548</b>	<b>61,96,812</b>		<b>1,18,93,360</b>
Indebtedness at the end of the financial year				
i) Principal Amount	3,47,51,475	84,64,503	-	4,32,15,977
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due			-	
<b>Total (i+ii+iii)</b>	<b>3,47,51,475</b>	<b>84,64,503</b>		<b>4,32,15,977</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors, Executive Directors and/or Manager

Sl. No.	Particulars of Remuneration	Mr. Madhusudan Lakhota - Managing Director	* Mr. Harish Khajanchi	** Mr. Krishna Jhavar - Executive Director	Mrs. Jayshree Lakhota - Executive Director	Total Amount
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,80,000.00	50,000	3,00,000.00	2,40,000.00	10,70,000.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.00	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00	0.00	0.00
2.	Stock Option	0.00	0.00	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00	0.00	0.00
4.	Commission	0.00	0.00	0.00	0.00	0.00
	- as % of profit	0.00	0.00	0.00	0.00	0.00
	- others specify...	0.00	0.00	0.00	0.00	0.00
5.	Others please specify (Int)	0.00	0.00	0.00	0.00	0.00
6.	<b>Total (A)</b>	<b>4,80,000.00</b>	<b>50,000</b>	<b>3,00,000.00</b>	<b>2,40,000.00</b>	<b>10,70,000.00</b>

\* Director Remuneration Rs.50,000 Paid to Mr Harish Khajanchi who, ceased to be an Executive Director with effect from 30<sup>th</sup> May, 2015.

\*\* Mr Krishna Jhavar, ceased to be an Executive Director with effect from 10<sup>th</sup> May, 2016.

**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of Director			Total Amount
		Mr. Sajan Choudhary (Independent Director)	Mr. Shailesh Mistry (Independent Director)	Mr. Vicky Jain (Independent Director)	
1	Independent Directors - Fee for attending board committee meetings - Commission - Others please specify	-	-	-	-
2	Total(1)	-	-	-	-
3	Other Non-Executive Directors · Fee for attending board committee meetings · Commission · Others, please specify	-	-	-	-
4	Total(2)	-	-	-	-
5	Total(B)=(1+2)	-	-	-	-
6	Total Managerial Remuneration	-	-	-	-

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		Chief Executive Officer	Company Secretary	Chief Financial Officer **	Total
1	Gross salary  (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961  (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	2,41,090	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission  - as % of profit  - others specify...	-	-	-	-
5	Others, please specify	-	-	-	-
6	Total	-	-	2,41,090	-

\* Mr. Vivek Rathi was appointed as the Chief Financial Officer of the Company w.e.f August 26, 2015

**D. PENALTIES/PUNISHMENT/COMPOUNDING 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	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. Directors					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. Other Officers In Default					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

## ANNEXURE II

### NOMINATION AND REMUNERATION POLICY OF THE COMPANY

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.

The Board of Directors of **LAKHOTIA POLYESTERS (INDIA) LIMITED** ("the Company") re-constituted the "Nomination Committee" as "Nomination and Remuneration Committee" consisting of three (3) Non-Executive Directors of all are Independent Directors. The 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:

#### OBJECTIVE:

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and provisions of the Listing Regulation. The Key Objectives of the Committee would be:

- I. To guide the Board and lay down criteria in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- II. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- III. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- IV. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- V. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- VI. To devise a policy on Board diversity,
- VII. To develop a succession plan for the Board and to regularly review the plan.

The Nomination and Remuneration Policy has been formulated in order to bring about objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on May 30, 2015.

#### DEFINITIONS:

- I. "Act" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
- II. "Board" means Board of Directors of the Company.
- III. "Directors" mean the Directors of the Company.
- IV. "Key Managerial Personnel" (KMP) means:
  - Chief Executive Officer or the Managing Director or the Manager;
  - Whole-time director;
  - Chief Financial Officer;
  - Company Secretary; and
  - Such other officer as may be prescribed under the Act.

"Senior Management" mean personnel of the company who are members of its core management

team excluding the Board of Directors and KMPs, comprising of all members of management one level below the Executive Directors including Functional Heads.

#### **CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE:**

The Nomination and Remuneration Committee comprises of following Directors as on March 31, 2016:

<b>Name of Directors</b>	<b>Designation in the Committee</b>	<b>Nature of Directorship</b>
Mr. Shailesh Mistry	Chairman	Independent Director
Mr. Sajan Choudhary	Member	Independent Director
Mr. Vicky Jain	Member	Independent Director

\*\*Vicky Jain Resigned from office of Director w.e.f 24<sup>th</sup> August, 2016

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

#### **APPLICABILITY**

The Policy is applicable to:

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

#### **ROLE OF 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.

#### ➤ **Appointment criteria and qualifications:**

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. Criteria for identifying persons who are qualified to be appointed as a Directors / KMP /Senior Management Personnel of the Company:

##### **a) Directors**

Section 164 of the Companies Act, 2013 states disqualifications for appointment of any person to become Director of any Company. Any person who in the opinion of the Board is not disqualified to become a Director, and in the opinion of the Board, possesses the ability, integrity and relevant expertise and experience, can be appointed as Director of the Company.

##### **b) Independent Directors**

For appointing any person as an Independent Director he/she should possess qualifications as



mentioned in Rule 5 of The Companies (Appointment and Qualification of Directors) Rules, 2014

### **c) Senior Management Personnel and KMP**

The Company has an hierarchy structure displaying positions of Senior Management including KMP and other positions with the minimum qualifications and experience requirements for each positions which commensurate with the size of its business and the nature and complexity of its operations. Any new recruit in the Company is to match the requirements prescribed in the hierarchy structure of the Company.

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.

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**

##### **a) 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.

##### **b) Independent Director:**

The maximum tenure of Independent Directors shall be in accordance with the Companies Act, 2013 and clarifications/ circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time

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 or such other number as may be prescribed under the Act.

#### ➤ **Evaluation**

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

##### **a) Criteria for evaluating Non-executive Board members:**

Section 149 of the Companies Act, 2013 read with Schedule IV of the said Act states that the Independent Directors shall at its separate meeting review performance of non-independent directors and the Board as a whole and the performance evaluation of Independent Directors shall be done by the entire Board of Directors excluding the Director being evaluated.

##### **b) Criteria for evaluating performance of Key Managerial Personnel and Senior Management Personnel**

Criteria for evaluating performance of KMP and Senior Management Personnel shall be as per the HR Guideline on Performance Management System and Development Plan of the Company.

#### ➤ **Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules

and regulations thereunder, 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 Act 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.

#### **REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL**

The remuneration 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.

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 Act.

#### **SITTING FEES**

Board is empowered to fix the sitting fees for the Directors, however, the amount of such fees shall not exceed such amount as may be prescribed by the Central Government from time to time per meeting of the Board or Committee.

#### **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 provisions of Section 197 the Companies Act, 2013.

#### **STOCK OPTIONS**

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

#### **MEMBERSHIP, FREQUENCY OF MEETINGS**

Chairperson of the Committee shall be an Independent Director. The Committee shall consist of a minimum 3 non-executive directors. Membership of the Committee shall be disclosed in the Annual Report. Term of the Committee shall be continued unless terminated by the Board of Directors. The meeting of the Committee shall be held at such regular intervals as may be required.

#### **MINUTES OF COMMITTEE MEETING**

Proceedings of all meetings must be minutised and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

#### **COMMUNICATION OF THIS POLICY**

For all Directors, a copy of this Policy shall be handed over within one month from the date of approval by the Board. This Policy shall also be posted on the web-site of the Company and in the Annual Report of the Company.

## **AMENDMENT**

Any change in the Policy shall, on recommendation of Nominations and Remuneration Committee, be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

### ANNEXURE III

#### Form No. AOC-2

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

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

**1. Details of contracts or arrangements or transactions not at arm's length basis: Nil**

- a. Name(s) of the related party and nature of relationship: N.A.
- b. Nature of contracts/arrangements/transactions: N.A.
- c. Duration of the contracts / arrangements/transactions: N.A.
- d. Salient terms of the contracts or arrangements or transactions including the value, if any: N.A.
- e. Justification for entering into such contracts or arrangements or transactions: N.A.
- f. Date(s) of approval by the Board: N.A.
- g. Amount paid as advances, if any: N.A.
- h. Date on which the special resolution was passed in general meeting as required under first proviso to section 188: N.A.

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

Name of the party	Nature of Relationship	Amount	Nature of Transaction and approved by Board of Directors	Date of Approval by Board	Amount paid as Advances	Duration of Contracts/Arrangements/Transactions	Salient terms of Contracts/Arrangements/Transactions
Madhusudan Lakhota	Director	90,000	Rent paid	April 15, 2015	Nil	N.A	N.A
Kanchandevi Lakhota	Mother of Director	1,80,000	Rent	April 15, 2015	Nil	N.A	N.A
Sujata Lakhota	Daughter of Director	3,22,500	Salary	April 15, 2015	Nil	N.A	N.A
Madhusudan Lakhota HUF	HUF of Director	8,85,639	Commission	April 15, 2015	Nil	N.A	N.A
Jagdish Fabrics	Prop. Firm of Shyamsunder Lakhota	15392889 60,000	Purchase & Job Work Rent	April 15, 2015	Nil	N.A	N.A

## MR-3

**Secretarial Audit Report for the financial year ended on March 31, 2016**

[Pursuant to Section 204(1) of the Companies Act, 2013 and the Rule 9 of the companies (Appointment and remuneration of managerial personnel) Rule, 2014]

**The Members****Lakhotia Polyesters (India) Limited****Nashik**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Lakhotia Polyesters (India) Limited** (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 books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

1. The Companies Act, 2013 (**the Act**) and the Rules made there-under;
2. The Securities Contracts (Regulation) Act, 1956 ('**SCRA**') and the Rules made there-under;
3. The Depositories Act, 1996 and the Regulations and bye-laws framed there-under;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there-under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('**SEBI Act**') to the extent applicable to the Company;
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
6. Other law applicable specifically to the Company, as detailed below;
  - a. Water (Prevention and control of Pollution) Act, 1981
  - b. Air (Prevention and Control of Pollution), Act, 1974

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India
- (ii) The SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015
- (iii) The listing agreement entered into by the Company with Stock Exchange in India.

We report that, during the financial year under review, the Company has complied with the provisions of the Act, rules, regulations, guidelines as mentioned above, subject to the following:

- (i) *The Company has not complied with the provisions of section 203 of the Companies Act 2013 and of regulation 6 of the SEBI (Listing obligation and Disclosure Requirements) Regulations, 2015 with regard to the appointment of Company Secretary and Compliance officer of the Company.*
- (ii) *The Company has not filed the of various forms/returns as required under in terms of provisions of section 92(1), 134, 179 and other applicable provisions of Companies Act, 2013 during the financial year ended on March 31, 2016*

We further report that, there was no action/event in pursuance of;

- a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- b) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- c) The Securities and Exchange Board of India (Issue of Debt Securities) Regulations, 2008
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999

We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company and test verification on random basis carried out for compliances under other applicable Acts, Laws and Regulations to the Company

The compliance by the Company of the applicable direct tax laws, indirect tax laws and other financial laws has not been reviewed in this Audit, since the same have been subject to review by the other designated professionals and being relied on the reports given by such designated professionals.

We further report that, based on the information provided and representation made by the Company and also on the review of compliance reports taken on record by the Board of Directors of the Company, in our opinion adequate system and process exists in the company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable general laws like labour laws, competition law and environmental laws.

We further report that the Board of Directors of the Company is duly constituted to the extent of Executive, Non-Executive and Independent Directors during the financial year. There is no change in the composition of the Board of Directors of the Company during the financial year under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally at least seven days in advance, and in view of the non-existence formal system, we are not in position to comment on existence of system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.,

As per the minutes of the meeting duly recorded and signed by the Chairman, majority decision carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there were no specific events/actions in pursuance of any of the above referred laws, rules, regulations, guidelines etc., having a major bearing on the Company affairs.

**For R M MIMANI & ASSOCIATES LLP  
[COMPANY SECRETARIES]**

**RANJANA MIMANI  
(PARTNER)**

FCS No: 6271

CP No: 4234

Place: Mumbai

Dated: 6<sup>th</sup> September, 2016

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

To,  
The Members  
**Lakhotia Polyesters (India) Limited**  
**Nashik**

Our Secretarial Audit 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 the 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. Where ever required, we have obtained the Management Representation about the compliance of laws, rules and regulation and happening of events etc.;
5. 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 procedure on test basis;
6. 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.

For **R M MIMANI & ASSOCIATES LLP**  
**[COMPANY SECRETARIES]**

**RANJANA MIMANI**  
**(PARTNER)**

FCS No: 6271

CP No: 4234

Place: Mumbai

Dated: 6<sup>th</sup> September, 2016



## MANAGEMENT REPLY FOR QUALIFICATIONS MENTIONED IN THE SECRETARIAL AUDITORS' REPORT

Dear Members,

With Reference to the captioned subject matter, please find below the Management Reply to the qualifications mentioned in the Secretarial Auditors' Report.

- (i) *The Company has not complied with the provisions of section 203 of the Companies Act 2013 and of regulation 6 of the SEBI (Listing obligation and Disclosure Requirements) Regulations, 2015 with regard to the appointment of Company Secretary and Compliance officer of the Company.*

**Management Reply:** The Company has given newspaper advertisement for requirement of Company Secretary in the Financial Year 2015-16. However the Company could not find suitable Candidate for the appointment. The Company is in process of appointing Company Secretary.

- (ii) *The Company has not filed the of various forms/returns as required under in terms of provisions of section 92(1), 134, 179 and other applicable provisions of Companies Act, 2013 during the financial year ended on March 31, 2016*

**Management Reply:** Company has already filed Form MGT 7 for Annual Return and company has not filed AOC 4 – Xbrl for Financial Year 2014-2015 due to non availability of Form in MCA website. However, the complaint for the same has been raised.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Overview:**

The company specializes in lacquered metallised polyester film which finds application primarily in the textile and apparel industry. The grade of coated polyester film produced is used extensively in the manufacture of metallic yarns.

The process of metalizing polyester or polymer films leads to a product that is glossy and shiny in its appearance. The process of metalizing involves the layering or coating of polymers with aluminum. The result is a reflective surface which reduces the vulnerability of the material to sunlight, moisture and air. Polyester coated films are available in different grades and specifications and find use across a varied number of industries from flexible packaging, shrink labels, cable insulation, and magnetic media to textiles and decorations.

### **Industry, Structure & Developments:**

In the early days metallic yarns were limited to silver and gold variants. However, today every conceivable shade of colour is reproducible. The ability to read market trends and cater to unique shades, differentiates one company from another and determines the demand pull for metallic yarns. While the industry is fairly organized, there exist a large number of players within the metallic yarn segment. There are few companies that specialize solely in catering to the metallic yarn segment, with most players producing a large array of metallised polyester films which cater primarily to the needs of the flexible packaging industry.

### **Operational Performance**

During the current period of operation, your company has shown an increase in the revenue to the extent of 67.51 % from Rs 1357.01 Lakhs during FY 2014-15 to Rs 2273.19 Lakhs during FY 2015-16. Profit after Tax of the company has decreased to Rs (142.25) lakhs during FY 2015-16 as compared to Rs 11.36 Lakhs during FY 2014-15.

### **Outlook**

According to International Monetary Fund (IMF), growth in advanced economies is projected to rise by 0.2 percentage points in 2016 to 2.1 percent, and hold steady in 2017. Growth in emerging markets and developing economies is projected to increase from 4 percent in 2015 - the lowest since the 2008 - 09 financial crisis - to 4.3 and 4.7 percent in 2016 and 2017, respectively. India continues to remain a bright spot in an overall gloomy global economy. As per the World Economic outlook released by the IMF, India will be the fastest growing major economy in 2016-17 growing at 7.5%, ahead of China, at a time when global growth is facing increasing downside risks. India's growth is expected to continue to be driven by private consumption, which has benefited from lower energy prices and higher real incomes. With the revival of sentiment and pickup in industrial activity, a recovery of private investment is expected to further strengthen growth. Your company is well poised to benefit from the revival of industrial activity in the Indian economy.

### **Risk & Concerns**

The largest component of costs involved in making flexible packaging film is attributable to raw materials.

Given the volatile trend in polyesters and demand for polyesters for competing applications the pressure on input costs can be expected to fluctuate.

### **Adequacy of Internal Control System**

The Company has adequate internal control systems for the business processes in respect of all operations, financial reporting, compliance with laws and regulations etc. The management information system forms an effective and sound tool for monitoring and controlling all operating parameters. Regular internal audits ensure that responsibilities are executed effectively. The Audit Committee reviews the adequacy of internal controls on regular basis.

### **Human Resource Development**

The Company recognizes that its human resource is its strength in realizing its goals and objectives.

### **Cautionary Statement**

The Statement in this Management Discussion and Analysis report, describing the Company's outlook, projections, estimates, expectations or predictions may be "Forward looking Statements" within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied.

**Date: September 06, 2016**

**Place: Nashik**

**By Order of the Board of Directors**

**Sd/-**

**Madhusudhan Lakhotia**

**Managing Director**

## CORPORATE GOVERNANCE REPORT

### Corporate Governance

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2016, in terms of Regulations 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

Your Company believes that Corporate Governance is powerful medium to sub serve the long-term interest of all the shareholders, creditors, customers, employees and other stakeholders. Corporate Governance strengthens Investors and Creditors trust and ensures a long-term partnership that helps in fulfilling our quest for achieving significant growth and profits. Your Company is committed to benchmarking itself with good governance and operates with transparency, professionalism, good conduct and value based systems.

#### 2. BOARD OF DIRECTORS

The Board of Directors along with its Committees provide leadership and guidance to the Company's management and direct, supervises and controls the performance of the Company. The strength of Board of Directors is 6 (Six) as on March 31, 2016, whose composition and category is given below:

Three - Executive Directors

Three - Independent Directors

The composition of the Board also complies with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015

##### A) The Constitution of the Board as on March 31, 2016

The Composition of the Board of Directors and also the number of other Board of Directors or Board Committees of which they are member/ Chairman are given below:

Sr. No.	Directors	Category	No. of Other Directorship		No. of Other Committee positions	
			Public	Private	Member	Chairman
1	Mr. Madhusudan Lakhotia	Managing Director	0	0	1	0
2	Mrs. Jayshree Lakhotia	Executive Director	0	0	0	0
3	Mr. Krishnakumar Jhavar*	Executive Director	0	0	0	0
4	Mr. Sajan Choudhary	Independent Director	0	0	2	0
5	Mr. Shailesh Mistry	Independent Director	0	0	1	2
6	Mr. Vicky Jain**	Independent Director	0	1	2	1

\* Krishna Jhavar resigned from office of Director w.e.f 10<sup>th</sup> May, 2016

\*\*Vicky Jain resigned from office of Director w.e.f 24<sup>th</sup> August, 2016

None of the Directors hold directorship in more than 20 Public Limited Companies nor is a member in more than ten committees or acts as chairman of more than 5 committees across all the companies in which they are Directors.

## B) Attendance of Each Director at the Board Meetings and the Last Annual General Meeting:

Sr. No.	Name of the Directors	Category of Directorship	No. of Board Meeting Attended	Attendance at the Last AGM held on 30.09.2015
1	Mr.Madhusudan Lakhotia	Chairman and Managing Director	10	Present
2	Mrs.Jayshree Lakhotia	Executive Director	10	Present
3	Mr. Krishna Jahwar	Executive Director	10	Present
4	Mr.SajanChoudhary	Independent Director	10	Present
5	Mr.ShaileshMistry	Independent Director	10	Present
6	Mr. Vicky Jain	Independent Director	10	Present

\* Krishna Jahwar Resigned from office of Director w.e.f 10<sup>th</sup> May, 2016

\*\*Vicky Jain Resigned from office of Director w.e.f 24<sup>th</sup> August, 2016

During the Financial Year 2015-16, the Board of Directors of the Company met on April 15, 2015, May 15, 2015, May 30, 2015, July 03, 2015, August, 26 2015, , September 03, 2015, October 29, 2015, December 08, 2015, February 12, 2016 and March 31, 2016.

### Procedure

The Companies Act, 2013 read with the relevant rules made there under, now facilitates the participation of a Director in Board / Committee Meetings through video conferencing or other audio visual mode. Accordingly, the option to participate in the Meeting through video conferencing was made available for the Directors except in respect of such Meetings/Items which are not permitted to be transacted through video conferencing.

The Board periodically reviews the items required to be placed before it and in particular reviews and approves quarterly/half yearly un-audited financial statements and the audited annual financial statements, corporate strategies, Company's performance, business plans, annual budgets, projects and capital expenditure, review of the reports of the Audit Committee and compliance with their recommendation, suggestion, compliance of any regulatory, statutory or listing requirements, etc. Statutory Auditors are also requested to attend the Board or Committee meeting as and when required. It monitors overall operating performance and reviews such other items which require Board's attention. It directs and guides the activities of the Management towards the set goals and seeks accountability. It also sets standards of corporate behaviour, ensures transparency in corporate dealings and compliance with laws and regulations. The Agenda for the Board Meeting covers items set out as per the SEBI (LODR) Regulations, 2015 to the extent these are relevant and applicable.

### D) Board Training and Familiarisation Program

At the time of appointing a Director, a formal letter of appointment is given. The Directors are familiarised with the History, Vision and Mission of the Company and also explained in details the compliances required from them under Companies Act, 2013 and SEBI (LODR) Regulations, 2015 and other relevant regulations. The Managing Director also has a one-to-one discussion with the newly appointed Director. The above initiative helps the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips them to effectively fulfill his role as a Director of the Company.

### E) Directors Seeking Appointment / Reappointment:

Mrs Jayshree Lakhota retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for reappointment at the ensuing Annual General Meeting..

### 3. COMMITTEES OF THE BOARD

#### a. Audit Committee

The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of SEBI (LODR) Regulations, 2015. The Audit Committee of the Company acts as a supervisor to the Accounting system of the Company which it reports to the Board of Directors of the Company. Members of the committee at present are:

Name of Directors	Designation in Committee	Nature of Directorship	Total Meetings Held during the Year	Meetings Attended by the Member
Mr. Vicky Jain*	Chairman	Independent Director	4	4
Mr. Shailesh Mistry	Member	Independent Director	4	4
Mr. Madhusudan Lakhota	Member	Managing Director	4	4

\*\*Vicky Jain Resigned from office of Director w.e.f 24<sup>th</sup> August, 2016

During the Financial Year 2015-16, Audit Committee met on April 15, 2015, May 30, 2015, August, 26, 2015, October 29, 2015 and February 12, 2016.

#### Terms of reference of the audit committee are broadly defined as under:

The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of SEBI (LODR) Regulations, 2015

#### b. Nomination & Remuneration Committee

As per Section 178 (1) of the Companies Act, 2013, Our Company has constituted a Nomination & Remuneration Committee. The members of the said committee as on March 31, 2016 are:

Name of Directors	Designation in Committee	Nature of Directorship	Total Meetings Held during the Year	Meetings Attended by the Member
Mr. Shailesh Mistry	Chairman	Independent Director	4	4
Mr.Sajan Choudhary	Member	Independent Director	4	4
Mr. Vicky Jain*	Member	Independent Director	4	4

\*Vicky Jain Resigned from office of Director w.e.f 24<sup>th</sup> August, 2016

During the year ended 31st March, 2016, 4 Nomination & Remuneration Committee Meeting were held on the following dates : April 15, 2015, May 30, 2015, October 29, 2015 and February 12, 2016.

**c. Stakeholders Relationship Committee –**

As Companies Act, 2013 ('the Act') have come into force w.e.f April 01, 2014; pursuant to Section 178 of the Act, your Company has re-constituted Shareholders / Investors Grievances & Share Transfer Committee to "Stakeholders Relationship Committee".

The objective of the Committee is to look after various stakeholders' grievances and speedy disposal of the same. The committee is formed to specifically look into the redressal of shareholder and investor complaints.

The members of the committee as on March 31, 2016 are:

Name of Director	Designation in Committee	Nature of Directorship
Mr. Shailesh Mistry	Chairman	Independent Director
Mr. Sajjan Choudhary	Member	Independent Director
Mr. Vicky Jain *	Member	Independent Director

\*Vicky Jain Resigned from office of Director w.e.f 24<sup>th</sup> August, 2016

During the year ended 31st March, 2016, 4 Committee Meetings were held on the following dates : April 15, 2015, May 30, 2015, October 29, 2015 and February 12, 2016.

**d. Risk Management Committee**

Constituting Risk Management Committee is not applicable to our Company.

**e. Independent Directors' Meeting**

During the year under review, the Independent Directors met on March 31, 2016, inter alia, to discuss and review:

- Evaluation of the performance of Non-independent Directors and the Board of Directors as a whole.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.
- 

**4. Policy on Disclosure and Internal procedure for prevention of Insider Trading**

Mr. Vivek Rathi, Compliance Officer is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

**Name, Designation and address of the Compliance Officer:**

**Mr. Vivek Rathi**

158/159 SamarathaSahkariAudyogikVasahat Ltd.

Pimpal- Gaon (Baswant),

Tal Niphad, District Nashik,

Maharashtra- 422209

Tel: +91 2550-252300

Fax: +91 2550-252300

Email address: info@lakhotiapoly.in

### Status of Complaints received, resolved and pending as on 31st March, 2016

Number of Shareholders' Complaints received during the year	Nil
Number of Shareholders' Complaints resolved during the year	Nil
Number of Shareholders' Complaints Pending at the end of the year	Nil

### 5. GENERAL BODY MEETINGS:

The details of date, time and location of annual general meetings held in the last three years are as under:

Year	Date of AGM	Day	Time	Venue
2014-15	30.09.2015	Wednesday	11.00 AM	158/159 SamarathaSahkariAudyogikVasahat Ltd., Pimpal- Gaon (Baswant), Tal.- Niphad, Nashik – 422209, Maharashtra, India
2013-14	16.07.2014	Wednesday	2.30 PM	158/159 SamarathaSahkariAudyogikVasahat Ltd., Pimpal- Gaon (Baswant), Tal.- Niphad, Nashik – 422209, Maharashtra, India
2012-13	13.09.2013	Friday	2.30 PM	158/159 SamarathaSahkariAudyogikVasahat Ltd., Pimpal- Gaon (Baswant), Tal.- Niphad, Nashik – 422209, Maharashtra, India
2011-12	29.09.2012	Saturday	11:00 AM	158/159 SamarathaSahkariAudyogikVasahat Ltd., Pimpal- Gaon (Baswant), Tal.- Niphad, Nashik – 422209, Maharashtra, India

One Special Resolution of re-appointment of Mr. Madhusudan Lakhotia was passed in the Annual General Meeting held on 30.09.2015

#### 1. Report on Corporate Governance:

A separate section on Corporate Governance forms part of the Annual Report. The Company is in full compliance with all the provisions of SEBI (LODR) Regulations, 2015

The Company is compliant with the requirements as prescribed in SEBI (LODR) Regulations, 2015. A Certificate from the Statutory Auditors confirming compliance with all the conditions of Corporate Governance is annexed and forms part of this report.

#### 2. Disclosures:

##### a) Related Party Transaction:

The Company has entered into related party transactions and details are provided in Form AOC 2 and Notes forming the part of the accounts for the year ended 31st March 2016 which is a part of this Annual Report. The disclosure of related party transactions as required by the Accounting Standard (AS) 18 on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India (ICAI) is given. All the transaction covered under related party transaction were fair, transparent and at arm's length.



**b) Disclosure of Accounting Treatment**

The Company has followed all the relevant /applicable Accounting Standards issued by the ICAI while preparing the financial statements.

**c) Statutory Compliance, Penalties and Strictures:**

The Company has complied with all the requirements of the listing agreements with the stock exchanges as well as regulations and guidelines of SEBI. No penalties have been imposed or stricture has been issued by SEBI, stock exchanges or any Statutory Authorities on matters relating to capital markets during the last three years.

The Company has followed all relevant accounting standards notified by the Companies Accounting Standards Rules 2006 and relevant provisions of the Companies Act, 1956/2013 while preparing its financial statements.

**d) Whistle Blower Policy:**

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil mechanism and Whistle blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The reportable matters may be disclosed to the Ethics and Compliance Task Force which operates under the supervision of the Audit Committee. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

**e) Reconciliation of Share Capital Audit:**

In line with the requirements stipulated by Securities and Exchange Board of India (SEBI), Reconciliation of Share Capital Audit is carried out on a quarterly basis by a Practicing Company Secretary to confirm that the aggregate number of equity shares of the Company held in National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and in physical form tally with the total number of issued, paid-up, listed and admitted capital of the Company.

**f) Compliance with mandatory requirements of Corporate Governance**

The Company has complied with the mandatory requirements SME Listing Agreement / Clause 49 of Listing Agreement / Regulation 27 of SEBI (LODR) Regulations, 2015 and submits on quarterly/yearly basis the Corporate Governance reports to the concerned Stock Exchanges.

The provisions of regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (LODR), Regulations, 2015 are fully complied with, to the extent applicable to the Company. All the mandatory disclosure as required in term of the provisions of SEBI (LODR), Regulations, 2015 are disclosed in this report.

**g) Means Of Communication**

Quarterly, Half-Yearly and Annual results of the Company are published in newspapers such as Financial Express (Gujarati) and Financial Express (English). These results are promptly submitted to the BSE Limited. The Company's results and press releases are available on the Company's website [www.lakhotiapoly.in](http://www.lakhotiapoly.in)

**h) Disclosure of Risk Management**

Our risk management process is overseen by the Board of Directors. Our risk management approach and practices continued to focus on minimizing the adverse impact of risks on our business objectives and to enable the Company to leverage market opportunities based on risk-return parity.

**i) Status of Compliance with other requirements:**

- The Board

No separate office was maintained by the Chairman of the Company  
 No separate office was maintained by the present Managing Director of the Company.

- **Modified opinions in audit report**

Not applicable since there is no qualification in the audit reports

- **Reporting of Internal Auditors**

The Internal Auditors directly reported to the Audit Committee

- **Shareholders' Right:**

Quarterly or half yearly financial results including summary of the significant events are presently not being sent to shareholders of the Company. The Company has posted its half yearly and annual financial results on its website i.e. www.lakhotiapoly.in. Quarterly, Half-Yearly and Annual results of the Company are published in newspapers such as Times of India and Maharashtra Times and other newspapers..

### 3. CEO/CFO Certification

The Managing Director and the Chief Financial Officer of the Company have given annual certification on financial reporting and internal controls to the Board in terms of SEBI (LODR) Regulations, 2015. The annual certificate given by the Managing Director and the Chief Financial Officer is published in this Report.

### 4. General Shareholders Information:

(i) **Annual General Meeting:**

Date and Time	Friday, 30th September, 2016 at 10.00 a.m.
Venue	158/159 SamarathaSahkariAudyogikVasahat Ltd., Pimpal- Gaon (Baswant), Tal.- Niphad, Nashik – 422209

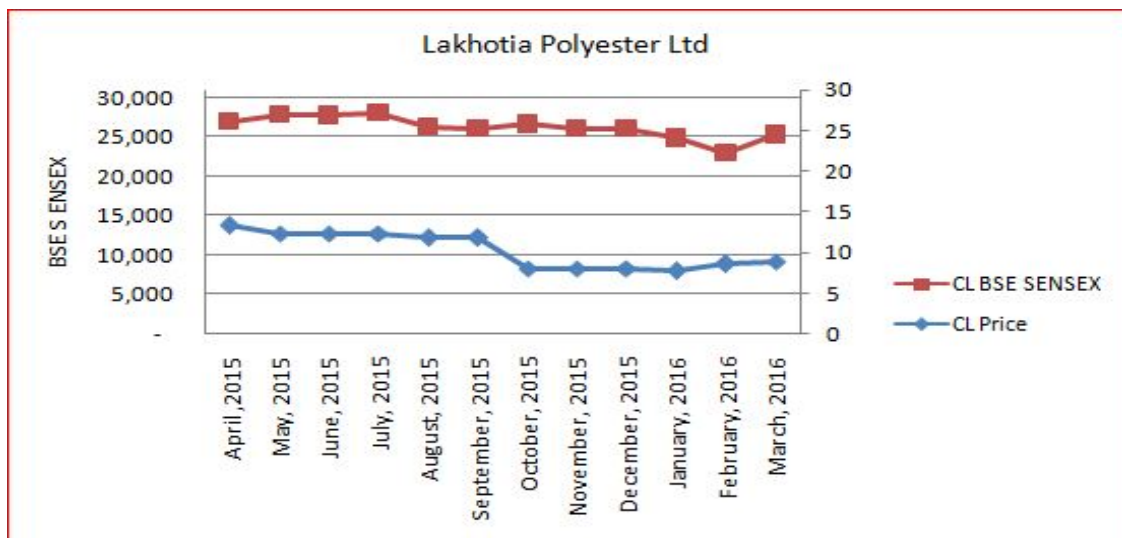
(i) **Other Details**

a) Financial Year	The Financial Year of the Company is from 1st April to 31st March of the following year.
b) Book Closure Date	24th September 2016 to 30th September 2016 (both inclusive)
c) Listing on stock exchange	BSE Limited
d) Scrip Code / Symbol	535387/ LPIL
e) NSDL/CDSL - ISIN	INE191O01010
f) CIN Number	L17120MH2005PLC155146
g) Registrar and Share Transfer Agent	<b>Sharex Dynamic (India) Private Limited</b> Unit No.1, Luthra Ind. Premises. 1st Floor, 44-E, M Vasanti Marg, Andheri Kurla Road, Safed Pool, Andheri (E), Mumbai 400 072

(ii) Stock Market Data \*:

Month	The Month High and Low Prices during the year at Bombay Stock Exchange	
	High (In Rs.)	Low (In Rs.)
April, 2015	13.35	12.00
May, 2015	12.35	12.35
June, 2015	No Trading	No Trading
July, 2015	No Trading	No Trading
August, 2015	12.35	11.80
September, 2015	No Trading	No Trading
October, 2015	10.85	8.00
November, 2015	8.00	8.00
December, 2015	No Trading	No Trading
January, 2016	9.29	7.60
February, 2016	8.60	8.13
March, 2016	8.87	8.70

(iii) Lakhotia Polyesters (India)Limited share price versus the BSE Sensex\*\*:



\*\*Source BSE

\*\*When the last date of month is holiday or the stock is not traded, prices of the previous day have been considered.

\*\*When the share trading has not been happen in any month, previous month's closing price has been considered for that month's closing price.

(iv) Share holding pattern of the Company as on 31.03.2016:

Sr.	Category	No. of Shares	% (Percentage)
1	Promoters (Including Promoters Body Corporate)	33,28,388	31.78
2	Body Corporate	65,94,992	62.97
3	Resident Individuals and HUF	5,50,608	5.25
4	Clearing Members	Nil	Nil
	TOTAL	1,04,73,988	100.00

**(v) Distribution of Shareholding as on 31.03.2016:**

No. of Shares held	No. of Shareholders	%	No. of Shares	%
1 to 10000	24	34.78	40,362	0.39
10001 to 20000	32	46.38	3,62,546	3.46
20001 to 40000	1	1.45	22,400	0.21
40001 to 80000	2	2.90	1,36,500	1.30
80001 - 160000	1	1.45	1,55,064	1.48
160001 - 320000	3	4.35	6,68,220	6.38
320001 & Onward	6	8.70	90,88,896	86.78
<b>Total</b>	<b>69</b>	<b>100</b>	<b>1,04,73,988</b>	<b>100</b>

**(vi) Share Transfer System:**

Trading in Equity Shares of the Company is permitted only in dematerialized form as per notification issued by the Securities & Exchange Board of India (SEBI). Sharex Dynamic (India) Private Limited handles both Demat and Physical Shares Transfers.

The Share Transfers which are received in physical form are processed and the share certificates are returned within 21 days from the date of receipt, subject to Documents being valid and complete in all respects.

**(vii) Dematerialisation of Shares:**

As on 31st March, 2016, a total of 1,04,73,988 Equity shares are in dematerialized form representing 100% of total issued, subscribed and paid - up share capital of the Company.

**(viii) Outstanding GDRs/ ADRs/ Warrants or any convertible instruments:**

Nil

**(ix) Plant Locations:**

Location	Activity
Plot 158, 159, 160, 161, 162, Shree Samartha Sahakari Audyogik Vasahat Ltd., Pimpalgaon Baswant, Taluka - Niphad, District Nashik, Maharashtra	Metallic Film Manufacturing, Lacquer Coated Metallic Yarn Manufacturing, Chemical Resistant Films Manufacturing
S. No 329/2, Plot No 11 (Part) + 12+13+14 (Part), Near Rajasthani School, Malegaon, (Nashik) – 423203	Grey Fabric Manufacturing

**17. Address for Correspondence:-**

**Company:**

**Lakhotia Polyesters (India) Limited**

158/159 SamarathaSahkariAudyogikVasahat Ltd.,  
Pimpal- Gaon (Baswant), Tal.-Niphad,  
Nashik – 422209, Maharashtra, India

**Registrar and Share Transfer Agent:**

**Sharex Dynamic (India) Private Limited**

Unit No.1, LuthraInd.Premises.  
1st Floor, 44-E, MWasanti Marg,  
Andheri KurlaRoad, Safed Pool,  
Andheri (E), Mumbai - 400 072

**DECLARATION BY THE CEO UNDER REGULATION 26(3) OF THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING ADHERENCE CODE OF CONDUCT**

In accordance with Regulation 26(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, I hereby confirm that, all the Directors and the Senior Management Personnel of the Company have affirmed compliance to the Code of Conduct for the Financial Year ended March 31, 2016.

**For Lakhotia Polyesters (India) Limited**

**Date : September 06, 2016**

**Place: Nashik**

**Sd/-  
Madhusudhan Lakhotia  
Managing Director**

## CEO / CFO CERTIFICATION

To,  
**The Board of Directors,  
Lakhotia Polyesters (India) Limited**

### **CEO / CFO certification for Preparation of Financial Statements on Standalone & Consolidated Basis**

I, Madhusudhan Lakhotia – Managing Director and Vivek Rathi – Chief Financial Officer, hereby certify to the Board that:

(a) We have reviewed financial statements and the cash flow statement prepared for the financial year ended on 31st March, 2016 and that to the best of our knowledge and belief:

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit committee that

- (i) There are no significant changes in internal control over financial reporting during the year;
- (ii) There are no changes in accounting policies during the year requiring disclosure in the notes to financial statements; and
- (iii) There are no instances of significant fraud in the company's internal control system over financial reporting.

**For Lakhotia Polyesters (India) Limited**

**Sd/-  
Vivek Rathi  
Chief Financial Officer**

**Sd/-  
Madhusudhan Lakhotia  
Managing Director**

**Date : September 06, 2016  
Place : Nashik**

## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To

**The Members of**

**Lakhotia Polyesters India Ltd.**

We have examined the compliance of conditions of corporate governance by **Kavita Fabrics Limited**, for the year ended March 31, 2016, as stipulated in SEBI (LODR), Regulations 2015 and in terms of requirement of the Listing Agreement of the said Company with Stock Exchange in India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified under the applicable regulations of SEBI (LODR), Regulations, 2015.

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

**For SABADRA & SABADRA  
CHARTERED ACCOUNTANTS  
Firm Registration No 108921W**

**Sd/-**

**Place: Nashik  
Date: 27.05.2016**

**ANANT B SABADRA, FCA  
Membership No. 033683**

**(Partner)**



## **INDEPENDENT AUDITOR'S REPORT**

To

**The Members of**

**Lakhotia Polyesters India Ltd.**

### **1. Report on the Financial Statements**

We have audited the accompanying financial statements of **Lakhotia Polyesters India Limited** (“the Company”), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **2. Management's Responsibility for the Financial Statements**

The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are 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.

### **3. Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### **4. Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2016, its profit and its cash flows for the year ended on that date.

#### **5. Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2015 ("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 statement on the matters specified in paragraphs 3 and 4 of the Order.

#### **6. As required by section 143(3) of the Act, we further report that:**

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
- e. on the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act;
- f. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
  - (i) The Company has following pending litigations which would impact its financial position.

*The company, promoters, directors and certain group promoted entities are a party to litigation with the customs departments for import of certain materials based upon alleged "misleading information". The matter is pending in Appeal before the Central Excise and Customs Appellate Tribunal, Mumbai and before the High Court, Mumbai. The total demand in the matter raised by the adjudicating authorities is to the tune of ` 220.91 Lakhs against company and `42.00 Lakhs against Shri M.S.*

*Lakhotia, the Managing Director of the company. The amounts as stated are ex interest thereon.*

- (ii) The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
- (iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

**For SABADRA & SABADRA  
CHARTERED ACCOUNTANTS  
Firm Registration No 108921W**

**Sd/-**

**Place: Nashik  
Date: 27.05.2016**

**ANANT B SABADRA, FCA  
Membership No. 033683**

**(Partner)**

## ANNEXURE TO AUDITOR'S REPORT

Annexure referred to in paragraph 7 Our Report of even date to the members of **Lakhotia Polyesters India Limited** on the accounts of the company for the year ended 31st March, 2016.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that-

- (i)
  - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
  - (b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;
  - (c) The title deeds of the immovable properties are held in the name of the company.
- (ii) The inventories at all business places have been physically verified by the management from time to time. In our opinion, the frequency of verification is reasonable. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the books of accounts.
- (iii)
  - (a) The company has granted loans to the other parties covered in the register maintained under section 189 of the Companies Act, 2013. Based upon the management representations as made to us, we report that these advances are towards business transactions and in the normal course of business activity of the company.
  - (b) These loans are repayable on demand and hence, no schedule of repayment is prepared. Interest has been charged on these loans regularly.
  - (c) The loan amount is not overdue.
- (iv) The company has complied with the provisions of section 185 and 186 of the Act.
- (v) The Company has accepted deposits from its members and has complied with the provisions of the Companies Act, 2013.
- (vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act.
- (vii)
  - (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India except Profession Tax amounting to D 61,100/-which is due for more than six months as on Balance Sheet date;
  - (b) According to the information and explanations given to us and based on the records of the company examined by us, there are following disputed unpaid amounts –

Particulars	Amount D in Lacs	Forum where dispute is pending
Customs Duty	220.91	CESTAT, Mumbai
M VAT	8.80	Joint Commissioner of Sales Tax (Appeals), Nashik

- (viii) According to the records of the company examined by us and as per the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or banks. Similarly no debentures have been issued by the company and hence compliance with the said clause is not applicable.
- (ix) In our opinion, and according to the information and explanations given to us, the company has neither raised any term loan nor collected money by way of initial or further public offer during the financial year.
- (x) During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.
- (xi) The company has paid managerial remuneration in accordance with the provisions of section 197 of the Act.
- (xii) The company is not a nidhi company.
- (xiii) All transactions with the related parties are in compliance with sections 177 and 178 of the Act and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) The company has not entered into non - cash transactions with directors or persons related to them in the nature prescribed under section 192 of the Act.
- (xvi) The company is not required to be registered under section 45 – IA of the Reserve Bank of India Act, 1934.

**For SABADRA & SABADRA  
CHARTERED ACCOUNTANTS  
Firm Registration No 108921W**

**Sd/-**

**Place: Nashik  
Date: 27.05.2016**

**ANANT B SABADRA, FCA  
Membership No. 033683**

**(Partner)**

**LAKHOTIA POLYESTERS (India) LIMITED**

158/159 SamarathaSahkariAydyogikVasahat Ltd.  
Pimpal- Gaon (Baswant), Tal Niphad, District Nashik, Maharashtra- 422209

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2016**

<b>PARTICULARS</b>	<b>Note No.</b>	<b>As at 31 March, 2016 Rs</b>	<b>As at 31 March, 2015 Rs</b>
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	10,47,39,880	10,47,39,880
(b) Reserves and surplus	2	-1,20,84,,532	21,40,814
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	3	84,64,503	22,67,691
(b) Deferred tax liabilities (net)	4	14,08,289	16,07,168
<b>4 Current liabilities</b>			
(a) Short-term borrowings	5	3,47,51,475	2,90,54,927
(b) Trade payables	6	2,04,36,320	2,65,62,347
(c) Short-term provisions	7	21,53,929	17,56,669
<b>TOTAL</b>		<b>15,98,69,864</b>	<b>16,81,29,496</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	8	9,16,78,18	1,04,53,982
(b) Non-current investments	9	2,33,71,000	3,80,01,000
(e) Other non-current assets	10	1,62,01,190	1,63,68,553
<b>2 Current assets</b>			
(a) Inventories	11	4,99,70,154	5,26,71,605
(b) Trade receivables	12	5,58,00,969	3,66,11,590
(c) Cash and cash equivalents	13	47,46,392	15,96,641
(d) Short-term loans and advances	14	6,07,341	1,23,23,235
(e) Other current assets	15	5.000	1,02,890
<b>TOTAL</b>		<b>15,98,69,864</b>	<b>16,81,29,496</b>

See accompanying notes forming part of the financial statements

As per our report attached.  
For **SABADRA & SABADRA**  
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors  
**LAKHOTIA POLYESTERS (INDIA) LIMITED**

Sd/-  
**ANANT B SABADRA, FCA**  
MEM NO. 033683  
FRN - 108921W  
NASHIK  
Date : 27.05.2016

Sd/-  
**Madhusudan Lakhotia**  
(Managing Director)

Sd/-  
**Jayshree Lakhotia**  
(Director)

Place :  
Dated :

Nashik  
27.05.2016

**LAKHOTIA POLYESTERS (India) LIMITED**

158/159 SamarathaSahkariAydyogikVasahat Ltd.

Pimpal- Gaon (Baswant), Tal Niphad, District Nashik, Maharashtra- 422209

**Fcease**

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016**

PARTICULARS		Note No.	As at 31 March, 2016 Rs	As at 31 March, 2015 Rs
<b><u>CONTINUING OPERATIONS</u></b>				
1	Revenue from operations	16	22,73,18,607	13,60,88,848
2	Other Income		0	3,87,638
3	<b>Total Revenue (1+2)</b>		<b>22,73,18,607</b>	<b>13,57,01,165</b>
4	<b>Expenses:</b>			
	(a) Cost of materials consumed	17	18,25,14,407	10,54,09,750
	(b) Employee benefits expense	18	1,07,82,619	71,78,127
	(c) Finance costs	19	50,31,700	37,47,705
	(d) Depreciation and amortisation expenses	8	15,53,864	15,05,178
	(e) Other expenses	20	2,67,63,752	1,59,94,955
	<b>Total Expenses</b>		<b>22,66,46,342</b>	<b>13,38,35,715</b>
5	Profit / (Loss) before extraordinary items and tax	(3-4)	6,72,265	18,65,450
6	Exceptional Items		0	0
7	Profit / (Loss) before extraordinary items and tax	(5+6)	<b>6,72,265</b>	<b>18,65,450</b>
8	Extraordinary items – Decline in Value of Investmt		(1,46,30,000)	0
9	Profit / (Loss) before tax	(7+8)	<b>(1,39,57,735)</b>	<b>18,65,450</b>
10	<b>Tax expense:</b>			
	(a) Current tax expense for year		4,25,490	7,59,813
	(b) Current tax expense relating to prior years		41,000	1,53,346
	(c) Net current tax expense		4,66,490	9,13,159
	(d) Deferred tax	8	(1,98,879)	1,83,389
	<b>Total Tax Expense</b>		<b>2,67,611</b>	<b>7,29,770</b>
11	Profit/(Loss) from Continuing Operations	(9-10)	<b>(1,42,25,346)</b>	<b>11,35,680</b>
12	Earning per equity share:			
	(a) <b>Basic</b>			
	(i) Continuing Operations		-1.36	0.11
	(ii) Total Operations		-1.36	0.11
	(b) <b>Diluted</b>			
	(i) Continuing Operations		0.04	0.11
	(ii) Total Operations		0.04	0.11
See accompanying notes forming part of the financial statements				
As per our report attached. For <b>SABADRA &amp; SABADRA</b> CHARTERED ACCOUNTANTS			For and on behalf of the Board of Directors <b>LAKHOTIA POLYESTERS (INDIA) LIMITED</b>	
<b>Sd/-</b>			<b>Sd/-</b>	<b>Sd/-</b>
<b>ANANT B SABADRA, FCA</b>			<b>Madhusudan Lakhotia</b>	<b>Jayshree Lakhotia</b>
<b>MEM NO. 033683</b>			<b>(Managing Director &amp; Chairman)</b>	<b>(Director)</b>
<b>FRN - 108921W</b>				
<b>NASHIK</b>			<b>Place :</b>	<b>Nashik</b>
<b>Date : 27.05.2016</b>			<b>Dated :</b>	<b>27.05.2016</b>

**LAKHOTIA POLYESTERS (INDIA) LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016**

PARTICULARS	Amount in Rs
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net Profit Before Tax and Extra Ordinary Items	6,72,265
Adjustments for :	
Depreciation on Fixed Assets	15,53,864
Operating Profit before working capital changes	2226129
Adjustments for Changes in Working Capital	(47,06,363)
Cash Generated from Operations	(24,80,234)
Direct Taxes	(4,66,490)
Cash flow before Extra Ordinary Items	(29,46,724)
Extra Ordinary Items	-
<b>Net Cash Flow from Operating Activities</b>	<b>A (29,46,724)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>	
Net Purchase / Transfer of Fixed Assets	(2,67,700)
Changes in Non Current Assets	1,67,363
<b>Net Cash Flow from Investing Activities</b>	<b>B (1,00,337)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>	
Expenses on Issue of Bonus Shares	
Proceeds From Long Term Borrowings	61,96,812
<b>Net cash generated from financing activities</b>	<b>C 61,96,812</b>
Net Increase in cash and cash equivalents	<b>A + B + C 31,49,751</b>
<b>Cash and cash equivalents as at opening</b>	<b>15,96,641</b>
<b>Cash and cash equivalents as at closing</b>	<b>47,46,392</b>

As per our report attached.  
For **SABADRA & SABADRA**  
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors  
**LAKHOTIA POLYESTERS (INDIA) LIMITED**

Sd/-  
ANANT B SABADRA, FCA

Sd/-  
Madhusudan Lakhotia  
(Managing Director & Chairman)

Sd/-  
Jayshree  
Lakhotia  
(Director)

MEM NO. 033683  
FRN - 108921W  
NASHIK  
Date : 27.05.2016

Place : Nashik  
Dated : 30.05.2015



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### SIGNIFICANT ACCOUNTING POLICIES:

#### 1. Basis of Preparation –

- A) The financial statements of the company have been prepared & presented in accordance with the generally accepted accounting principles in India under the historical cost convention on an accrual basis. The company has prepared these Financial Statements to comply in all material aspects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.
- B) The company had adopted revised schedule VI notified under the Companies Act for preparation & presentation of its Financial Statements for the ended 31<sup>st</sup> March 2015. This has no impact on recognition & measurement principles followed for preparation of financial statements. The Company has re-classified previous year's figures in accordance with the requirement as applicable in the current year.
- C) The Accounting policies adopted in preparation of Financial Statements are consistent with those followed in previous year.

#### 2. USE OF ESTIMATES –

The preparation of Financial Statements in conformity with Indian GAAP requires the management to make estimates & assumptions that affect the reported amount of assets & liabilities (Contingent liabilities) and the reported amounts of revenues & expenses for the year. The management believes that estimates used in preparation of financial statements are prudent & reasonable. All though these estimates are based on management's best knowledge of current events & actions, uncertainty about these assumptions and estimates could result in the outcome different from the estimate.

Estimates and underlying assumptions are reviewed on an ongoing basis any revision to the accounting estimates is recognized prospectively in the current & future period.

#### 3. TANGIBLE FIXED ASSETS -

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

#### 4. DEPRECIATION–

Depreciation has been provided on the SLM method based on the useful life of the asset.

**5. IMPAIRMENT OF ASSETS–**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

**6. BORROWING COST-**

Borrowing costs, other than those incurred for acquisition of fixed assets are recognized in the statement of Profit and Loss in the period they occur. Borrowing cost consists of Interest and other costs incurred in connection with the borrowing of the funds. Interest received has been netted off against Interest expenses.

**7. INVESTMENTS-**

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments. Non Current investments are stated at cost. However, there is a decline, other than temporary, in the value of Long term investments in equity shares of the company; the carrying amount has been reduced to recognize the decline.

**8. INVENTORIES -**

Inventories are valued at the lower of cost or the net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi & LBT and other levies, transit insurance and receiving charges. Inventories at all places are taken as certified by the management.

**9. CASH AND CASH EQUIVALENTS -**

Cash and Cash equivalents for the purpose of cash flow statement comprise cash in hand, demand deposits with banks and other short term highly liquid investments with an original maturity of three months or less.

**10. REVENUE RECOGNITION -**

Sales Revenue is recognized when the significant risks and rewards of the ownership of the goods have been passed to the buyer. Sales are disclosed at net of VAT as applicable and also net of returns.

**11. ACCOUNTING OF CLAIMS-**

Claims payable are accounted at the time of the acceptance. Claims raised by the Government Authorities regarding taxes and duties, which are disputed by the company, are accounted based upon the merits of the claim.

**12. GOVERNMENT GRANTS AND SUBSIDIES-**

Government grants and subsidies are recognized when there is a reasonable assurance that the conditions attached to them will be complied, and grant/subsidy will be received.

Government grants of the nature of promoter's contribution are credited to the reserves and are treated as a part of the share holder's fund.

### **13. INCOME TAXES-**

Tax expenses comprise of the current and deferred tax includes any adjustments treated to past periods in current and or deferred tax adjustments that may become necessary due to certain developments or reviews during the relevant period. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961

Deferred Income Taxes reflect the impact of the current year's timing difference between the taxable income and accounting income for the year and reversal of the timing differences of the earlier periods.

Deferred tax is measured based upon the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet Date. Deferred Tax Assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of the deferred tax is reviewed at each Balance Sheet date. The company writes down the carrying amount of the deferred tax assets to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

### **14. PROVISIONS AND CONTINGENT LIABILITIES-**

A provision is recognized when the company has a present obligation as a result of the past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not discounted to their present value and are determined based upon the best estimate required to settle the obligation at the reporting period.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

### **15. CONTINGENT LIABILITIES NOT PROVIDED FOR -**

The company, promoters, directors and certain group promoted entities are a party to litigation with the customs departments for import of certain materials based upon alleged "misleading information". The matter is pending in Appeal before the Central Excise and Customs Appellate Tribunal, Mumbai and before the High Court, Mumbai. The total demand in the matter raised by the adjudicating authorities is to the tune of D 220.91 Lakhs against company and D 42.00 Lakhs against Shri M.S. Lakhotia, the Managing Director of the company. The amounts as stated are ex interest thereon.

Pursuant to the directions received from the above authorities, the company has deposited a sum of D 24.00 Lakhs as pre deposit for appeal.

On the basis of expert legal advice in the matter the management of the company is of the opinion that the matter will be decided in its favor and hence the company has not provided for the sums as stated above in its books of accounts for the period under this report and the same is treated as “Contingent Liability”

**16. EARNINGS PER SHARE-**

Basic earning per share is calculated by dividing the net profit or the loss for the year attributable to equity shareholders by the weighted number of equity shares outstanding at the end of the year.

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

**17. CURRENT / NON CURRENT-**

All assets and liabilities are presented as Current or Non Current as per the company’s normal operating cycle and other criteria set out in the revised Schedule VI of the Companies Act, 1956. Based upon the nature of products and the time between the acquisition of assets for processing and their realization, the company has ascertained its operating cycle as 12 months for the purpose of current/non - current classification of assets and liabilities.

**18. SEGMENT REPORTING-**

The company is predominantly in the business of “Man Made Yarn” and as such there are no separate reportable segments. The company’s operations are predominantly only in India.

**19. RELATED PARTY DISCLOSURE/TRANSACTIONS WITH KEY MANAGEMENT PERSONNAL-**

Name of the Concern/Personal	Nature of Payment	Amount in D
Mr. Madhusudan Lakhotia	Directors Remn.	4,80,000/-
	Interest	13,280/-
	Rent	90,000/-
Mrs. Jayshree Lakhotia	Directors Remn.	2,40,000/-
	Interest	7,38,600/-
Mr. Madhusudan Lakhotia – HUF	Commission	8,85,639/-
Mrs. Kanchandevi Lakhotia	Rent	1,80,000/-
Jagdish Fabrics	Rent	60,000/-
	Purchases& Job Work	1,53,92,889/-
Sujata Lakhotia	Salary	3,22,500/-
Harish Khajanchi	Directors Remn.	50,000/-
Krishna Jhavar	Directors Remn.	3,00,000/-

**20. PAYMENT TO AUDITORS FOR F.Y. 15 – 16 :**

Company Law Matters	45,000/-
Taxation and Allied Matters	30,000/-
Service Tax on Fees	10,875/-
Total	85,875/-

**21. OTHERS -**

- (a) Certain Balance representing Debtors and Creditors are subject to reconciliation and receipts of confirmation from parties, pursuant to confirmation requests sent by the company.
- (b) Figures have been regrouped/reclassified/reinstated wherever necessary to make the comparison meaningful.

**For SABADRA & SABADRA  
CHARTERED ACCOUNTANTS  
Firm Registration No 108921W**

**Sd/-**

**Place: Nashik  
Date: 27.05.2016**

**ANANT B SABADRA, FCA  
Membership No. 033683**

**(Partner)**

**LAKHOTIA POLYESTERS (India) LIMITED**

158/159 SamarathaSahkariAydyogikVasahat Ltd.  
Pimpal- Gaon (Baswant), Tal Niphad, District Nashik, Maharashtra- 422209

**Notes Forming Part of Financial Statements As On 31st March, 2016**

PARTICULARS	As at 31 March, 2016	As at 31 March, 2015
<b>NOTE 1 SHARE CAPITAL</b>		
<u>AUTHORISED SHARE CAPITAL</u>		
Number of Equity Shares	10500000	10500000
Par value per share	10	10
<b>AUTHORISED SHARE CAPITAL</b>	<b>105000000</b>	<b>105000000</b>
<u>PAID UP CAPITAL</u>		
Number of Equity Shares	10473988	10473988
Par value per share	10	10
<b>PAID UP CAPITAL</b>	<b>104739880</b>	<b>104739880</b>

**RECONCILIATION OF NUMBER OF SHARES AT THE BEGINNING AND PERIOD ENDING  
31.03.2016**

Particulars	FINANCIAL YEAR ENDING	
	31.03.2016	31.03.2015
Opening Balance	10473988	3740710
Fresh Issue (Consideration other than Cash)	0	0
Fresh Issue	0	0
Bonus	0	6733278
Buy Back	0	0
Transfers	0	0
<b>Closing Balance</b>	<b>10473988</b>	<b>10473988</b>

**RECONCILIATION OF AMOUNT OF SHARE CAPITAL AT THE BEGINNING OF THE YEAR  
AND AS ON 31.03.2015**

Particulars	FINANCIAL YEAR ENDING	
	31.03.2016	31.03.2015
Opening Balance	10473988	37407100
Fresh Issue (Consideration other than Cash)	0	0
Fresh Issue	0	0
Bonus	0	67332780
Buy Back	0	0
Transfers	0	0
<b>Closing Balance</b>	<b>104739880</b>	<b>104739880</b>

**Terms / Rights attached to shares**

The company has one class of Equity Shares having par value of Rs 10/- per share. Each holder of equity shares is entitling to one vote per equity share held.

### SHAREHOLDERS HOLDING MORE THAN 5% OF THE PAID UP CAPITAL

Sr. No.	Name of Shareholder	No. of Shares held	Amt of shares held Rs	%
1	Shatrunjay Estates Pvt. Ltd.	24,98,992	2,49,89,920	23.86
2	Sanwaria Vincomm Pvt. Ltd.	23,80,000	2,38,00,000	22.72
3	Sanjoyog Trade Link Pvt. Ltd.	17,04,800	1,70,80,000	16.28
4	Madhusudan Lakhotiya	14,09,380	1,40,93,800	13.46
5	Kanchandevi S Lakhotiya	7,36,624	73,66,240	7.03

### NOTE 2 RESERVE & SURPLUS

#### DIC SUBSIDY

Opening Balance		1000000	1000000
Closing Balance	SUB TOTAL Rs	<b>1000000</b>	<b>1000000</b>

#### PROFIT & LOSS A/C

Opening Balance		1140814	3628163
Add : Profit for the year		(14225346)	1135680
Less : Earlier Year Adjustment		0	0
Less : Utilized for Bonus Issue		0	3623029
Closing Balance	SUB TOTAL Rs	<b>(13084532)</b>	<b>1140814</b>

#### SECURITIES PREMIUM

Opening Balance		0	64328451
Less : Utilized for Bonus Issue		0	63709751
Less : Bonus Issue Expenses		0	618700
Less : Issue Expenses		0	0
Closing Balance	SUB TOTAL Rs	<b>0</b>	<b>0</b>
	GRAND TOTAL Rs	<b>(12084532)</b>	<b>2140814</b>

### NOTE 3 LONG TERM BORROWINGS

#### UNSECURED LOAN

- Directors		8464503	2267691
	TOTAL Rs	<b>8464503</b>	<b>2267691</b>

No written agreements have been executed between the company and the parties.

#### NOTE 4 DEFERRED TAX LIABILITIES

The accounting treatment for income - tax in respect of the company's income is based on the Accounting Standard 22 on 'Accounting for taxes on income' as notified by the Companies (Accounting Standards) Rules, 2006. The provision made for income tax in the accounts comprises both, the Current Tax and Deferred Tax. The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognized in the statement of Profit & Loss and the cumulative effect thereof is reflected in the Balance Sheet.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and liabilities are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situation where the company has unabsorbed depreciation or carried forward losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that the same can be realized against future taxable profits.

The effect of the significant timing differences that result in the deferred tax assets and liabilities at the end of the year are given as under :

Particulars	Current Year	Previous Year
<u>Deferred Tax Liabilities -</u>		
Tax on Depreciation Difference	14,08,289	16,07,168
	<b>14,08,289</b>	<b>16,07,168</b>
<u>Deferred Tax Assets -</u>		
Tax on Others	0	0
	0	0
Total DTL carried Forward in the Balance Sheet	<b>14,08,289</b>	<b>16,07,168</b>
Deferred Tax to be recognised in the P&L A/c	<b>1,98,879</b>	

#### NOTE 5 SHORT-TERM BORROWINGS

a] <u>Loans repayable on demand from Bank</u>	34751475	29054927
Secured by way of -		
(i) Hypothecation of Stock & Debtors		
(ii) Personal Guarantee of Directors		
TOTAL Rs	<b>34751475</b>	<b>29054927</b>

#### NOTE 6 TRADE PAYABLES

<u>Trade Payables</u>	20436320	26562347
Net of Advances Rs 57,30,996/- (Prev Year Rs 11,28,715/-)		
TOTAL Rs	<b>20436320</b>	<b>26562347</b>

#### NOTE 7 SHORT - TERM PROVISIONS

Provision for taxation	425490	759813
<b>Less : Prepaid taxes and MAT Credit</b>	219518	774239



	205972	(14,426)
Audit Fees Payable	78375	58416
Statutory Liabilities	173934	255817
Expenses Payable	1695648	1452292
<b>TOTAL Rs</b>	<b>2153929</b>	<b>1756669</b>

#### NOTE 9 NON-CURRENT INVESTMENTS

Unquoted shares of co-op society	1000	1000
Quoted Equity Shares - Kavita Fabrics Limited	38000000	38000000
Less : Provision for decline in the value	(14630000)	0
<b>TOTAL Rs</b>	<b>23370000</b>	<b>38001000</b>

#### NOTE 10 OTHER NON CURRENT ASSETS

Other Receivables	89710	66717
Deposits - Office, Other Utilities	12579010	13176920
Amount refundable from Government	967470	559916
Custom Duty Advance	2550000	2550000
Share Deposit with Shree Samarth Ind Estates	15000	15000
<b>TOTAL Rs</b>	<b>16201190</b>	<b>16368553</b>

#### NOTE 11 INVENTORIES

Stock in trade @ Factory	11403774	9601659
Stock in trade @ Surat Office	27566380	32446352
Stock in trade @ Textile unit	11000000	10623594
<b>TOTAL Rs</b>	<b>49970154</b>	<b>52671605</b>

#### NOTE 12 TRADE RECEIVABLES

Unsecured, considered good		
More than Six Months from the date of payment due	1,93,12,629	2,26,32,602
Others	3,64,88,340	3,26,89,019
Net of Advances Rs 4,50,154/- (Prev Year Rs 3,25,813/-)		
<b>TOTAL Rs</b>	<b>5,58,00,969</b>	<b>3,66,11,590</b>

**NOTE 13 CASH & CASH EQUIVALENTS**

Cash in Hand	1851558	1484661
Balances with Banks in Current A/c	2894834	111980
TOTAL Rs	<b>4746392</b>	<b>1596641</b>

**NOTE 14 SHORT TERM LOANS & ADVANCES**

Unsecured & Considered good	607341	1,23,23,235
TOTAL Rs	<b>607341</b>	<b>1,23,23,235</b>

**NOTE 15 OTHER CURRENT ASSETS**

Amounts receivable from Government		1,02,890
Prepaid Insurance	5,000	0
TOTAL Rs	<b>5,000</b>	<b>1,17,316</b>

Particulars	As at 31 March, 2016	As at 31 March, 2015
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## NOTE 16 REVENUE FROM OPERATIONS

### SALES

#### Maharashtra State

- Sales - Export	44534	0
- Sales - C Form	2013083	1731605
- Grey Fabrics	46441735	19201135
- 5 % Sales	0	183748
- Job Work	1425850	233963

#### Gujarat State

- Grey Polyester		0
- Local Sales	143962505	108139615
- Out of Gujarat	42964750	19884049

**SUB TOTAL Rs** **236852457** **149374115**

Sales Returns (9533850) (13285267)

**GRAND TOTAL Rs** **227318607** **136088848**

## NOTE 17 COST OF MATERIALS CONSUMED

### Opening Stock

- Stock at Factory, Pimpalgaon	9601659	16466307
- Stock at Factory, Malegaon	10623594	15608516
- Stock at Surat Office	32446352	147116

**SUB TOTAL Rs** **52671605** **32221939**

### Purchases -

#### Maharashtra State

- Against C Form	76350548	49545291
- Against H Form		
- Local Purchases - taxable	5860269	6983422
- OMS		
- Job Work	255069	2397536
- Tax Free	45118245	15980470
- Other	20214	0
- VAT Retention	293759	334210

Gujrat State 51914852 50618487

**SUB TOTAL Rs** **179812956** **125859416**

### Closing Stock

- Stock at Factory, Pimpalgaon	11403774	9601659
- Stock at Factory, Malegaon	11000000	10623594

- Stock at Surat Office	27566380	32446352
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<b>SUB TOTAL Rs</b>	<b>49970154</b>	<b>52671605</b>
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<b>GRAND TOTAL Rs</b>	<b>182514407</b>	<b>105409750x</b>
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**NOTE 18**

**EMPLOYEE BENEFITS EXPENSE**

Salaries & Wages - Manufacturing	7967447	5244042
Salaries & Wages - Office	1691500	835000
Directors Remuneration	1070000	1040000
Provident Fund	53672	59085

<b>TOTAL Rs</b>	<b>10782619</b>	<b>7178127</b>
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**NOTE 19**

Interest paid on Bank Loans	2771685	2789647
Interest on TDS	3387	1703
Interest paid - Others	2065100	867349
Bank Charges	191528	315614

<b>TOTAL Rs</b>	<b>5031700</b>	<b>3747705</b>
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**NOTE 20 OTHER EXPENSES**

**DIRECT EXPENSES**

Power & Fuel	11108471	6418817
Factory Expenses	2171198	906730
Freight, Packing, Loading & Unloading Expenses	792356	605111
Processing Expenses	448327	1113171
Job Work	1678402	305054
Rent Expenses	4950000	2950000

<b>SUB TOTAL OF DIRECT EXPENSES</b>	<b>21148754</b>	<b>12298883</b>
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**INDIRECT EXPENSES**

Audit Fees	204375	67416
Advertisement Expenses	10728	0
BSE, NSDL & ROC Charges	915911	180226
Commission Expenses	885639	713590
Discount Expenses	194982	112457
Directors Sitting Fees	20000	0
Freight Outward	1074040	287025
Insurance	55202	15169

Misc. Expenses	60726	96965
Municipal Taxes	31139	46775
Office Expenses	117919	89186
Office & Staff Quarter Rent	727000	675960
Postage & Couriers	36070	14955
Petrol & Diesel	73249	523278
Printing and Stationery	84303	67241
Professional Charges	311865	285175
Profession Tax	4620	2000
Repairs & Maintenance	310120	61262
Security Expenses	170565	82500
Sales Tax	0	152476
Service Tax	71092	23752
Telephone Expenses	146528	109502
Tea & Refreshment	43263	12240
Travelling & Conveyance	45551	30162
Vehicle Expenses	20111	46760
<b>SUB TOTAL OF INDIRECT EXPENSES</b>	<b>5614998</b>	<b>3696072</b>
<b>GRANT TOTAL OF EXPENSES</b>	<b>26763752</b>	<b>15994955</b>

<b>NOTE 9</b>		<b>FIXED ASSETS</b>			<b>METHOD OF DEPRECIATION - SLM</b>				
<b>SR. NO.</b>	<b>ASSET</b>	<b>GROSS BLOCK</b>			<b>DEPRECIATION</b>			<b>NET BLOCK AS ON</b>	
		<b>OP. BAL.</b>	<b>ADD/(DED)</b>	<b>TOTAL</b>	<b>OP. BAL.</b>	<b>FOR THE YR</b>	<b>TOTAL</b>	<b>31.03.2016</b>	<b>31.03.2015</b>
1	Plot - 160 / 161	119,370	-	119,370	-	-	-	119,370	119,370
2	Plot at Pimpalgaon	67,250	-	67,250	-	-	-	67,250	67,250
3	Building	1,288,998	-	1,288,998	326,440	42,768	369,208	919,790	962,558
4	Duplex Slitter	1,908,179	-	1,908,179	775,017	172,958	947,975	960,204	1,133,162
5	Box Strapping Machine	32,240	-	32,240	18,326	2,050	20,376	11,864	13,914
6	Film Coating Machine	8,020,845	-	8,020,845	3,356,537	710,544	4,067,081	3,953,764	4,664,308
7	Machinery - Micro Sliter	3,187,432	-	3,187,432	1,366,393	276,944	1,643,337	1,544,095	1,821,039
8	Machinery	113,738	-	113,738	19,660	8,840	28,500	85,238	94,078
9	Electrical Equipments	351,858	-	351,858	117,418	36,142	153,560	198,298	234,440
10	Electrical Installation	132,737	-	132,737	55,918	11,698	67,616	65,121	76,819
11	Fire Extinguisher	28,530	-	28,530	8,281	1,882	10,163	18,367	20,249
12	CCTV Camera	116,456	-	116,456	25,766	7,716	33,482	82,974	90,690
13	Computer & Software	675,574	202,675	878,249	319,885	76,622	396,507	481,742	355,689
14	Weight Scale	77,328	-	77,328	25,800	7,944	33,744	43,584	51,528
15	Electronic Weighing Machine	1,140	-	1,140	247	140	387	753	893
16	Car	1,473,348	-	1,473,348	863,951	133,932	997,883	475,465	609,397
17	Motor Cycle - Hero Honda	58,490	-	58,490	24,191	6,274	30,465	28,025	34,299
18	Furniture & Fixture	161,666	-	161,666	107,277	46,306	153,583	8,083	54,389
19	Invertor	23,500	-	23,500	7,293	5,750	13,043	10,457	16,207
20	Mobile Phones	20,549	-	20,549	5,444	1,408	6,852	13,697	15,105
21	Refrigerator	21,400	-	21,400	6,827	2,250	9,077	12,323	14,573
22	Trim Winder	-	65,025	65,025	-	1,084	1,084	63,941	-
23	Water Filter	6,990	-	6,990	2,965	612	3,577	3,413	4,025
<b>TOTAL `</b>		<b>17,887,618</b>	<b>267,700</b>	<b>18,155,318</b>	<b>7,433,636</b>	<b>1,553,864</b>	<b>8,987,500</b>	<b>9,167,818</b>	<b>10,453,982</b>
Previous Year TOTAL `		<b>17,601,618</b>	<b>286,000</b>	<b>17,887,618</b>	<b>5,928,458</b>	<b>1,505,178</b>	<b>7,433,636</b>	<b>10,453,982</b>	<b>11,673,160</b>
<b>NOTES</b>									
1 Plot No. 160 / 161 are on lease hold basis from Shree Samartha Audyogik Vasahat Ltd., Pimpalgaon.									
2 Vehicles of the company are held in the name of directors of the company and their relatives.									

**LAKHOTIA POLYESTERS (INDIA) LIMITED**

**CIN:** L17120MH2005PLC155146

**Registered office:** 158/159 SamarathaSahkariAudyogikVasahat Ltd., Pimpal- Gaon (Baswant),Tal  
Niphad, District Nashik, Maharashtra- 422209, India.

**Email Id:** [info@lakhotiapoly.In](mailto:info@lakhotiapoly.In), **Website:** [www.lakhotiapoly.in](http://www.lakhotiapoly.in)

**ATTENDANCE SLIP**

(Please fill the attendance slip and hand it over at the entrance of the meeting hall)

Regd. Folio

No.\*\* .....

DP ID .....

No. of Shares held .....

Client ID .....

Name(s) and address of the shareholder in full

.....

.....

I/we hereby record my/our presence at the 11<sup>th</sup> Annual General Meeting will be held on Friday, 30<sup>th</sup> September, 2016 at 10.00 am at 158/159 Samaratha Sahkari Audyogik Vasahat Ltd., Pimpal- Gaon (Baswant), Tal.- Niphad, Nashik – 422209, Maharashtra, India

\_\_\_\_\_  
Signature of Shareholder /Proxy

\*\*Applicable for investor holding shares in physical form

**Proxy form**

**Form No. MGT-11**

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

CIN: L17120MH2005PLC155146

Name of the company: Lakhotia Polyesters (India) Limited

Registered office:158/159 Samaratha Sahkari Aydyogik Vasahat Ltd., Pimpal- Gaon (Baswant),Tal Niphad, District Nashik, Maharashtra- 422209 on the 30th day of September, 2016 at 10.00 a.m

Name of the Shareholder (s)

Registered Address

Email Id

Folio No./ Client Id

DP Id

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name: .....

Address:

E-mail Id:

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 a poll) for me/us and on my/our behalf at the 11<sup>th</sup> Annual general meeting of the members of the company, to be held on the 30<sup>th</sup> September, 2015 at 10.00 am at the registered office of the Company at 158/159 Samaratha Sahkari Aydyogik Vasahat Ltd., Pimpal- Gaon (Baswant),TalNiphad, District Nashik, Maharashtra- 422209 and at any adjournment thereof in respect of such resolutions as are indicated below:

- a. To receive, consider and adopt the Financial Statements of the Company for the financial year ended March 31,2016.
- b. To reappoint a director in place of Mrs.Jayshree Lakhotia, who retires by rotation and being eligible offered herself for re-appointment.
- c. To ratify the appointment of M/s. Sabadra & Sabadra, Chartered Accountants (ICAI Registration No.108921W), Statutory Auditors of the Company, and to fix their remuneration



- d. Appointment of Mr. Ashok Kumar Khajanchi (DIN: 01532044) as Director, liable to retire by rotation.

Signed this..... day of..... 2016

\_\_\_\_\_  
Signature of shareholder

Affix Revenue Stamp
---------------------------

\_\_\_\_\_  
Signature of Proxy holder(s)

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

**If undelivered,**  
**Please return to:**  
**LAKHOTIA POLYESTERS (INDIA) LIMITED**  
158/159 SamarathaSahkariAydyogikVasahat Ltd.  
Pimpal- Gaon (Baswant),  
Tal Niphad, District Nashik,  
Maharashtra- 422209