

BANSI S. MEHTA & CO.
CHARTERED ACCOUNTANTS

Bansi S. Mehta
(Chief Mentor)

D.I.SHAH	Y.A.THAR
A.A.DESAI	P.H.CLERK
K.R.GANDHI (Ms.)	R.G.DOSHI
H.G.BUCH	M.V.SHAH
D.R.DESAI (Ms.)	A.A.AGRAWAL (Ms.)
	A.B.AGRAWAL

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INDEPENDENT AUDITOR'S REPORT

To the Members of **Diamines Speciality Chemicals Private Limited**

Report on the Standalone Financial Statements

We have audited the accompanying financial statements of **Diamines Speciality Chemicals Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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



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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, its loss and its cash flows for the year ended on that date.


Report on Other Legal and Regulatory Requirements

1. The Company is a private limited company and at any time during the financial period, its paid-up capital and reserves did not exceed rupees fifty lakhs, it did not have any loan from bank or financial institution and it did not have turnover exceeding rupees five crores, as it did not carry out any activity during the year. In view of foregoing, the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of Section 143(11) of the Act, 1956, is not applicable to the Company.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.



- c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company does not have any pending litigation which would affect its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as required under the applicable law or accounting standards;
 - iii. there were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

For **BANSI S. MEHTA & CO.**
Chartered Accountants
Firm Registration No. 100991W


PARESH H. CLERK
Partner
Membership No. 36148



PLACE : MUMBAI
DATED : May 8, 2015

DIAMINES SPECIALITY CHEMICALS PRIVATE LIMITED

BALANCE SHEET AS AT MARCH 31, 2015

	Note	As At March 31, 2015	As At March 31, 2014
		₹	₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	500,000	500,000
Reserves and Surplus	3	(8,357,254)	(7,952,515)
		(7,857,254)	(7,452,515)
Non-current liabilities			
Long-term Borrowings	4	97,307,122	75,715,760
Current liabilities			
Trade Payables	5	13,483	13,483
Other Current Liabilities	6	NIL	1,306,387
		13,483	1,319,870
TOTAL		89,463,351	69,583,115
ASSETS			
Non-current Assets			
Fixed Assets			
Capital Work-in-progress	7	11,704,883	11,704,883
Deferred Tax Asset (Net)	8	NIL	NIL
Long-term Loans and Advances	9	77,354,652	57,438,597
		89,059,535	69,143,480
Current Assets			
Cash and Cash Equivalents	10	403,816	439,635
TOTAL		89,463,351	69,583,115
Notes (Including Significant Accounting Policies) Forming Part of the Financial Statements	1 - 17		

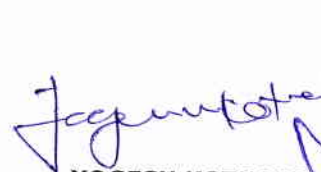
As per our Report of even date attached

For and on behalf of the Board of Directors

For **BANSI S. MEHTA & CO.**
Chartered Accountants
Firm Registration No. 100991W



PARESH H. CLERK
Partner
Membership No. 36148

YOGESH KOTHARI
Chairman



AMIT MEHTA
Vice Chairman




RAJENDRA CHHABRA
Director

PLACE : MUMBAI
DATED : May 8, 2015

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DIAMINES SPECIALITY CHEMICALS PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

Note	For the Year ended March 31, 2015	For the Year ended March 31, 2014
	₹	₹
Revenue from Operations	NIL	NIL
Less: Excise Duty on Sales	NIL	NIL
Revenue from Operations (Net)	NIL	NIL
Other Income	NIL	NIL
Total Revenue	NIL	NIL
Expenses		
Finance Costs	11 NIL	2,822,982
Other Expenses	12 404,739	792,771
Total Expenses	404,739	3,615,753
Profit/(Loss) before exceptional items	(404,739)	(3,615,753)
Exceptional Items	NIL	NIL
Profit/(Loss) Before Tax	(404,739)	(3,615,753)
Tax Expense	NIL	NIL
Profit/(Loss) for the year	(404,739)	(3,615,753)
Earnings Per Equity Share of ₹ 10 Basic and Diluted (₹)	15 (8.09)	(72.32)
Notes (Including Significant Accounting Policies) Forming Part of the Financial Statements	1 - 17	

As per our Report of even date attached

For **BANSI S. MEHTA & CO.**
Chartered Accountants
Firm Registration No. 100991W



PARESH H. CLERK
Partner
Membership No. 36148



PLACE : MUMBAI
DATED : May 8, 2015

For and on behalf of the Board of Directors



YOGESH KOTHARI
Chairman

AMIT MEHTA
Vice Chairman

RAJENDRA CHHABRA
Director



PLACE : MUMBAI
DATED : May 8, 2015

DIAMINES SPECIALITY CHEMICALS PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

	For the Year ended March 31, 2015 ₹	For the Period ended March 31, 2014 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax	(404,739)	(3,615,753)
Adjustments for		
Increase / (Decrease) in Current Liabilities	(1,306,387)	(8,656,133)
Cash generated from Operations	<u>(1,711,126)</u>	<u>(12,271,886)</u>
Income-tax paid	NIL	NIL
Net Cash from Operating Activities	<u>(1,711,126)</u>	<u>(12,271,886)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Capital Work-in-progress)	0	(748,785)
Advance given to GIDC for allotment of Land	(19,916,055)	(19,303,317)
Net Cash from Investing Activities	<u>(19,916,055)</u>	<u>(20,052,102)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Equity Share Capital	NIL	NIL
Proceeds from Long-term Borrowings	21,591,362	32,281,601
Net Cash from Financing Activities	<u>21,591,362</u>	<u>32,281,601</u>
Increase in Cash and Cash Equivalents (A+B+C)	(35,819)	(42,387)
Cash and Cash Equivalents at the beginning of the Year	439,635	482,022
Cash and Cash Equivalents at the end of the Year	<u>403,816</u>	<u>439,635</u>
Components of Cash and Cash Equivalents :		
Balance with Bank		
On Current Account	403,816	439,635
	<u>403,816</u>	<u>439,635</u>

Note:

Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3, as notified under the Companies (Accounting Standards) Rules, 2006, as the same are applicable in terms of the provisions of Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

As per our Report of even date attached

For **BANSI S. MEHTA & CO.**
Chartered Accountants
Firm Registration No. 100991W



PARESH H. CLERK
Partner
Membership No. 36148



PLACE : MUMBAI
DATED : May 8, 2015

For and on behalf of the Board of Directors


YOGESH KOTHARI
Chairman


AMIT MEHTA
Vice Chairman


RAJENDRA CHHABRA
Director



PLACE : MUMBAI
DATED : May 8, 2015

DIAMINES SPECIALITY CHEMICALS PRIVATE LIMITED

Notes forming part of the financial statements

1 Significant Accounting Policies

1.1 Basis Of Preparation :

These financial statements are prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) under the historical cost convention as also on accrual basis. These financial statements have been prepared to comply with the accounting standards prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 ('the Accounting Standards') and the relevant provisions of the Act (to the extent notified). In the light of the first proviso to Section 129 (1) of the Act and Schedule III to the Act, the items and terms contained in these financial statements are in accordance with the Accounting Standards.

1.2 Use of Estimates :

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period, the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of the financial statements. Examples of such estimates include useful life of Fixed Assets, provision for doubtful debts/ advances, deferred tax, etc. Actual results could differ from those estimates. Such difference is recognised in the year/s in which the results are known / materialised.

1.3 Fixed Assets :

Fixed Assets are valued at cost less accumulated depreciation. 'Cost' for the aforesaid purposes comprises of its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use, net of recoverable duties and interest on borrowings attributable to the acquisition of qualifying Fixed Assets upto the date on which the Asset is ready for its intended use, if any. However, at the year end, Fixed Assets comprise of only Capital Work-in-progress.

1.4 Taxes on Income :

- i. Income tax expense comprises of current tax and deferred tax charge/credit.
- ii. Provision for current tax is made on the estimated taxable income at the rate applicable to the relevant assessment year.
- iii. Deferred tax is recognised, subject to consideration of prudence, on timing differences between taxable and accounting income which originates in one period and are capable of reversal in one or more subsequent periods (adjusted for reversals expected during tax holiday period). The tax effect is calculated on accumulated timing differences at the year end based on tax rates and laws enacted or substantially enacted as of the balance sheet date.

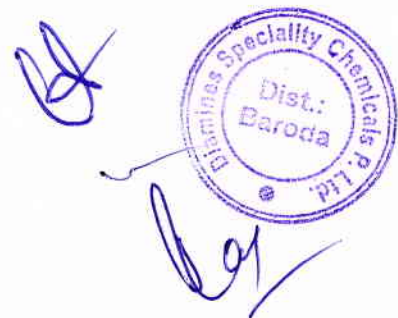
In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available to realise such deferred tax assets. In other situations, deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available to realise such deferred tax assets.

The Company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

1.5 Provisions, Contingent Liabilities and Contingent Assets :

- i. The Company recognises a Provision when there is a present obligation as a result of past event, the settlement of which is probable to result in an outflow of resources and a reliable estimate can be made of the amount of obligation.
- ii. Contingent Liabilities are not recognised but are disclosed in the notes.
- iii. Contingent Assets are neither recognised nor disclosed in the financial statements.

- 1.6 Since the Company has not carried out any other activity except in relation to the acquisition of land, etc., no other accounting policy is specified.



	As at March 31, 2015 ₹	As at March 31, 2014 ₹
2. Share Capital		
Authorised		
50,000 (March 31, 2014: 50,000) Equity Shares, of ₹ 10 par value	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
Issued, Subscribed and paid up		
50,000 (March 31, 2014: 10,000) Equity Shares, of ₹ 10 par value	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

2.1 Reconciliation of the number of shares outstanding and amount of share capital :

	As At March 31, 2015		As At March 31, 2014	
	No. of shares		No. of shares	
Equity shares of ₹ 10 par value				
At the beginning	50,000	500,000	50,000	500,000
Changes - Shares allotted during the year	NIL	NIL	NIL	NIL
At the end	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>

2.1 Rights, preferences and restrictions

- The Company has only one class of share referred to as equity shares having a par value of ₹ 10. Each holder of equity shares is entitled to one vote per share.
- The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Board of Directors, in their meeting on May 8, 2015 has not recommended any dividend for the year ended March 31, 2015.
During the year ended March 31, 2014, no amount per share of dividend was distributed to equity shareholders and hence, no amount appropriation for the year ended March 31, 2014 was made on this account.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.2 Details of shares held by shareholders holding more than 5 % of the aggregate equity shares in the Company and equity shares held by the Holding Company, etc. :

100% of Equity Shares of the Company are held by its holding company, Diamines and Chemicals Limited (DACL).

3. Reserves and Surplus

Surplus/(Deficit)		
As per last Balance Sheet	(7,952,515)	(4,336,762)
Add: Net Loss after Tax transferred from the Statement of Profit and Loss	<u>(404,739)</u>	<u>(3,615,753)</u>
	<u>(8,357,254)</u>	<u>(7,952,515)</u>

4. Long-term Borrowings

Unsecured		
Loans and Advances from Related Parties From Holding Company		
Diamines and Chemicals Limited	<u>97,307,122</u>	<u>75,715,760</u>
	<u>97,307,122</u>	<u>75,715,760</u>

5. Trade Payables

Micro and Small Enterprises (Refer Note 5.1)	NIL	NIL
Others	<u>13,483</u>	<u>13,483</u>
	<u>13,483</u>	<u>13,483</u>

- 5.1 The Company has not received any intimation from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, the disclosure, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

6. Other Current Liabilities

Other Payables		
Due to Gujarat Industrial Development Corporation (GIDC)	<u>NIL</u>	<u>1,306,387</u>
	<u>NIL</u>	<u>1,306,387</u>

7. Sum of ₹ 11,704,883 (March 31, 2014: ₹ 11,704,883), including borrowing costs of ₹ NIL (March 31, 2014: ₹ NIL), incurred in connection with the acquisition of the Land is shown as Capital Work-in-progress under Fixed Assets. However, in view of the delay in taking the possession of the land, borrowing costs of ₹ NIL (March 31, 2014: ₹ 2,822,982 incurred during the year has not been capitalised (to Capital Work-in-progress) and charged to the Statement of Profit and Loss.

8. Deferred Tax Asset (Net)

The Company has losses under the tax laws and as there is no virtual certainty that sufficient future taxable income would be available against which deferred tax assets can be realised, on prudence, Deferred Tax Assets on the timing difference for Preliminary Expenses and carried forward losses have not been recognised.



Bas

Bas



**For the
Year ended
March 31, 2015**
₹

**For the
Year ended
March 31, 2014**
₹

9. Long-term Loans and Advances

Unsecured and considered good
Capital Advances

77,354,652

57,438,597

77,354,652

57,438,597

9.1 Capital Advances represent the amount paid for the acquisition of land from Gujarat Industrial Development Corporation (GIDC), the allotment letter of which is in the name of DACL, the holding company. The Company has made an application to GIDC for the transfer of the said allotment in its name. In fact, during the year, DACL has got the possession of such land, which it continues to hold on behalf of the Company. Pending formalities for the transfer of land in the name of the Company, the amount paid to GIDC has continued to be reflected as Capital Advances.

10 Cash and Cash Equivalents

Balance with Bank
On Current Account

403,816

439,635

403,816

439,635

11. Finance Costs

Interest Expense
On Others

NIL

2,822,982

NIL

2,822,982

12. Other Expenses

Rates and Taxes
Legal and Professional Charges
Auditors' Remuneration - Audit Fees
Delay charges for the payment for allotment of Land
Miscellaneous Expenses

3,600

1,200

17,500

26,854

13,483

13,483

368,920

750,073

1,236

1,161

404,739

792,771



As at
March 31, 2015
₹

As at
March 31, 2014
₹

13. Contingent liabilities and Commitments

Contingent liabilities	NIL	NIL
Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	NIL	75,245,895
Less : Advances Paid	NIL	
Net Estimated Amount	<u>NIL</u>	<u>57,438,597</u>
	<u>NIL</u>	<u>17,807,298</u>

14. Related Party Disclosures

List of Related Parties:

Diamines and Chemicals Limited, the Holding Company

Transactions and Outstanding amount:

Interest-free Advances Received from the Holding Company	97,307,122	75,715,760
	<u>97,307,122</u>	<u>75,715,760</u>

15. Earnings per share

Net Profit / (Loss) After Tax (₹)	(404,739)	(3,615,753)
Weighted average number of equity shares of ₹ 10 each	50,000	50,000
Basic and diluted earnings per share (₹)	(8.09)	(72.32)
Face Value per share (₹)	10	10

16. The following additional information pursuant to Part II of the General Instructions for the preparation of Statement of Profit and Loss is either NIL or Not Applicable.

- Clause 5 (ii) relating to Raw materials, goods purchased, etc. under broad heads;
- Clause 5 (iii) relating to Work-in-progress under broad heads;
- Clause 5 (iv) relating to amounts set aside or proposed to be set aside, to reserve;
- Clause 5 (vii) relating to dividends and provisions for losses of subsidiary companies;
- Clause 5 (viii) relating to -
 - C.I.F Value of imports
 - Expenditure in foreign currency
 - Value of the consumption of imported and indigenous raw materials, spare parts and components
 - The amount remitted in foreign currencies
 - Earnings in foreign exchange.

17. The previous year's figures, wherever necessary, have been regrouped/ reclassified to conform to the current year's presentation.

As per our Report of even date attached
For **BANSI S. MEHTA & CO.**
Chartered Accountants

Firm Registration No. 100991W

PARESH H. CLERK
Partner

Membership No. 36148



For and on behalf of the Board of Directors

YOGESH KOTHARI
Chairman

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Vice Chairman

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Director



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