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**Rhodia Specialty Chemicals India Limited**

**Annual Report**

**2015-16**

**Rhodia Specialty Chemicals India Ltd.****ANNUAL REPORT 2015-16****DIRECTORS**

D D Chopra	Chairman Emeritus
Manoj Khullar	Chairman & Managing Director
Sanjeev Mukerjee	
Martin Laudenbach	(Alt. Guo Lin)
Ian Brown	(Alt. Richard Verlaque)
Mukesh Malhotra	(w.e.f. 1 <sup>st</sup> April 2015)
Ajit Shah	(w.e.f. 4 <sup>th</sup> November 2015)
Ms. Valdirene Licht	(w.e.f. 15 <sup>th</sup> March 2016)
Ranjit Pandit	(upto 23 <sup>rd</sup> April 2015)
Yogesh Thar	(upto 30 <sup>th</sup> September 2015)
Pierre-Franck Valentin	(upto 29 <sup>th</sup> February 2016)

**AUDIT COMMITTEE**

Manoj Khullar	
Sanjeev Mukerjee	
Ajit Shah	(w.e.f. 11 <sup>th</sup> December 2015)
Yogesh Thar	(upto 30 <sup>th</sup> September 2015)

**LEGAL MANAGER & COMPANY SECRETARY**

Niranjan Ketkar


**AUDITORS**

Delloitte Haskins & Sells

**SOLICITORS**

Crawford Bayley & Co.

**BANKERS**

BNP Paribas   
State Bank of India  
Corporation Bank  
Kotak Mahindra Bank Ltd.  
Citi Bank N.A.

**REGISTERED OFFICE**

Phoenix House, "A" Wing, 4<sup>th</sup> Floor  
462, Senapati Bapat Marg  
Lower Parel (West), Mumbai 400 013  
Tel.No.91-22-66637101  
email : [investor.india@solvay.com](mailto:investor.india@solvay.com)

**REGISTRARS & SHARE TRANSFER AGENTS**

Link Intime India Private Limited  
C-13 Pannalal Silk Mills Compound  
LBS Marg, Bhandup (West)  
Mumbai 400 078  
Tel : 91-22-25963838

**WORKS**

Plot No.103/104/104(Part)/105(PartI, II & 2)  
MIDC Industrial Estate  
Village -Dhatav Roha 402 116  
Dist. Raigad, Maharashtra

**CIN**

U24110MH1965PLC013331

**DIRECTORS' REPORT**

Dear Members,

We present our report together with the audited accounts of the Company for the financial year ended on 31<sup>st</sup> March 2016:

**1. OVERVIEW OF FINANCIAL RESULTS**

Highlights of Company's performance during the financial year 2015-16 are as under:

(Rs. In Lacs)

	<b>2015-16</b>	<b>2014-15</b>
Net Sales & Processing charges	<b>23,214</b>	<b>27,218</b>
Other Operating Income	<b>100</b>	<b>104</b>
Other Income	<b>1,419</b>	<b>709</b>
<b>Total Income</b>	<b>24,733</b>	<b>28,031</b>
Profit / Loss before Depreciation, Exceptional item and Tax	<b>(1,132)</b>	<b>(1,111)</b>
Depreciation	<b>1,084</b>	<b>939</b>
(Loss) before exceptional items and Tax	<b>(2,216)</b>	<b>(2,050)</b>
(Loss) for the year	<b>(2,216)</b>	<b>(2,050)</b>

**Total Income**

Income from sales, processing charges and other income during the year amounted to Rs. 23,214 Lacs. The same was Rs. 27,218 Lacs for the previous period.

**Performance**

The Company made a loss of Rs. 2,216 Lacs as against a loss of Rs. 2,050 Lacs during the previous period. The current year's loss was mainly contributed by increase in finance cost and legal and professional expenses.

**2. DIVIDEND**

In view of losses, the Board of Directors does not recommend any dividend for the year ended 31<sup>st</sup> March 2016.

**3. SHARE CAPITAL**

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2016 was Rs. 3.37 Crore. During the year under review, the Company has not issued new shares. Please see point no. 20 of Annual Report for more information.

**4. BOARD MEETINGS**

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business.

The Board met four times in the financial year 2015-16 i.e. on 10<sup>th</sup> June 2015, 26<sup>th</sup> August 2015, 11<sup>th</sup> December 2015 and 13<sup>th</sup> January 2016.

**5. BOARD COMMITTEES**

There are currently five Committees of the Board, as follows:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee (upto 11<sup>th</sup> December 2015)
- Corporate Social Responsibility Committee
- Committee for Issue of Duplicate Share Certificates

**6. DIRECTORS' RESPONSIBILITY STATEMENT**

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) 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.

**7. FRAUD REPORTING BY AUDITORS**

As required under Section 134(3) (ca) of the Companies Act, 2013, there are no instances of Fraud being reported by the Auditors.

**8. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

**9. DIRECTORS**

In accordance with the provision of the Companies Act, 2013 Mr. Ian Brown, Director of the Company, retire by rotation and being eligible, offer himself, for re-appointment. The profile of the Director seeking re-appointment form part of the Annexure to the Notice.

During the Mr. Pieree Franck Valentin ceased to be Director of the Company w.e.f. 29<sup>th</sup> February 2016. Subsequent to Mr. Valentin cessation, Mr. Pu alternate director to him ceased to be director of the Company from the above date.

The Board of Directors appointed Mr. Ajit Shah and Ms. Valdirene Licht as Additional Directors with effect from 4<sup>th</sup> November 2015 and 15<sup>th</sup> March 2016 respectively.

Mr. Shah and Ms. Licht hold office of Director upto the date of the forthcoming Annual general meeting of the Company. The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature each of Mr. Shah and Ms. Licht for the office of Director of the Company.

Details of the proposal for appointment of Mr. Shah and Ms. Licht are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 50<sup>th</sup> Annual General Meeting.

None of the Directors is disqualified from being appointed as Directors as specified in Section 164(2) of the Companies Act, 2013.

The provisions of Section 203 of the Companies Act 2013 and rules made thereunder relating to appointment of Key Managerial Personnel are not applicable to the Company.

**10. COMPANY’S POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION**

In accordance with Section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee has formulated Remuneration Policy (“the policy”).

The objective of the policy is to ensure that Executive Directors and other employees are sufficiently compensated for their performance. The Policy seeks to provide criteria for determining qualifications, positive attributes and independence of a director.

Remuneration Policy



Objective

The objective of the policy is to ensure that Executive Directors and other employees are sufficiently compensated for their performance. The Policy seeks to provide criteria for determining qualifications, positive attributes and independence of a director.

a) Directors

Nomination and Remuneration Committee shall recommend the remuneration, including the commission based on the net profits of the Company for the Non-Executive Directors and Managing Director and other Executive Directors. This will be then approved by the Board and shareholders. Prior approval of shareholders will be obtained wherever applicable in case of remuneration to non-executive directors.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and variable pay to Managing Director. Salary is paid within the range approved by the Shareholders. Annual increments effective 1<sup>st</sup> January each year, as recommended by the Nomination and Remuneration Committee, and is approved by the Board. Within the prescribed ceiling, the perquisites package is approved by the Remuneration Committee.

The remuneration paid to Executive Directors is determined keeping in view the industry benchmark and the relative performance of the Company to the industry performance. Perquisites and retirement benefits are paid according to the Company policy as applicable to all employees.

Independent Non-Executive Directors are appointed for their professional expertise in their individual capacity as independent professionals / Business Executives. Independent Non-Executive Directors receive sitting fees for attending the meeting of the Board and Board Committees and commission as approved by the Board and shareholders.

The remuneration by way of commission paid to the Independent Non-Executive directors is determined periodically & reviewed based on the industry benchmarks.

b) Other Employees

The remuneration of employees largely consists of basic salary, perquisites, allowances and performance incentives. Perquisites and retirement benefits are paid according to the Company policy, subject to prescribed statutory ceiling.

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits, performance of each employee. The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry.

The annual variable pay of managers is linked to the performance of the Company in general and their individual performance for the relevant year measured against Company's objectives fixed in the beginning of the year.

Criteria for Board Membership

Director

The Company shall take into account following points:

- Director must have relevant experience in Finance/ Law/ Management/ Sales/ Marketing/ Administration/ Research/ Corporate Governance/ Technical Operations or the other disciplines related to company's business.
- Director should possess the highest personal and professional ethics, integrity and values.
- Director must be willing to devote sufficient time and energy in carrying out their duties and responsibilities.

Independent Director

Independent Director is a director who has no direct or indirect material relationship with the Company or any of its officers, other than as a director or shareholder of the Company.

Independent Director shall meet all criteria specified in Section 149(6) of the Companies Act, 2013 and rules made thereunder.

**11. RISK MANAGEMENT POLICY AND INTERNAL CONTROL ADEQUACY**

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory

as well as Internal Auditors. Significant audit observations and follow up actions thereon are reported to the Audit Committee.

## **12. VIGIL MECHANISM**

The Company has established a vigil mechanism named as Whistle Blower Policy within the Company. The policy of such mechanism has been circulated to all employees within the Company, which provides a framework to the employees for guided & proper utilization of the mechanism. The Whistle Blower Policy has been published on the Company's website <http://www.solvayindia.in/en/solvay-in/rhodia-specialty-chemicals-india-ltd>. There have been no instances of any personnel seeking access to the Audit Committee.

## **13. AUDITORS**

### **Statutory Auditors**

The Statutory Auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants, hold office for a term of Five (5) years subject to ratification by members at every Annual General Meeting. Accordingly, a Resolution seeking Member's ratification for the appointment of M/s. Deloitte Haskins & Sells is included at Item No. 3 of the Notice convening the Annual General Meeting. The Auditors have issued necessary certificate as required under Section 141 of the Companies Act, 2013 during the first year of their appointment.

### **Cost Auditors**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Company has appointed M/s. Kishore Bhatia & Associates, Cost Accountant as the Cost Auditor of the Company for the financial year 2015-16.

### **Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Alwyn D'Souza & Co., Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as Annexure A. The Report does not contain any qualification, reservation or adverse remark.

### **Internal Audit**

M/s. Nikhil Narkar & Associates, Chartered Accountants has been engaged as Internal Auditor of the Company.

## **14. COMMENTS ON AUDITORS' REPORT**

There are no qualifications, reservations or adverse remarks or disclaimers made by Deloitte Haskins & Sells, Statutory Auditors, in their report and by Mr. Alwyn D'souza, Company Secretary in Practice, in his secretarial audit report.

**15. EXTRACT OF ANNUAL RETURN:**

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as Annexure B.

**16. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

The Company has not provided any loans, Guarantees or made investments under Section 186 of the Companies Act, 2013

**17. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1)**

During the financial year 2015-16, Company has entered into transactions with related parties, which were in the ordinary course of business and on arms' length basis and in accordance with the provisions of the Companies Act, 2013, Rules issued thereunder. During the financial year 2015-16, there were no transactions with related parties which qualify as material transactions under the Companies Act, 2013.

The details of the related party transactions as required under Accounting Standard - 18 are set out in Note 38 to the financial statements forming part of this Annual Report.

The Form AOC- 2 pursuant to Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is annexed herewith as Annexure C.

**18. CORPORATE SOCIAL RESPONSIBILITY**

In view of Losses for three financial years, the provision under Section 135 of Companies Act, 2013 relating to spending of Corporate Social Responsibility (CSR) is not applicable.

**19. FIXED DEPOSITS**

The Company has not accepted any fixed deposits during the year.

**20. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

The Company subsequent to approval of Shareholders of on 26<sup>th</sup> February 2016 and confirmation by Hon'ble High Court on 20<sup>th</sup> April 2016 reduced existing issued, subscribed and paid up Equity Share Capital by Rs. 5,56,810/- consisting of 55,681 Equity Shares of Rs. 10/- each. Accordingly as on the date of Directors' Report, the paid Equity Share Capital of the Company is Rs. 3,31,99,190 Crore consisting of 33,19,919 Equity Shares of Rs. 10/- each. Subsequent to reduction entire paid Equity Share capital of the Company is now held by Promoters namely Solvay SA, Solvay Participations France SAS and Solvay Solvay Solutions UK Limited.

**21. EMPLOYEES**

As at 31<sup>st</sup> March 2016, the Company had 206 employees.

We place on record our high appreciation of the contribution of employees at all levels for their co-operation and for reduction of cost of operations, wherever possible.

In terms of the provisions of Section 134 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 as amended, the names and other particulars of the employees are set out in the Annexure D to the Directors' Report.

**22. SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

The status of complaints received from female employees with regard to sexual harassment during the year is as under:

Number of Complaints of sexual harassment received during the period April 2015 to March 2016	Number of complaints disposed off during the period April 2015 to March 2016	Nature of action taken by the employer
NIL	Not applicable	Not applicable

**23. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

As required by Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, relevant data pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, is annexed herewith as Annexure E to this Report.

**24. ENVIRONMENT, HEALTH AND SAFETY**

Your Company recognizes importance of Health and Safety of its employees and its neighborhood. Regular Safety Audits are being conducted. Your Company has adopted a Health, Safety and Environment (HSE) Policy, which applies to all employees and activities.

**25. APPRECIATION**

Your Directors place on record their sincere appreciation of the wholehearted support extended by the Company's bankers, business associates, employees' union, shareholders, auditors and various statutory authorities, both, central and state Government.

**For and On Behalf of the Board of Directors**

Mumbai, 26<sup>th</sup> September 2016

**Manoj Khullar**  
Chairman & Managing Director

## Annexure A

FORM NO. MR.3  
SECRETARIAL AUDIT REPORTFOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016

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

To  
The Members,  
**Rhodia Specialty Chemicals India Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the **Rhodia Specialty Chemicals India Limited** (hereinafter called "**the Company**") as stated herein below.

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct and statutory compliance to express our opinion thereon.

Based on our verification of the Company's statutory books, legal 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 31<sup>st</sup> March, 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 above mentioned books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; -Not applicable to the Company.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; -Not applicable to the Company.
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14<sup>th</sup> May 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective 15<sup>th</sup> May 2015); -Not applicable to the Company.
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - Not applicable as the Company has not issued any shares during the year under review;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 – Not applicable to the Company.
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - -Not applicable to the Company.
  - (f) 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;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

and

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – Not applicable to the Company.
- (vi) Other specific business/industry related laws applicable to the Company- The Company has complied with the provisions of the Petroleum Act, 1934, Indian Explosive Act, 1884 and applicable general business laws, rules, regulations and guidelines.

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) Listing Agreements entered into by the Company with the Stock Exchanges: (Not applicable to the Company)

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and there are no non-compliances that have come to our knowledge.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

The Board decisions are recorded without recording any dissent by any member of the Board and hence we do not find any basis to believe that the Board resolutions were dissented upon by any Board member/(s).

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

**We further report that** during the audit period the following events / actions have taken place, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:

- i. Special Resolution in terms of Section 102 of the Act seeking shareholders authorisation through postal ballot for Reduction of Equity Share capital 55,681 Equity Shares of Rs.10/- each at price of Rs.1200/-.
- ii. Ordinary Resolution in terms of Section 180(1)(c) of the Act, to authorised the Board of Directors, to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Bank, but not exceeding a sum of Rs.200 crores.

Necessary compliance under the above mentioned rules and regulations has been made by the Company.

**For ALWYN D'SOUZA & Co.,**  
Company Secretaries

[Alwyn P D'souza, FCS.5559]  
[Proprietor]  
[Certificate of Practice No.5137]

Date : 26<sup>th</sup> September, 2016

Place : Mumbai

Annexure B

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31.03.2016

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**FORM NO. MGT - 9**

**1. REGISTRATION AND OTHER DETAILS**

CIN	U24110MH1965PLC013331
Registration Date	25 <sup>th</sup> September 1965
Name of The Company	Rhodia Specialty Chemicals India Limited
Category / Sub-Category of the Company	Company having Share Capital
Address of the Registered Office and contact details	Phoenix House, A Wing, 4 <sup>th</sup> Floor, 462, Senapati Bapat Marg, Lower Parel (West) Mumbai – 400 013 Tel : 022 – 66637100 Fax: 022 - 24952834 Website: <a href="http://www.solvayindia.in">www.solvayindia.in</a> E-mail: <a href="mailto:investor.india@solvay.com">investor.india@solvay.com</a>
Whether listed Company	No
Name, address and contact details of Registrar and Transfer Agent, if any.	Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup (West) Mumbai 400 078 Tel: 2596 3838 Fax: 25962691/25946969 Email: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>

**2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

Name and Description of main products	NIC Code of the Product / service	% to total turnover of the Company
RHODAPEX ESA 70RB (Surfactants)	2011	14%

**3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
Solvay Solutions UK Limited Oak House, Reeds Crescent, Watford, England	Foreign Company	Holding	72.93	2(46)

**4. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)**

**i) Category-wise Share Holding**

Category of Shareholders	No. of shares held at the beginning of the year i.e. 01.04.2015				No. of shares held at the end of the year i.e. 31.03.2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.Promoters</b>									
<b>1) Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
b) Banks /FI	-	-	-	-	-	-	-	-	-
c) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (1A)</b>	-	-	-	-	-	-	-	-	-
<b>(2) Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
a) Other Individuals	-	-	-	-	-	-	-	-	-
b) Bodies Corporates	32,88,562	15	32,88,577	97.42	33,18,884	1,035	33,19,919	98.35	0.93
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (2A)</b>	32,88,562	15	32,88,577	97.42	33,18,884	1,035	33,19,919	98.35	0.93
<b>Total Shareholding of Promoter (A)=(A1)+(A2)</b>	<b>32,88,562</b>	<b>15</b>	<b>32,88,577</b>	<b>97.42</b>	<b>33,18,884</b>	<b>1,035</b>	<b>33,19,919</b>	<b>98.35</b>	<b>0.93</b>
<b>B.Public Shareholding</b>									
<b>1.Institutions</b>									
a) Mutual Funds	-	50	50	0.00	-	50	50	0.00	-
b) Banks /FI	25	45	70	0.00	25	45	70	0.00	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign	-	-	-	-	-	-	-	-	-
i) Venture Capital Funds	-	-	-	-	-	-	-	-	-
j) Others	-	-	-	-	-	-	-	-	-

<b>Sub-Total(B1)</b>	<b>25</b>	<b>95</b>	<b>120</b>	<b>0.00</b>	<b>25</b>	<b>95</b>	<b>120</b>	<b>0.00</b>	<b>-</b>
<b>2.Non-Institutions</b>									
<b>a)Bodies Corporate</b>									
i)Indian	14,094	1,436	15,530	0.46	1,462	105	1,567	0.05	(0.41)
ii)Overseas	-	-	-	-	-	-	-	-	-
<b>b)Individuals</b>									
i)Shareholders holding nominal share capital upto Rs.1Lac	35,119	34,859	69,978	2.07	22,523	27,889	50,412	1.49	(0.58)
ii)Individual shareholders holding nominal share capital in excess of Rs.1Lac	-	-	-	-	-	-	-	-	-
c)Others (specify)									
Non-Resident Indian (Repat)	153	-	153	0.00	153	-	153	0.00	-
Non-Resident Indian (Non-Repat)	1,242	-	1,242	0.04	1,342	-	1,342	0.04	-
Directors & Relatives of Directors	-	-	-	-	-	-	-	-	(0.03)
HUF	-	-	-	-	2,087	-	2,087	0.06	(4.28)
<b>Sub-total (B2)</b>	<b>50,608</b>	<b>36,295</b>	<b>86,903</b>	<b>2.58</b>	<b>27,567</b>	<b>27,994</b>	<b>55,561</b>	<b>1.64</b>	<b>(0.93)</b>
<b>Total Public Shareholding (B)=(B1)+(B2)</b>	<b>50,633</b>	<b>36,390</b>	<b>87,023</b>	<b>2.58</b>	<b>27,592</b>	<b>28,089</b>	<b>55,681</b>	<b>1.65</b>	<b>(0.93)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A)+(B)+(C)</b>	<b>33,33,590</b>	<b>42,010</b>	<b>33,75,600</b>	<b>100</b>	<b>33,46,476</b>	<b>29,124</b>	<b>33,75,600</b>	<b>100</b>	<b>0.00</b>

**ii) Shareholding of Promoters**

Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% 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	
Solvay Solutions UK Limited	24,61,974	72.94	Nil	24,61,974	72.94	Nil	Nil
Solvay Participations	6,20,852	18.39	Nil	6,20,852	18.39	Nil	Nil

France							
Solvay S.A.	2,05,751	6.09	Nil	2,37,093	7.02	Nil	0.93
<b>TOTAL</b>	<b>30,82,826</b>	<b>97.42</b>	<b>Nil</b>	<b>33,19,919</b>	<b>98.35</b>	<b>Nil</b>	<b>0.93</b>

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

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>Solvay S.A.</b>				
At the beginning of the year-	2,05,751	6.09	-	-
Date wise increase / decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	31,342	0.93	2,37,093	7.02
23.04.2015	Acquisition under Exit Offer	1,820		
18.08.2015		1,618		
25.08.2015		5,226		
26.08.2015		14,894		
03.09.2015		2,970		
17.11.2015		1,482		
07.12.2015		331		
12.01.2016		300		
12.01.2016		1,175		
15.02.2016		710		
07.03.2016		726		
At the end of the year	-	-	2,37,093	7.02

iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
R C Khanna	1,436	0.04	1,436	0.04
Maheshwari Share and Stock Brokers Private Limited	799	0.02	916	0.03
Pangi Murgappa Shivappa	700	0.02	700	0.02
Mahendra Chimanlal Shah	645	0.01	645	0.01

Navinchandra Shankarrao Markandeya *	500	0.01	600	0.01
Moraraji Arvind P *	550	0.01	550	0.01
Dileep Wagle *	500	0.01	500	0.01
Irene Pontes *	500	0.01	500	0.01
Sanjiv Mulchand Sawla *	500	0.01	500	0.01
Rajgopalrao S *	500	0.01	500	0.01
ICICI Securities Limited – Rhodia Specialty Chemicals India Limited – Delisting Escrow Account #	8,529	0.25	Nil	Nil
ICICI Securities Limited – Rhodia Specialty Chemicals India Limited – Delisting Escrow Account #	4,209	0.12	Nil	Nil
Ishwaribai Udham Achra (Deceased) shares transmitted to Rajesh Gianchand Achra #	1,400	0.04	Nil	Nil
H Shivprasad Rao #	1,100	0.03	Nil	Nil
Hill, Son & Dinshaw Private Limited #	700	0.02	Nil	Nil
Chandrakant Shripal Shah #	650	0.01	Nil	Nil

Note:

\* Not in the list of Top 10 shareholders as on 1<sup>st</sup> April 2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31<sup>st</sup> March 2016.

# Ceased to be in the list of Top 10 shareholders as on 31<sup>st</sup> March 2016. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 1<sup>st</sup> April 2015.

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

None of the other Directors hold any shares in the Company apart from above.

Provisions of section 203 of Companies Act, 2013 and rules made thereunder relating to Key Managerial Personnel are not applicable to the Company.

**5. INDEBTEDNESS**

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

Rs. In Lacs

	Security Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	4020.10	-	4020.10
ii) Interest due but not paid	-	6.01	-	6.01
iii) Interest accrued but not due	-	16.99	-	16.99
Total (I+II+III)	-	4043.10	-	4043.10
Change in indebtedness during the financial year	-		-	
Addition	-	595.23	-	595.23
Reduction	-	-	-	-
Net Change	-	595.23	-	595.23

Indebtedness at the end of the financial year	-		-	
i) Principal Amount	-	4598.63	-	4598.63
ii) Interest due but not paid	-	11.50	-	11.50
iii) Interest accrued but not due	-	28.20	-	28.20
Total(i+ii+iii)	-	4638.33	-	4638.33

**6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and and/or Managers:**

(Rs. In lacs)

Sl. No.	Particulars of Remuneration	Mr. Manoj Khullar Managing Director	Total Amount
1.	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	116.50	116.50
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5.99	5.99
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission As % of profit	Nil	Nil
5.	Others, please specify	Nil	Nil
	Total (A)	<b>122.49</b>	<b>122.49</b>

**B. Remuneration to other Directors:**

1. Independent Director

Rs. In Lacs

Particulars of Remuneration	Name of Directors			Total Amount
	Mr. Yogesh Thar*	Mr. Sanjeev Mukerjee	Mr. Ajit Shah#	
Fee for attending Board/Committee meetings	0.40	2.40	0.80	3.60
Commission	Nil	Nil	Nil	Nil
Others, please specify	Nil	Nil	Nil	Nil
Total (B)				<b>3.60</b>

\* Mr. Yogesh Thar resigned as Director with effect from 30<sup>th</sup> September 2015.

# Mr. Ajit Shah was appointed as Director with effect from 4<sup>th</sup> November 2015.

Note:

Other Non-executive Directors of the Company are not paid any remuneration.

**C. Remuneration to Key Managerial personnel other than MD/Manager/WTD**

Provisions of section 203 of Companies Act, 2013 and rules made thereunder relating to Key Managerial Personnel are not applicable to the Company.

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

There were no penalties / punishment / compounding of offences under any sections of the Companies Act, 2013 against the Company or its Directors or other Officers in default, if any, during the year.



Annexure C

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)

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

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

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

a	Name(s) of the related party and nature of relationship	Solvay Specialty Chemicals Asia Pacific Pte. Ltd.
b	Nature of contracts/arrangements/transactions	Purchase of goods
c	Duration of the contracts / arrangements/transactions	April 2015 to March 2016
d	Salient terms of the contracts or arrangements or transactions including the value, if any	As per invoices raised from time to time
e	date(s) of approval by the Board	Not applicable as transactions are in ordinary course of business
f	Amount paid as advances, if any:	Not applicable

Note:

There were no transactions with related parties which qualify as material transactions under the provisions of Companies Act 2013. The details of the related party transactions for the financial year 2015-16 are set out in Note 38 to the financial statements forming part of this Annual Report.

**For and On Behalf of the Board of Directors**

Mumbai, 26<sup>th</sup> September 2016

**Manoj Khullar**  
Chairman & Managing Director

## Annexure D

Statement Pursuant to Section 134 of Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 as amended, for the period ended 31<sup>st</sup> March 2016.

Name	Designation	Qualification	Age (Yrs)	Experience (No of Years)	Date of Commencement of Employment	Remuneration Rs.	Previous Employment	% of Shareholding in the Company	Relative working in the Company
(a) Employed for the full year									
Manoj Khullar	Managing Director	B.E. (Chemicals), MBA	45	22	23.04.2012	1,61,65,407/- p.a	Jubilant Life Sciences	NIL	NIL
(b) Employed for part of the year									
NA	NA	NA	NA	NA	NA	NA	NA		

**Notes:**

1. Appointment is contractual.
2. Terms and conditions are as per contract with the Company.
3. Mr. Manoj Khullar is not related to any Director of the Company.
4. Mr. Manoj Khullar is not holding any shares in the Company.

## Annexure E

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo** as prescribed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014

**CONSERVATION OF ENERGY:**

The Company has always been conscious of the **VALUE RESEARCH PREMIUM** and is continuously identifying areas where energy can be saved and appropriate measures have been taken for optimizing energy conservation.

a) The steps taken or impact on conservation of energy:

1. Energy saving on process air blower in Chemithon plant by controlling excess venting air with installation of Variable frequency drive.(~Saving 07 KW/hr)
2. Replacement of High wattage lamps by LED lamps.(~Saving 5 KW/Hr)
3. Energy saving by replacing low efficiency motors by energy efficient motors in Spray dryer plant (~ Saving 43 KW/hr)

b) The steps taken by the Company for utilising alternate sources of energy:

1. Used of steam from steam generated by waste heat boiler of neighbor industry to minimize use of our oil fired boiler.

c) The capital investment on energy conservation equipment:

1. Energy Efficient Motors = 426KINR
2. Variable Frequency drive = 200 KINR

**TECHNOLOGY ABSORPTION:**

1. Efforts, in brief, made towards technology absorption, adaptation and innovation: Technology taken from mother plant to produce following product locally
  - a. Betains
  - b. Miranols
  - c. Phosphate Esters
  - d. Sulfate ester
  - e. Sulfo Succinates
  - f. Rhodapon BOS-TEX

A new waste water treatment plant installed based on biological treatment followed by tertiary treatment to treat effluent from our plants. Technology was adapted from China

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

Successfully substituted above imported products by locally manufactured product.

Reduction in chemical cost & disposal cost of solid sludge generated in old waste water treatment unit, which was only based chemical treatment.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :

- |   |   |   |
|---|---|---|
| <ul style="list-style-type: none"> <li>a) Technology imported</li> <li>b) Year of Import</li> <li>c) Has the technology been fully absorbed?</li> <li>d) If not fully absorbed, areas where this has not taken place, reason there of, and future plans of action.</li> </ul> | } | <p>To manufacture Betains, Miranols, Phosphate esters, Sulfate Ester, sulfo succinate. Rhodapon BOS TEX<br/>Biological treatment unit in WWTU<br/>2015</p> <p>Yes</p> |
|---|---|---|

4. Expenditure on R & D :( In Rs.)

- |  |   |     |
|--|---|-----|
| <ul style="list-style-type: none"> <li>a) Capital</li> <li>b) Recurring</li> <li>c) Total <input type="text" value=""/></li> <li>d) Total R &amp; D Expenditure as percentage of turnover</li> </ul> | } | Nil |
|--|---|-----|

**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Please refer to Notes 34 & 35 to the Financial Statements.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
RHODIA SPECIALTY CHEMICALS INDIA LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **RHODIA SPECIALTY CHEMICALS INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also 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; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts

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

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

### **Opinion**

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

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

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2016 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) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements in accordance with the generally accepted accounting principles – also refer Note 27 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the

Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm’s Regn. No. 117364W)

**Ketan Vora**  
Partner  
Membership Number: 100459

**Mumbai**, September 26, 2016



**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of **RHODIA SPECIALTY CHEMICALS INDIA LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Regn. No. 117364W)

**Ketan Vora**  
Partner  
Membership Number: 100459

**Mumbai**, September 26, 2016

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of **Rhodia Speciality Chemicals India Limited** on the financial statements for the year ended 31 March, 2016.)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds provided to us, we report that, the title deeds, comprising all the immovable properties of lands which are freehold and building thereof are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships, or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause 3 (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and the provisions of sections 73 to 76 of the Act are not applicable and hence reporting under clause 3 (v) of the Order is also not applicable.
- (vi) The maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1) (d) of the Act and are of the opinion that, *prima facie*, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and any other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

- (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2016 on account of disputes except as given below:

<b>Name of Statute</b>	<b>Nature of Dues</b>	<b>Forum where Dispute is Pending</b>	<b>Period to which the Amount Relates</b>	<b>Amount Involved (Rs. in Lacs)</b>
The Income-tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2008-2009	102.19
The Central Excise Act, 1944	Excise Duty	Central Excise and Service Tax Appellate Tribunal	1996-2006	101.23
		Commissioner of Central Excise (Appeals)	1999-2012	7.84
		Additional Commissioner of Central Excise	2000-2006	37.61
		Assistant Commissioner of Central Excise	2000-2002	26.40
The Custom Act, 1962	Customs Duty	Commissioner of Customs (Appeals)	2004-2010	203.17
		Assistant Commissioner of Customs	2008-2010	19.84
The Finance Act, 1994	Service tax	Central Excise and Service Tax Appellate Tribunal	2005-2008	1.24
		Additional Commissioner of Central Excise	2012-2013	5.29
		Assistant Commissioner of Central Excise	2012-2013	1.16

		Assistant Commissioner of Central Excise	2013-2014	2.63
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- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks. The company has not taken any loans or borrowings from financial institutions and government. The Company has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Regn. No. 117364W)

**Ketan Vora**  
Partner  
Membership Number: 100459

Mumbai, September 26, 2016

Rhodia Specialty Chemicals India Ltd. **VALUE RESEARCH PREMIUM****Balance Sheet as at 31 March 2016**

(Rupees in Lacs)

	Note No.	As at 31 March 2016	As at 31 March 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	3	337.56	337.56
(b) Reserves and surplus	4	<u>2,213.38</u>	<u>4,429.62</u>
		<b>2,550.94</b>	<b>4,767.18</b>
<b>(2) Non-current liabilities</b>			
(a) Other long-term liabilities	5	0.05	0.07
(b) Long-term provisions	6	<u>289.11</u>	<u>102.35</u>
		<b>289.16</b>	<b>102.42</b>
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	7	7,656.88	4,618.00
(b) Trade payables			
- Total outstanding Dues of Micro and Small Enterprises (Refer Note 29)		102.80	109.26
- Total outstanding dues of creditors other than Micro and Small Enterprises	8	5,868.38	5,148.49
(c) Other current liabilities	9	768.02	541.79
(d) Short-term provisions	10	<u>154.17</u>	<u>198.21</u>
		<b>14,550.25</b>	<b>10,615.75</b>
<b>TOTAL</b>		<b><u>17,390.35</u></b>	<b><u>15,485.35</u></b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	11(a)	6,402.13	3,960.59
(ii) Intangible assets	11(b)	3.35	5.03
(iii) Capital work-in-progress		<u>18.11</u>	<u>989.37</u>
		<b>6,423.59</b>	<b>4,954.99</b>
(b) Non-current investments	12	0.03	0.03
(c) Deferred tax assets (net)	43	-	-
(d) Long-term loans and advances	13	1,042.50	1,085.03
(e) Other non-current assets	14	<u>23.06</u>	<u>23.56</u>
		<b>7,489.18</b>	<b>6,063.61</b>
<b>(2) Current assets</b>			
(a) Inventories	15	3,639.81	4,259.81
(b) Trade receivables	16	4,459.73	4,197.62
(c) Cash and cash equivalents	17	745.40	249.49
(d) Short-term loans and advances	18	1,050.80	713.48
(e) Other current assets	19	<u>5.43</u>	<u>1.34</u>
		<b>9,901.17</b>	<b>9,421.74</b>
<b>TOTAL</b>		<b><u>17,390.35</u></b>	<b><u>15,485.35</u></b>

See accompanying notes forming part of the financial statements

In terms of our report of even date  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**Ketan Vora**  
Partner

Mumbai, 26th September, 2016.

**For and on behalf of the Board of Directors**  
**Rhodia Specialty Chemicals India Ltd.**

Manoj Khullar  
Managing Director  
(DIN No.06415392)


Niranjan Ketkar  
Legal manager & Company Secretary

Ajit Shah  
Director  
(DIN No.02396765)

Rhodia Specialty Chemicals India Ltd.

Statement of Profit and Loss for the year ended 31 March 2016

(Rupees in Lacs)

	Note No.	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Income</b>			
<b>Revenue from operations</b>			
Sale of products (gross)	20 (a)	24,662.03	29,818.73
Less: Excise duty		1,519.87	2,681.40
Sale of products (net)		<u>23,142.16</u>	<u>27,137.33</u>
Sale of services			
Processing charges [net of excise duty Rs. 52.70 lacs, Previous year Rs. 40.22 lacs]	20 (b)	72.51	80.41
Other operating income	21	<u>99.71</u>	<u>104.16</u>
		<u>23,314.38</u>	<u>27,321.90</u>
Other income	22	1,419.28	709.03
<b>Total Revenue</b>		<u><u>24,733.66</u></u>	<u><u>28,030.93</u></u>
<b>Expenses</b>			
Cost of materials consumed	23 (a)	10,246.63	17,412.70
Purchases of stock-in-trade	23 (b)	5,596.32	4,881.73
Change in inventories of finished goods, work-in-progress and stock-in-trade	23 (c)	752.51	(781.66)
Employee benefits expense	24	2,477.71	2,107.08
Finance costs	25	532.41	221.04
Depreciation and amortisation expense	11	1,083.84	938.82
Other expenses	26	6,260.48	5,300.89
<b>Total expenses</b>		<u><u>26,949.90</u></u>	<u><u>30,080.60</u></u>
<b>(Loss) for the year</b>		<u><u>(2,216.24)</u></u>	<u><u>(2,049.67)</u></u>
<b>Earnings per equity share</b>	40		
[Nominal value of share Rs.10]			
Basic and diluted		<u><u>(65.65)</u></u>	<u><u>(60.72)</u></u>

See accompanying notes forming part of the financial statements

In terms of our report of even date  
For Deloitte Haskins & Sells  
Chartered Accountants

For and on behalf of the Board of Directors  
Rhodia Specialty Chemicals India Ltd.

Ketan Vora

Manoj Khullar  
Managing Director  
(DIN No.06415392)

Ajit Shah  
Director  
(DIN No.02396765)

Mumbai, 26th September, 2016.

Niranjan Ketkar  
Legal manager & Company Secretary

Rhodia Specialty Chemicals India Ltd.  
Cash Flow Statement for the year ended 31 March 2016

(Rupees. In lacs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
<b>Cash flow from Operating Activities</b>		
(Loss) before tax	(2,216.24)	(2,049.67)
Adjustments for non-cash items/items required to be disclosed separately:		
Depreciation and Amortisation expense	1,083.84	938.82
Provision for doubtful trade receivable	10.58	-
Finance Cost	532.41	221.04
Loss on sale/write off of fixed assets (net)	8.42	306.87
Unrealised foreign exchange (gain)/loss (net)	66.12	(98.16)
Write off of MAT credit receivable	-	710.00
Write off of export rebate receivable	-	17.40
Provisions no longer required written back	(127.80)	(130.75)
Interest income	(12.86)	(19.88)
	<u>1,560.71</u>	<u>1,945.34</u>
<b>Operating loss before changes in working capital</b>	<b>(655.53)</b>	<b>(104.33)</b>
<b>Adjustments for changes in Working Capital and Provisions:</b>		
<b>Adjustments for (increase)/decrease in operating assets:</b>		
Inventories	620.00	(410.12)
Trade receivables	(265.70)	1,179.03
Short term loans and advances	(337.32)	418.15
Long term loans and advances	51.46	(55.66)
	<u>68.44</u>	<u>1,131.40</u>
<b>Adjustments for increase/(decrease) in operating liabilities:</b>		
Trade payables	640.29	(55.97)
Long term and short term provisions	142.72	(3.48)
Other current liabilities	197.07	188.92
	<u>980.08</u>	<u>129.47</u>
<b>Cash generated in Operations</b>	<b>1,048.52</b>	<b>1,260.87</b>
<b>Income-tax paid (net of refunds)</b>	<b>392.99</b>	<b>1,156.54</b>
	<u>(106.42)</u>	<u>(40.01)</u>
<b>A. Net cash from Operating Activities</b>	<b>286.57</b>	<b>1,116.53</b>
<b>Cash flow from Investing Activities</b>		
Capital expenditure on fixed assets (after adjustment of increase/decrease in capital work-in-progress and advance for capital expenditure)	(2,315.82)	(1,284.58)
Fixed deposits placed with bank (Net)	-	(22.06)
Interest Received	8.77	24.15
<b>B. Net cash used in Investing Activities</b>	<b>(2,307.05)</b>	<b>(1,282.49)</b>
<b>Cash flow from Financing Activities</b>		
Increase in Short-term borrowings (Net)	3,038.88	616.05
Finance costs paid	(522.51)	(207.12)
<b>C. Net cash from Financing Activities</b>	<b>2,516.37</b>	<b>408.93</b>
<b>Net increase (decrease) in cash and cash equivalents (A+B+C)</b>	<b>495.89</b>	<b>242.97</b>
<b>Cash and cash Equivalents at the beginning of the year</b>	<b>248.25</b>	<b>5.28</b>
<b>Cash and cash Equivalents at the end of the year</b>	<b>744.14</b>	<b>248.25</b>

Notes:

(1) The above cash flow statement has been prepared under the 'Indirect Method'.

As at 31 March 2016

As at 31 March 2015

(2) Reconciliation of cash and cash equivalents with the Balance Sheet

Cash and cash equivalents as per above	744.14	248.25
Add: Bank Balances not considered as cash and cash equivalents as defined in AS 3 - Cash Flow Statements	0.50	-
Net cash and cash balances (as defined in AS 3 - Cash Flow Statements) included in Note 17	<u>744.64</u>	<u>248.25</u>

(3) Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report of even date

For Deloitte Haskins & Sells  
Chartered Accountants

For and on behalf of the Board of Directors  
Rhodia Specialty Chemicals India Ltd.

Ketan Vora  
Partner

Manoj Khullar  
Managing Director  
(DIN No.06415392)

Ajit Shah  
Director  
(DIN No.02396765)

Mumbai, 26th September, 2016.

Niranjan Ketkar  
Legal manager & Company Secretary

**1. Corporate information:**

Rhodia Specialty Chemicals India Ltd is a Public Limited Company. It is a subsidiary of Solvay Solutions UK Limited holding 72.93%. The Company is primarily engaged in manufacturing surfactants for serving markets in home, personal care and agrochemical markets. It also manufactures chemicals used in industrial formulations, paints and coatings as well as for oil fields. It also sources some trading products from overseas group companies and markets in India.

**2. Significant accounting policies****a) Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities are classified as current if it is expected to realize or settle within 12 months after the Balance Sheet date.

**b) Use of estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

**c) Inventories**

Inventories are valued at the lower of cost (weighted average basis) and 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 and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty. The cost of traded finished goods is determined on moving weighted average basis.

**d) Cash and cash equivalents (for purposes of cash flow statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**e) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature

and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**f) Depreciation and Amortisation**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Leasehold land is amortised over the period of lease.

Depreciation on other tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes and maintenance support, etc.:

- i) Factory Buildings 10 years
- ii) Other than Factory Buildings 20 years
- iii) Plant and Equipment 8 to 10 years
- iv) Vehicles 5 years

Intangible assets (softwares) are amortised on a straight line basis over the 4 years, which in management's estimate represents the period during which the economic benefits will be derived from their use.



**g) Revenue recognition**

Sale of goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer which generally coincides with the dispatch of goods to customers. Sales include excise duty but exclude sales tax / value added tax and trade discounts.

Export incentive

Export incentive in the nature of duty drawback is accounted for in the year of export.

Income from services

Service income is recognized as per the terms of the contract when the related services are rendered.

Indenting commission is accounted for on receipt of intimation of supply from foreign suppliers.

**h) Other income**

Interest income is accounted on time proportion basis.

**i) Fixed assets (Tangible / Intangible)**

Fixed assets are carried at cost less accumulated depreciation/amortization and impairment losses, if any. The Cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the

asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalized and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalized and depreciated thereon is included in the project cost till project is ready for its intended use.

Capital work-in-progress:

Project under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

**j) Foreign currency transactions and translations**

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rate prevailing on the date of transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expenses in the Statement of Profit and Loss.

**k) Investments**

Long term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Cost of investments includes acquisition charges such as brokerage, fees and duties.

**l) Employee benefits**

**(i) Short Term Employee Benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period as an expenses as the related service is rendered by employees.

**(ii) Post Employment Benefits:**

**(1) Defined Contribution Plans**

The Company's liability for superannuation scheme, which is a defined contribution scheme, is funded through a scheme administered by Life Insurance Corporation of

India (LIC). Contributions payable under this scheme are charged to Statement of Profit and Loss as incurred.

Contributions to the recognised statutory Provident Fund, which is a defined contribution scheme, are charged to the Statement of Profit and Loss in the period in which the liability is incurred and when services are rendered by the employees.

## **(2) Defined Benefit Plans**

Provision for gratuity, which is a defined benefit plan, is made on the basis of an actuarial valuation carried out by an independent actuary at the balance sheet date and is funded through a scheme administered by the LIC. The actuarial valuation is done using the 'Project Unit Credit Method'. The discount rates used for determining the present value of the defined benefit obligation, are based on the market yields on Government securities as at the balance date. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

## **(3) Other Long- term employment benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date. The discount rates used for determining the present value of the defined benefit obligation are based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

### **m) Borrowing costs**

Borrowing costs include interest, amortization of ancillary cost incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

### **n) Segment reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

### **o) Leases**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

**p) Earnings per share**

Basic and diluted earnings per share are computed by dividing the net profit/ (loss) attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

**q) Taxes on income**

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with income tax laws) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that the assets can be realized in future; however when there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

**r) Impairment of Assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the balance sheet date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

**s) Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation as a result of past events that may, but probably will not, require an outflow of resources and the amount can be reasonably estimated. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements.

Rhodia Specialty Chemicals India Ltd.

Notes forming part of the financial statements as at 31 March 2016

	(Rupees in Lacs) As at 31 March 2016	(Rupees in Lacs) As at 31 March 2015
<b>3 Share capital</b>		
Authorised:		
5,000,000 (Previous year: 5,000,000) equity shares of Rs. 10/- each	500.00	500.00
	<u>500.00</u>	<u>500.00</u>
Issued, Subscribed and Paid-up		
3,375,600 (Previous year: 3,375,600) equity shares of Rs. 10/- each fully paid-up	337.56	337.56
	<u>337.56</u>	<u>337.56</u>

(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Equity shares	As at 31 March 2016		As at 31 March 2015	
	No. of shares	Rs. In lacs	No. of shares	Rs. in lacs
Opening Balance	3,375,600	337.56	3,375,600.00	337.56
Add: Fresh issue during the year	-	-	-	-
Closing Balance	3,375,600	337.56	3,375,600.00	337.56

(b) Terms/Rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs 10 per share. Accordingly, all equity shares rank equally with regard to dividend and share in the Company's residual assets. The equity shareholders are entitled to receive dividend as declared from time to time. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all the preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by the Holding / ultimate Holding Company and/or their Subsidiaries as at the end of the year

	As at 31 March 2016	As at 31 March 2015
	No. of shares	No. of shares
Solvay Solutions UK Limited (Holding Company)	2,461,974	2,461,974
Solvay Participations, France (Subsidiary of the ultimate Holding Company Solvay S.A., France)	620,852	620,852
Solvay S.A. France (Ultimate Holding Company)	237,093	205,751

(d) Shareholders holding more than 5% equity shares in the Company as at the end of the year

Name of the shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of shares	% holding	No. of shares	% holding
1 Solvay Solutions UK Limited (Holding Company)	2,461,974	72.93%	2,461,974	72.93%
2 Solvay Participations, France (Subsidiary of the ultimate Holding Company Solvay S.A., France)	620,852	18.39%	620,852	18.39%
3 Solvay S.A., France (Ultimate Holding Company)	237,093	7.02%	205,751	6.10%

	(Rupees in Lacs) As at 31 March 2016	(Rupees in Lacs) As at 31 March 2015
<b>4 Reserves and surplus</b>		
<b>Capital reserve</b>		
Subsidy under the special capital incentive scheme	25.00	25.00
Profit on reissue of forfeited shares	0.11	0.11
<b>Securities premium account</b>		
At the commencement and end of the year	316.58	316.58
<b>General reserve</b>		
At the commencement and end of the year	3,746.49	3,746.49
<b>Surplus/(Deficit) in Statement of Profit and Loss</b>		
At the commencement of the year	341.44	2,391.11
Loss after tax for the year	<u>(2,216.24)</u>	<u>(2,049.67)</u>
Balance as at the end of the year	<u>(1,874.80)</u>	341.44
	<u>2,213.38</u>	<u>4,429.62</u>

Rhodia Specialty Chemicals India Ltd.

Notes forming part of the financial statements as at 31 March 2016 (Continued)

	(Rupees in Lacs) As at 31 March 2016	(Rupees in Lacs) As at 31 March 2015
<b>5 Other long-term liabilities</b>		
Deposits received from customer	0.05	0.07
	<u>0.05</u>	<u>0.07</u>
<b>6 Long-term provisions</b>		
Provision for employee benefits		
- Compensated absences	190.48	102.35
- Gratuity (Refer Note 39)	98.63	-
	<u>289.11</u>	<u>102.35</u>
<b>7 Short-term borrowings</b>		
Unsecured		
(i) Repayable on demand from a Bank (Refer Note 7A)	1,656.88	-
(ii) Other than repayable on demand		
- Loans and advances from a related party	2,500.00	1,000.00
- From Banks (Refer Note 7A)	3,500.00	3,618.00
	<u>7,656.88</u>	<u>4,618.00</u>
7A. Secured by a corporate guarantee from Rhodia SA France, a subsidiary of the ultimate holding company.		
<b>8 Trade payables</b>		
- Total outstanding dues of micro and small enterprises (Refer Note 29)	102.80	109.26
- Total outstanding dues other than micro and small enterprises	5,868.38	5,148.49
	<u>5,971.18</u>	<u>5,257.75</u>
<b>9 Other current liabilities</b>		
Interest accrued but not due on borrowings	30.23	20.33
Unclaimed dividend (*)	0.76	1.24
Advance from customers	89.84	15.62
Other payables:		
Statutory dues payable		
- TDS payable	82.63	81.35
- Sales tax payable	10.27	27.60
- WCT payable	0.87	2.54
- Excise liability on closing stock of finished goods	144.90	202.99
Payables on purchase of fixed assets	202.07	54.52
Employee Liability	206.45	133.60
Others	-	2.00
	<u>768.02</u>	<u>541.79</u>
* There is no amount due and outstanding to be paid to the Investor Education and Protection Fund as at the year end. These amounts shall be paid to the fund as and when they become due.		
<b>10 Short-term provisions</b>		
Provision for employee benefits		
- Compensated absences	47.80	74.62
- Provision for gratuity (Refer Note 39)	50.00	67.22
Other		
- Current tax provisions less payments	56.37	56.37
	<u>154.17</u>	<u>198.21</u>

## Rhodia Specialty Chemicals India Ltd.

## Notes forming part of the financial statements as at 31 March 2016 (Continued)

## 11 Fixed Assets

(Rupees in Lacs)

Description	Gross Block (At cost)			Depreciation / Amortisation				Net Block
	As at	Additions	Disposals	As at	As at	For the	As at	As at
	1 April 2015			31 March 2016	1 April 2015	year	Deductions	
<b>Tangible fixed assets</b>								
<b>Freehold Land</b>	<b>5.70</b>	-	-	<b>5.70</b>	-	-	-	<b>5.70</b>
	(5.70)	(-)	(-)	(5.70)	(-)	(-)	(-)	(5.70)
<b>Leasehold Land</b>	<b>38.15</b>	-	-	<b>38.15</b>	<b>9.50</b>	<b>0.38</b>	-	<b>9.88</b>
	(38.15)	(-)	(-)	(38.15)	(9.11)	(0.39)	(-)	(9.50)
<b>Buildings</b>	<b>1,818.34</b>	<b>583.44</b>	-	<b>2,401.78</b>	<b>1,170.77</b>	<b>122.72</b>	-	<b>1,293.49</b>
	(1,966.58)	(9.09)	(157.33)	(1,818.34)	(1,098.96)	(156.86)	(85.05)	(1,170.77)
<b>Plant and equipment</b>	<b>8,332.89</b>	<b>2,784.47</b>	<b>86.32</b>	<b>11,031.04</b>	<b>5,309.11</b>	<b>844.38</b>	<b>86.32</b>	<b>6,067.17</b>
	(8,944.58)	(201.64)	(813.33)	(8,332.89)	(5,178.94)	(708.91)	(578.74)	(5,309.11)
<b>Computers</b>	<b>238.53</b>	<b>138.76</b>	<b>85.80</b>	<b>291.49</b>	<b>161.59</b>	<b>60.49</b>	<b>85.80</b>	<b>136.28</b>
	(179.35)	(59.18)	(-)	(238.53)	(129.35)	(32.24)	(-)	(161.59)
<b>Office equipment</b>	<b>167.29</b>	-	<b>37.07</b>	<b>130.22</b>	<b>93.90</b>	<b>29.04</b>	<b>28.65</b>	<b>94.29</b>
	(161.90)	(5.39)	(-)	(167.29)	(70.57)	(23.33)	(-)	(93.90)
<b>Furniture and fixtures</b>	<b>158.75</b>	<b>25.45</b>	<b>8.74</b>	<b>175.46</b>	<b>54.19</b>	<b>25.15</b>	<b>8.74</b>	<b>70.60</b>
	(158.75)	(-)	(-)	(158.75)	(41.67)	(12.52)	(-)	(54.19)
<b>Vehicles</b>	<b>24.11</b>	-	<b>0.02</b>	<b>24.09</b>	<b>24.11</b>	-	<b>0.02</b>	<b>24.09</b>
	(24.11)	(-)	(-)	(24.11)	(21.22)	(2.89)	(-)	(24.11)
<b>Total Tangible assets</b>	<b>10,783.76</b>	<b>3,532.12</b>	<b>217.95</b>	<b>14,097.93</b>	<b>6,823.17</b>	<b>1,082.16</b>	<b>209.53</b>	<b>7,695.80</b>
Previous year	(11,479.12)	(275.30)	(970.66)	(10,783.76)	(6,549.82)	(937.14)	(663.79)	(6,823.17)
<b>Intangible fixed assets ( Acquired )</b>								
<b>Software</b>	<b>6.71</b>	-	-	<b>6.71</b>	<b>1.68</b>	<b>1.68</b>	-	<b>3.36</b>
	(-)	(6.71)	(-)	(6.71)	(-)	(1.68)	(-)	(1.68)
<b>Total Intangible assets</b>	<b>6.71</b>	-	-	<b>6.71</b>	<b>1.68</b>	<b>1.68</b>	-	<b>3.36</b>
Previous year	(-)	(6.71)	(-)	(6.71)	(-)	(1.68)	(-)	(1.68)
<b>Total</b>	<b>10,790.47</b>	<b>3,532.12</b>	<b>217.95</b>	<b>14,104.64</b>	<b>6,824.85</b>	<b>1,083.84</b>	<b>209.53</b>	<b>7,699.16</b>
Previous year	(11,479.12)	(282.01)	(970.66)	(10,790.47)	(6,549.82)	(938.82)	(663.79)	(6,824.85)

Previous year figures are in brackets.

## Rhodia Specialty Chemicals India Ltd.

## Notes forming part of the financial statements as at 31 March 2016 (Continued)

	(Rupees in Lacs) As at 31 March 2016	(Rupees in Lacs) As at 31 March 2015
<b>12 Non-current investments (At cost)</b>		
<b>Non-trade investment : unquoted</b>		
Investment in equity instruments	0.03	0.03
Investment in 100 equity shares (Previous year 100 equity shares) of Rs.25 each fully paid up in Roha Industries Association's Sahakari Grahak Bhandar		
	<u>0.03</u>	<u>0.03</u>
Aggregate book value of unquoted non-current investment	<u>0.03</u>	<u>0.03</u>
<b>13 Long-term loans and advances</b>		
Secured, considered good:		
Loans to employees	<b>VALUE RESEARCH PREMIUM</b>	24.02
Unsecured, considered good:		
Capital advances	48.98	146.47
Security deposits	252.85	299.84
Income-tax payments less provisions	560.80	454.38
Balances with Government authorities		
- VAT receivable	168.07	157.57
Prepaid expenses	-	2.75
	<u>1,042.50</u>	<u>1,085.03</u>
<b>14 Other non-current assets</b>		
Bank Deposits (*)	23.06	23.56
* under lien with government authorities having maturity more than 12 months from the balance sheet date		
	<u>23.06</u>	<u>23.56</u>
<b>15 Inventories</b> (Valued at lower of cost and net realisable value)		
Raw materials	876.88	647.32
Raw materials in transit	<u>210.73</u>	<u>278.38</u>
	1,087.61	925.70
Packing materials	70.72	53.26
Work-in-progress	153.05	196.97
Finished goods	1,052.72	1,613.40
Stock-in-trade	1,009.04	1,156.95
[includes goods in transit Rs. 430.26 lacs (Previous year Rs.432.99 lacs)]		
Stores and spares	266.67	313.53
	<u>3,639.81</u>	<u>4,259.81</u>
<b>16 Trade receivables</b>		
Unsecured, considered good		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	143.38	76.38
Other trade receivables		
- Unsecured, considered good	4,316.35	4,121.24
- Doubtful	10.58	-
Less: Provision for doubtful receivables	<u>(10.58)</u>	<u>-</u>
	<u>4,316.35</u>	<u>4,121.24</u>
	<u>4,459.73</u>	<u>4,197.62</u>

Rhodia Specialty Chemicals India Ltd.

Notes forming part of the financial statements as at 31 March 2016 (Continued)

	(Rupees in Lacs) As at 31 March 2016	(Rupees in Lacs) As at 31 March 2015
<b>17 Cash and cash equivalents</b>		
Cash and cash equivalents		
- Balances with banks		
In current accounts	743.87	147.05
In deposit accounts #	0.50	100.00
- Cash on hand	0.27	1.20
	<u>744.64</u>	<u>248.25</u>
In earmarked account		
- Unpaid dividends	0.76	1.24
	<u>745.40</u>	<u>249.49</u>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 <i>Cash Flow Statements</i>	744.14	248.25
# Balance with banks include deposit of Rs. 0.50, (Previous year Rs. Nil) against lien with government authorities having maturity within 12 months from the balance sheet date.		
<b>18 Short-term loans and advances</b>		
Current portion of long-term loans and advances		
Secured, considered good		
- Loan to employees	14.61	14.87
Other short-term loans and advances		
Unsecured, considered good		
Advance to suppliers for goods and services	340.39	201.06
Loans and advances to employees	2.32	0.80
Security deposits	70.66	-
Prepaid expenses	23.47	36.97
Balance with government authorities		
- Cenvat credit receivable	393.54	113.79
- Service tax credit receivable	60.83	97.56
- Excise duty recoverable from the authorities	132.69	229.27
Others	12.29	19.16
	<u>1,050.80</u>	<u>713.48</u>
<b>19 Other current assets</b>		
Accruals		
- Interest accrued on deposits	5.43	1.34
	<u>5.43</u>	<u>1.34</u>

Rhodia Specialty Chemicals India Ltd.

Notes forming part of the financial statements for the year ended 31 March 2016

	(Rupees in Lacs) For the year ended 31 March 2016	(Rupees in Lacs) For the year ended 31 March 2015
<b>20 (a) Sale of products</b>		
- Finished goods	18,334.73	22,697.61
- Traded goods	<u>6,327.30</u>	<u>7,121.12</u>
Sale of products (gross)	<u>24,662.03</u>	<u>29,818.73</u>
Less: Excise duty	<u>1,519.87</u>	<u>2,681.40</u>
Sale of products (net) (Refer Note 32)	<b>23,142.16</b>	27,137.33
<b>20 (b) Sale of services</b>		
Processing charges (gross)	125.21	120.63
Less: Excise duty	<u>52.70</u>	<u>40.22</u>
Processing charges (net)	<b>72.51</b>	80.41
	<u><b>23,214.67</b></u>	<u>27,217.74</u>
<b>21 Other operating income</b>		
Indenting commission	70.63	84.90
Scrap sales [net of excise duty Rs. 0.78 lacs (Previous year Rs. 0.86 lacs) ]	19.94	19.17
Cash discount	-	0.09
Insurance claim	<u>9.14</u>	<u>-</u>
	<u><b>99.71</b></u>	<u>104.16</u>
<b>22 Other income</b>		
Interest Income (on term deposits with banks and deposits with government authorities)	12.86	19.88
Service fees and other related recoveries	1,278.62	552.31
Liabilities/ provisions no longer required written back	127.80	130.75
Miscellaneous income	-	6.09
	<u><b>1,419.28</b></u>	<u>709.03</u>
<b>23 (a) Cost of materials consumed</b>		
<b>Raw materials consumed</b>		
Opening stock of raw materials	925.70	1,265.73
Add: Purchases	<u>9,760.31</u>	<u>16,330.79</u>
	<u>10,686.01</u>	<u>17,596.52</u>
Less: Closing stock of raw materials	<u>1,087.61</u>	<u>925.70</u>
Raw materials consumed	<b>9,598.40</b>	16,670.82
<b>Packing materials consumed</b>		
Opening stock of packing materials	53.26	49.32
Add: Purchases	<u>665.69</u>	<u>745.82</u>
	<u>718.95</u>	<u>795.14</u>
Less: Closing stock of packing materials	<u>70.72</u>	<u>53.26</u>
Packing materials consumed	<b>648.23</b>	741.88
	<u><b>10,246.63</b></u>	<u>17,412.70</u>
<b>23 (b) Purchases of stock-in-trade</b>	<u><b>5,596.32</b></u>	<u>4,881.73</u>
<b>23 (c) Change in inventories of finished goods, work-in-progress and Stock in trade</b>		
Finished goods		
Opening stock	1,613.40	1,677.43
Less: Closing stock	<u>1,052.72</u>	<u>1,613.40</u>
	<b>560.68</b>	64.03
Stock in trade		
Opening stock	1,156.95	485.09
Less: Closing stock	<u>1,009.04</u>	<u>1,156.95</u>
	<b>147.91</b>	(671.86)
Work-in-progress		
Opening stock	196.97	23.14
Less: Closing stock	<u>153.05</u>	<u>196.97</u>
	<b>43.92</b>	(173.83)
	<u><b>752.51</b></u>	<u>(781.66)</u>

Rhodia Specialty Chemicals India Ltd.

Notes forming part of the financial statements for the year ended 31 March 2016 (Continued)

	(Rupees in Lacs) For the year ended 31 March 2016	(Rupees in Lacs) For the year ended 31 March 2015
<b>24 Employee benefits expense</b>		
Salaries and wages	2,005.74	1,728.47
Contribution to provident and other funds (Refer Note 39)	178.50	177.92
Staff welfare expenses	293.47	200.69
	<u>2,477.71</u>	<u>2,107.08</u>
<b>25 Finance costs</b>		
Interest expense on		
- Borrowings	511.27	185.99
- Trade Payables (Refer Note 29)	14.43	14.01
Other borrowing costs	6.71	21.04
	<u>532.41</u>	<u>221.04</u>
<b>26 Other expenses</b>		
Consumption of stores and spare parts	156.39	244.96
Power and fuel	934.06	998.17
Rent (Refer Note 37)	422.63	422.63
Repairs and maintenance		
- Buildings	31.96	5.55
- Plant and equipment	187.34	285.58
- Others	39.38	16.42
	<u>258.68</u>	<u>307.55</u>
Insurance	65.37	66.45
Rates and taxes	129.38	86.54
Excise duty (Refer Note 41)	(49.68)	29.60
Loss on sale / discard of fixed assets (net)	8.42	306.87
Sub-contract charges	194.63	150.78
Water charges	16.40	40.95
Travelling and conveyance	285.26	281.28
Legal and professional fees	2,139.29	224.12
Communication	99.74	91.70
Printing and stationery	45.74	30.35
Computer maintenance and software	437.52	476.75
Directors' sitting fees	3.60	9.40
Payment to statutory auditors (Net of service tax)	9.91	9.91
Bank charges	49.02	42.58
Sales commission	9.76	11.28
Freight and forwarding expenses (net)	537.11	466.40
Advertising and sales promotion	18.49	5.02
Recruitment expenses	33.63	21.06
Net loss on Foreign currency transactions and translation	239.16	58.96
Write off of MAT credit receivable	-	710.00
Provision for Doubtful Debts	10.58	-
Miscellaneous Expenses	205.39	207.58
	<u>6,260.48</u>	<u>5,300.89</u>

Rhodia Specialty Chemicals India Ltd.

Notes forming part of the financial statements for the year ended 31 March 2016 (Continued)

(Rupees in Lacs)

	As at 31 March 2016	As at 31 March 2015
<b>27 Contingent Liabilities not provided for in respect of :</b>		
<b>Claims against the Company not acknowledged as debt:</b>		
(a) Excise matters in respect of :		
- Matters relating to undervaluation of assessable value	107.08	114.33
- Non payment of duty on clearance of goods meant for export by the customer	58.15	58.15
- Availment of modvat credit	7.84	15.17
	<u>173.07</u>	<u>187.65</u>
(b) Customs matters in respect of :		
- Matters relating to differential custom duty rate on product	223.01	223.01
(c) Income tax (including fringe benefit tax) matters		
- In respect of matters such as addition to the value of closing stock under the provisions of Section 145 A of the Income Tax Act, 1961, disallowances of certain expenditure as revenue expenditure, etc. in respect of which the Company / Income tax department is in appeal with the appellate authority	149.46	136.14
(d) Sales Tax		
- Matters relating to certain sales considered as exempt sales and sales tax on discounts given to customers	-	6.22
(e) Employee related matters:		
- Matters pending with the Labour Court for the reinstatement of services of certain ex-employees	7.00	7.00
- Matters pending with the Assistant Labour Commissioner for the permanent employment of casual workers	Not ascertainable	Not ascertainable
(f) Service Tax	10.32	18.51

Note: Future ultimate outflow of resources embodying economic benefits in respect of matters stated under 27(a) to 27(f) above is uncertain as it depends on the final outcome of judgements / decisions on the matters involved.

**28 Capital Commitments (to the extent not provided for)**

The estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for, is Rs.7.47 Lacs [Previous year Rs.613.27 lacs].

**29** The suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) as given in Note 8- Trade payables regarding the Micro and Small Enterprises has been determined based on the details regarding the status of the suppliers obtained by the Company. This has been relied upon by the auditors.

(Rupees in Lacs)

**Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Particulars	As at 31 March 2016	As at 31 March 2015
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	102.80	109.26
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	14.43	14.01
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	14.43	14.01
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	28.44	14.01
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

(Rupees in Lacs)

**30 Raw Materials Consumed**

	For the year ended 31 March 2016	For the year ended 31 March 2015
Lauryl Alcohol Ethoxilate	3,371.31	6,893.77
Lauryl Alcohol	1,999.70	1,773.61
Alfa Olefin	1,468.77	1,363.83
Linear Alkyl Benzene	572.67	1,500.38
Sulphur	113.94	1,331.23
Others	2,072.01	3,808.00
	<u>9,598.40</u>	<u>16,670.82</u>
<b>Raw Materials</b>		
Imported	3,103.36	6,834.28
Indigenous	6,495.04	9,836.54
	<u>9,598.40</u>	<u>16,670.82</u>

**31 Purchases of traded items**

Surfactants	5,596.32	4,881.73
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Rhodia Specialty Chemicals India Ltd.

Notes forming part of the financial statements for the year ended 31 March 2016 (Continued)

	Opening stock as at 31 March, 2015 Value	Closing stock as at 31 March, 2016 Value	(Rupees in Lacs ) Net Sales during the year (#) Value
<b>32 Inventories and Sales of Finished Goods</b>			
<b>Manufactured items :</b>			
Sulphuric acid	0.36 (22.99)	0.21 (0.36)	15.01 (1,007.65)
Linear alkyl benzene sulphonic acid	76.01 (165.17)	71.61 (76.01)	785.59 (1,829.46)
Surfactants @	1,537.03 (1,489.27)	980.90 (1,537.03)	16,014.26 (17,179.10)
Total of manufactured items	1,613.40 (1,677.43)	1,052.72 (1,613.40)	16,814.86 (20,016.21)
<b>Traded items:</b>			
Surfactants	1,156.95 (485.09)	1,009.04 (1,156.95)	6,327.30 (7,121.12)
Total of Traded items	1,156.95 (485.09)	1,009.04 (1,156.95)	6,327.30 (7,121.12)
<b>Total of manufactured and traded items</b>	<b>2,770.35</b> (2,162.52)	<b>2,061.76</b> (2,770.35)	<b>23,142.16</b> (27,137.33)
# Net of excise duty			
@ includes third party manufactured items	100.66 (134.79)	115.29 (100.66)	2,397.10 (2,472.62)

Figures in bracket are for the previous year ended 31 March 2015

	For the year ended 31 March 2016	(Rupees in Lacs ) For the year ended 31 March 2015
<b>33 Value of imports calculated on CIF basis:</b>		
Raw Materials	3,999.94	5,622.47
Traded Goods	4,361.91	3,034.93
	For the year ended 31 March 2016	(Rupees in Lacs ) For the year ended 31 March 2015
<b>34 Expenditure in Foreign Currency</b> (subject to deduction of tax where applicable)		
Travelling	30.86	41.41
Computer maintenance and software	351.63	400.45
Professional fees	1,918.18	131.46
Repairs and Maintenance	52.19	20.29
Bank Charges	9.36	1.94
Sales Commission	8.37	2.29
Others (Handling and clearing charges etc.)	1.92	2.19
	For the year ended 31 March 2016	(Rupees in Lacs ) For the year ended 31 March 2015
<b>35 Earnings in Foreign Currency</b>		
FOB Value of Exports of Goods	4,441.15	3,753.61
Freight & Insurance recovered on sales	209.33	116.76
Indenting commission	70.63	84.90

**36 Segment information**

(a) Primary business segment  
The Company is engaged in manufacture of organic chemicals. As the Company is engaged only in one business segment, the Balance Sheet and the Statement of Profit and Loss for the year pertains to one business segment.

(b) Secondary geographical segment (Rupees in Lacs )

	Year ended 31 March 2016 India	Year ended 31 March 2016 Outside India	Year ended 31 March 2016 Total
Revenue by geographical market	18,593.27 (23,366.63)	4,721.11 (3,955.27)	23,314.38 (27,321.90)
Carrying amount of segment assets (Gross)	16,213.94 (14,368.59)	1,176.41 (1,116.76)	17,390.35 (15,485.35)
Capital expenditure	2,560.86 (1,077.35)	- (-)	2,560.86 (1,077.35)

**Notes :**

1) Revenue is segregated into two segments namely India (Sales to customers within India) and Other countries (sales to customers outside India) on the basis of geographical segments.

2) Figures of the previous year ended 31 March 2015 are shown in brackets.

**Rhodia Specialty Chemicals India Ltd.**

Notes forming part of the financial statements for the year ended 31 March 2016 (Continued)

		(Rupees in Lacs)
		For the year ended
		31 March 2016
		For the year ended
		31 March 2015
<b>37</b>	<b>The specified disclosures for Operating Leases as required by Accounting Standard 19 - 'Leases' are given below:</b>	
Disclosures in respect of agreement for residential flats / Office Premises (along with furniture, fixtures etc. therein) taken on lease:		
	i) Lease payments recognised in the Statement of Profit and Loss for the year	422.63
	ii) Minimum lease payment recognised in the Statement of Profit and Loss (for non cancellable lease)	347.27
	iii) Future minimum lease payments under non-cancellable operating lease :	
	Not later than one year	333.47
	Later than one year but not later than five years	55.17
	Later than five years	-
	iv) Significant leasing arrangements	
	1 Under the agreements, refundable interest free deposits / advance rent have been given.	
	2 The agreements contain provision for renewal.	
	3 The period of agreement ranges between 59 months to 60	
	4 Under certain agreements, the Company is entitled to permit certain specified parties the use or sharing of the premises.	

**38 Related Party Disclosures**

Related Party Disclosures in accordance with the Accounting Standard 18 - 'Related Party Disclosures' are given below:

(a) Parties where Control exists:

Solvay S.A. is the ultimate holding company. Solvay Solutions UK Limited holds 72.93%, Solvay Participations, France holds 18.39% and Solvay S.A. holds 7.02% of the equity share capital in the Company and is a step down subsidiary of Solvay S.A.

(b) Names of the related parties with whom the Company had transactions during the year

i) **Ultimate holding company:**

Solvay S. A.

ii) **Fellow Subsidiaries:**

Solvay Inc. USA  
Solvay Nicca Ltd.  
Solvay (China) Co. Ltd  
Solvay Specialty Chemicals Asia Pacific Pte. Ltd.  
Zhu Hai Solvay Specialty Chemicals Co. Ltd.  
Solvay (Bangpoo) Specialty Chemicals Ltd.  
Solvay Mexico SA DA CV  
Solvay Mexicana S. De R. L. DE C. V.  
Sunshield Chemicals Ltd.  
Solvay (Zhangjiagang) Specialty Chemicals Co. Ltd.

Rhodia Operations S.A.S., France  
Rhodia Poliamida E Especialidades LTD A., Brazil  
P.T.Solvay Manyar  
Solvay Asia Pacific Co. Ltd., Bangkok  
Rhodia Polymers & Specialties India Pvt. Ltd  
Solvay (Zhenjiang) Chemicals Co. Ltd.  
Solvay Chemicals Korea Co. Ltd.  
Solvay Specialities India Private Limited

Note: The above have been identified on the basis of the information available with the Company.

ii) **Key Management Personnel :**

Mr. Manoj Khullar, Managing Director

(c) Transactions with the Related Parties are for the year

		(Rupees in Lacs)	
		For the year ended	For the year ended
		31 March 2016	31 March 2015
<b>(i) Fellow Subsidiaries</b>			
<b>Sales of goods:</b>			
	Rhodia Operations S.A.S., France	464.57	385.74
	Solvay Specialty Chemicals Asia Pacific Pte. Ltd.	1,206.96	695.86
	Solvay Inc. USA	469.84	522.74
	Solvay (Zhenjiang) Chemicals Co. Ltd.	19.92	177.50
	Rhodia Poliamida E Especialidades LTD A., Brazil	122.40	220.05
	Solvay Nicca Ltd.	1.70	15.23
	Solvay Mexico SA DA CV	-	290.67
	Solvay (Bangpoo) Specialty Chemicals Ltd.	-	4.15
	Sunshield Chemicals Ltd.	28.70	26.06
	Solvay Mexicana S. De R. L. DE C. V.	211.95	-
		<b>2,526.04</b>	<b>2,338.00</b>
<b>Purchase of goods:</b>			
	Solvay Specialty Chemicals Asia Pacific Pte. Ltd.	2,455.15	1,806.92
	Solvay (Zhenjiang) Chemicals Co. Ltd.	965.50	724.91
	Solvay (Zhangjiagang) Specialty Chemicals Co. Ltd.	52.95	242.87
	Zhu Hai Solvay Specialty Chemicals Co. Ltd.	4.78	29.37
	Sunshield Chemicals Ltd.	213.02	19.10
	Solvay (Bangpoo) Specialty Chemicals Ltd.	401.00	258.32
	P.T.Solvay Manyar	6.14	-
	Solvay Inc. USA	26.81	-
		<b>4,125.35</b>	<b>3,081.49</b>

Rhodia Specialty Chemicals India Ltd.

Notes forming part of the financial statements for the year ended 31 March 2016 (Continued)

		( Rupees in Lacs )	
		For the year ended 31 March 2016	For the year ended 31 March 2015
i)	<b>Fellow Subsidiaries (Continued)</b>		
	<b>Rendering of services:</b>		
	Rhodia Polymers & Specialties India Pvt. Ltd	163.71	118.20
	Solvay Specialty Chemicals Asia Pacific Pte. Ltd.	86.25	217.89
	Solvay (Bangpoo) Specialty Chemicals Ltd.	0.25	0.62
	Solvay Chemicals Korea Co. Ltd.	28.65	42.90
	P.T.Solvay Manyar	0.08	0.11
	Sunshield Chemicals Ltd.	282.86	220.83
	Solvay Specialities India Private Limited	401.24	47.55
	Solvay (Zhenjiang) Chemicals Co. Ltd.	-	-
	Solvay (Zhangjiagang) Specialty Chemicals Co. Ltd.	5.50	6.42
	Zhuohai Solvay Specialty Chemicals Co. Ltd.	-	3.02
	Rhodia Operations S.A.S., France	154.23	-
		<u>1,122.77</u>	<u>657.54</u>
	<b>Receiving of services:</b>		
	Solvay Specialty Chemicals Asia Pacific Pte. Ltd.	397.90	181.71
	Solvay (China) Co. Ltd	28.17	25.77
	Solvay Asia Pacific Co. Ltd., Bangkok	484.73	48.04
	Rhodia Operations S.A.S., France	351.63	296.67
	Solvay Mexicana S. De R. L. DE C. V.	9.98	-
	Solvay Specialities India Private Limited	146.33	-
	Rhodia Polymers & Specialties India Pvt. Ltd	18.97	-
		<u>1,437.71</u>	<u>552.19</u>
	<b>Inter corporate loan taken:</b>		
	Solvay Specialities India Private Limited	1,500.00	1,300.00
	<b>Inter corporate loan Repaid:</b>		
	Solvay Specialities India Private Limited	-	1,300.00
	<b>Interest expense on inter corporate loan taken::</b>		
	Solvay Specialities India Private Limited	194.43	120.82
ii)	<b>Ultimate holding company:</b>		
	<b>Rendering of services:</b>		
	Solvay S. A.	226.50	-
	<b>Receiving of services:</b>		
	Solvay S. A.	909.38	-
iii)	<b>Key Management Personnel:</b>		
	<b>Remuneration</b>		
	Mr. Manoj Khullar *	134.69	130.75

\* The above amount does not include gratuity and compensated absence payable which is actuarially determined on an overall basis for the Company as a whole and individual information in respect of director is not available.

		As at 31 March 2016	As at 31 March 2015
(d)	Balances Outstanding as at year end:		
(i)	<b>Fellow Subsidiaries</b>		
	<b>Amount Payable:</b>		
	Solvay Specialty Chemicals Asia Pacific Pte. Ltd.	1,857.92	2,620.43
	Solvay Asia Pacific Co. Ltd., Bangkok	431.67	72.79
	Solvay (Zhangjiagang) Specialty Chemicals Co. Ltd.	30.69	30.02
	Solvay (Zhenjiang) Chemicals Co. Ltd.	189.93	276.66
	Solvay (Bangpoo) Specialty Chemicals Ltd.	29.86	35.09
	Rhodia Operations S.A.S., France	351.63	368.27
	Solvay (China) Co. Ltd	60.78	245.99
	Sunshield Chemicals Ltd.	43.66	-
	Solvay Chemicals Korea Co. Ltd.	0.16	-
	Solvay Mexicana S. De R. L. DE C. V.	9.98	-
	Rhodia Polymers & Specialties India Pvt. Ltd	15.85	-
	Solvay Inc. USA	12.97	-
		<u>3,035.10</u>	<u>3,649.25</u>
	<b>Loan outstanding:</b>		
	Solvay Specialities India Private Limited	2,530.23	1,011.50
	(Includes interest of Rs. 30.23 Lacs, Previous year Rs. 11.50 Lacs)		

		( Rupees in Lacs )	
		For the year ended 31 March 2016	For the year ended 31 March 2015
	<b>Amount Receivable:</b>		
	Fellow subsidiaries		
	Solvay Specialty Chemicals Asia Pacific Pte. Ltd.	345.93	193.74
	Rhodia Poliamida E Especialidades LTD A., Brazil	51.85	59.62
	Rhodia Operations S.A.S., France	168.92	159.68
	Solvay Inc. USA	135.17	140.81
	Solvay Specialities India Private Limited	112.16	3.41
	Solvay (Bangpoo) Specialty Chemicals Ltd.	-	0.40
	Sunshield Chemicals Ltd.	233.61	54.36
	Solvay (Zhangjiagang) Specialty Chemicals Co. Ltd.	12.69	6.42
	Solvay Mexico SA DA CV	20.67	204.90
	Solvay (Zhenjiang) Chemicals Co. Ltd.	-	10.73
	Rhodia Polymers & Specialties India Pvt. Ltd	178.42	47.81
	Zhuohai Solvay Specialty Chemicals Co. Ltd.	3.02	3.02
	P.T.Solvay Manyar	0.13	0.05
	Solvay Chemicals Korea Co. Ltd.	1.84	0.20
	Solvay S. A.	70.82	-
	Solvay Mexicana S. De R. L. DE C. V.	23.11	-
		<u>1,358.34</u>	<u>885.15</u>

Rhodia Specialty Chemicals India Ltd.

Notes forming part of the financial statements for the year ended 31 March 2016 (Continued)

ii) Ultimate holding company:

Amount Payable:

Solvay S. A.

909.38

-

Amount Receivable:

Solvay S. A.

70.82

-

- (e) Short-term loan from bank (Note 7) of Rs. 5,156.88 Lacs [ Previous year Rs.3,618.00 Lacs] is secured by a corporate guarantee from Rhodia SA France, a subsidiary of the ultimate holding company.
- (f) No amounts have been written off / provided for or written back in respect of amounts receivable from or payable to the related parties.

(Rupees in Lacs)

39 Details of Employee Benefits as required by the Accounting Standard 15 'Employee Benefits 'are as follows :-

	For the year ended 31 March 2016	For the year ended 31 March 2015
1. <u>Defined Contribution Plans</u>		
During the year, the Company has recognised the following amounts in the Statement of Profit and Loss.		
- Employers' contribution to Provident Fund and Family Pension Fund	78.38	71.18
- Employers' contribution to Superannuation Fund	18.71	20.92

The above amounts are included in 'Contribution to provident and other funds' under 'Employee benefits expense' in Note 24

2. Defined Benefit Plan (Funded)

a) A general description of the Employees Benefit Plan:

The Company has an obligation towards gratuity, a funded defined benefit retirement plan covering eligible employees.

The plan provides for lumpsum payment to vested employees at retirement, death while in employment or on termination of the employment. In case of vested non management staff, gratuity is calculated in accordance with the provisions of the Payment of Gratuity Act, 1972. Further, in case of retirement or superannuation after the completion of more than 20 years of service, additional gratuity of 25% of the amount of the gratuity calculated in accordance with the provisions of the Payment of Gratuity Act, 1972 is also payable. In case of vested management staff, gratuity benefit is an amount equivalent to 15 / 26 days salary depending upon the terms of appointment for each completed year of service subject to a maximum of 30 months' salary. Vesting occurs upon the completion of five years of service. Further, in case of retirement or superannuation after the completion of more than 20 years of service, additional gratuity of 20% of the amount of the gratuity calculated in accordance with the provisions of the Payment of Gratuity Act, 1972 is also payable.

b) Details of defined benefit plan - As per Actuarial Valuation

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Gratuity</b>		
<b>Particulars</b>		
<b>I Components of employer expense</b>		
1 Current Service cost	38.94	40.11
2 Interest Cost	29.18	24.74
3 Expected return on Plan Assets	(28.66)	(23.67)
4 Actuarial Losses/(Gains)	41.95	42.99
5 Total expense recognised in the Statement of Profit and Loss (included in 'Contribution to provident and other funds' under 'Employee benefits expense' in note 24)	81.41	84.17
<b>II Actual Contribution and Benefits Payments for the year</b>		
1 Actual Benefits Payments	(17.21)	(43.73)
2 Actual Contributions	-	80.41
<b>III Net asset / (liability) recognised in the Balance Sheet</b>		
1 Present Value of Defined Benefit Obligation	462.24	373.42
2 Fair Value of Plan Assets	313.62	306.20
3 Funded Status [Surplus/(Deficit)]	148.63	67.22
4 <b>Net (liability)/asset recognised in the Balance Sheet</b>	148.63	67.22
<b>IV Change in Defined Benefit Obligation during the year</b>		
1 Present value of Defined Benefit Obligation as at the beginning	373.41	309.31
2 Current Service Cost	38.94	40.11
3 Interest Cost	29.18	24.74
4 Actuarial Losses/(Gains)	37.92	42.99
5 Benefits paid	(17.21)	(43.73)
6 <b>Present value of Defined Benefit Obligations as at end of the year</b>	462.24	373.42

Rhodia Specialty Chemicals India Ltd.

Notes forming part of the financial statements for the year ended 31 March 2016 (Continued)

(Rupees in Lacs)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>V Change in Fair Value of Plan Assets during the year</b>		
1 Plan Assets as at the beginning	306.20	245.85
2 Expected return on Plan Assets	28.66	23.67
3 Actuarial Gains/(Losses)	(4.03)	-
4 Actual Company Contributions	-	80.41
5 Benefits paid	(17.21)	(43.73)
6 Plan Assets as at the end of the year	313.62	306.20
<b>VI Actuarial Assumptions</b>		
1 Discount Rate	7.85%	8.00%
2 Expected Return on plan assets	8.00%	9.63%
3 Salary Escalation Rate	8.00%	8.00%
4 Attrition		
21-44 years	12% p.a.	12% p.a.
45 & above	2% p.a.	2% p.a.
5 Mortality tables	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult
6 Estimated amounts of contribution in the immediate next year.	50.00	67.22
<b>VII</b> The expected rate of return on the plan assets is based on the average long term rate of return expected on investments of the Fund during the estimated term of the obligations. The actual return on plan asset is Rs. 24.63 Lacs [ Previous year Rs. 23.67 Lacs ]		
<b>VIII</b> The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations. The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors.		
<b>IX The major categories of Plan Assets as a percentage of the total plan assets</b>		
Insurer Managed Funds	100%	100%

The gratuity benefit scheme of the Company is managed by Life Insurance Corporation of India (LIC). The Company does not have the details of the composition of the plan assets, by category, from the LIC for the current and the previous year and hence the disclosures as required by Accounting Standard (AS) 15 on Employee Benefits have not been given.

	For the year ended 31 March 2016	For the Year ended 31 March 2015	For the year ended 31 March 2014	For the period from 1 January 2012 to 31 March 2013	For the Year ended 31 December 2011
<b>X Experience Adjustments</b>					
1 Present value of Defined Benefit Obligation as at the Balance Sheet date	462.24	373.42	309.31	254.44	226.15
2 Fair Value of Plan Assets as at the Balance Sheet date	313.61	306.20	245.85	222.48	199.93
3 Funded Status [Surplus/(Deficit)]	(148.63)	(67.22)	(63.46)	(31.96)	(26.22)
4 Experience adjustment on Plan Liabilities	33.15	42.99	43.96	(2.89)	4.21
5 Experience adjustment on Plan Assets	(4.03)	4.01	1.52	(8.82)	2.54

40 Earnings Per Share

(Rupees in Lacs)

		For the year ended 31 March 2016	For the year ended 31 March 2015
a) Weighted average number of equity shares of Rs.10 each outstanding as at the Balance Sheet date	Nos.	3,375,600	3,375,600
b) Nominal value of share	Rs.	10	10
c) Net Profit / (Loss) attributable to equity shareholders	Rs. in lacs	(2,216.24)	(2,049.67)
d) Earnings per share (basic and diluted)	Rs.	(65.65)	(60.72)

41 (a) Excise duty paid and collected from customers is shown separately and deducted from the Gross sales and Processing charges in the Statement of Profit and Loss.

(b) Excise duty appearing under Other expenses (Note 26) represents (i) the difference between the excise duty included in the closing stock and that in the opening stock of manufactured finished goods Rs. 55.89 Lacs (Credit) [Previous year: Rs.29.50 Lacs (Debit) ], (ii) Excise duty on Samples Rs. 6.21 Lacs (debit) [Previous year Rs. 0.10 Lacs (debit) ]

42 Foreign Currency exposures:

The year end foreign currency exposures that have not been hedged by derivative instrument or otherwise are given below:

Particulars	Currency	Amount in Foreign Currency	Equivalent amount in Indian currency (Rupees in Lacs)
Trade & other payables	USD	4,095,200	2,713.22
		(3,212,309)	(2,008.59)
	EURO	2,037,430	1,536.83
Buyers' credit		(659,120)	(443.42)
	SGD	-	-
		(140)	(0.06)
Packing credit	USD	-	-
		(5,110,660)	(3,195.59)
	EURO	-	-
Trade receivable and other receivables		(104,130)	(70.05)
	USD	-	-
		(577,050)	(360.82)
Trade receivable and other receivables	USD	1,512,945	1,002.38
		(1,734,964)	(1,084.84)
	EURO	230,717	174.03
		(47,450)	(31.92)

Note :The figures in brackets represent previous year's figures.

Rhodia Specialty Chemicals India Ltd.

Notes forming part of the financial statements for the year ended 31 March 2016 (Continued)

(Rupees in Lacs)

43	As at 31 March 2016		As at 31 March 2015
<b>Deferred tax assets (net)</b>			
<b>Deferred tax liability</b>			
On difference between book balance and tax balance of fixed assets	92.39		101.80
<b>Deferred tax assets</b>			
Disallowance under section 40(a) of Income Tax Act, 1961	8.26	-	
Provision for Doubtful debts	0.03	-	
Disallowance under section 43(B) of Income Tax Act, 1961	53.02	86.78	
Unabsorbed depreciation carried forward *	<u>31.08</u> *	<u>15.02</u> *	
<i>Restricted to</i>	<u>92.39</u>		<u>101.80</u>
	-		-

\* In the absence of virtual certainty regarding availability of sufficient future taxable income, the recognition of deferred tax assets is restricted to the amount of closing deferred tax liability.

44 Pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company has revised the estimated useful life of its fixed assets as stated in Note 2(f) and provided depreciation. Further, fixed assets individually costing Rs. 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets.

The depreciation charge in the Statement of Profit and Loss Account for the previous year ended 31 March 2015 was higher by Rs 4.71 lacs consequent to the change in the useful life of the fixed assets.

45 Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**For and on behalf of the Board of Directors**  
Rhodia Specialty Chemicals India Ltd.

**Manoj Khullar**  
Managing Director  
(DIN No.06415392)

**Ajit Shah**  
Director  
(DIN No.02396765)

**Niranjana Ketkar**  
Legal Manager  
& Company Secretary

Mumbai :  
Date: 26th September, 2016.

