

# **ANNUAL REPORT – 2014-15**



**Apcotex Solutions India  
Private limited**



## apcotex solutions india pvt. ltd.

(a wholly owned subsidiary of apcotex industries ltd.)

### NOTICE

NOTICE is hereby given that the Eighth Annual General Meeting of the Members of Apcotex Solutions India Private Limited (Formerly known as OMNOVA Solutions India Private Limited) will be held **AT SHORTER NOTICE on Monday, the 4<sup>th</sup> day of April, 2016** at 10:00 a.m. at the Registered Office of the Company to transact the following business:-

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited statement of Accounts together with the Directors' Report and the Auditors' Report thereon for the period ended 30<sup>th</sup> November, 2015.
2. To appoint M/s. Kalyaniwalla & Mistry, Chartered Accountants Firm (FRN 104607W) Statutory Auditors of the Company for the financial year ended 31st March, 2016 in place of M/s. SRBC & Co, LLP, Chartered Accountants the retiring statutory auditor of the company, who hold the office till the conclusion of ensuing Annual General Meeting.

#### SPECIAL BUSINESS

3. To consider appointment of **Mr. Abhiraj Choksey (DIN: 00002120)** as a Director and for this to consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Abhiraj Choksey (DIN: 00002120), who was appointed by the Board of directors as an additional director of the company with effect from 5<sup>th</sup> February, 2016 under section 161(1) of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules 2014, who is eligible for appointment and in respect of whom the company has received a notice in writing from a member under section 160 signifying his intention to propose the candidature of Mr. Abhiraj Choksey for the office of director be and is hereby appointed as a director of the company.

4. To consider appointment of **Mr. Anand V Kumashi holding DIN: 07351031** as a Director and for this to consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Anand V Kumashi holding DIN: 07351031, who was appointed by the Board of directors as an additional director of the company with effect from 5<sup>th</sup> February, 2016 under section 161(1) of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules 2014, who is eligible for appointment and in respect of whom the company has received a notice in writing from a member under section 160 signifying his intention to propose the candidature of Mr. Anand V Kumashi for the office of director be and is hereby appointed as a director of the company.

5. To consider appointment of **Mr. Yashodhan B. Gadgil holding DIN: 07353169** as a Director and for this to consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Yashodhan B. Gadgil holding DIN: 07353169 who was appointed by the Board of directors as an additional director of the company with effect from 5<sup>th</sup> February, 2016 under section 161(1) of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules 2014, who is eligible for appointment and in respect of whom the company has received a notice in writing from a member under section 160 signifying his intention to propose the candidature of Mr. Yashodhan B. Gadgil for the office of director be and is hereby appointed as a director of the company.

#### PLEASE REPLY TO

**PLANT ADDRESS** : Village Dungri, Taluka-Valia, Ankleshwar-393135, Dist - Bharuch, Gujrat, India. Tel +91-02643-270442-45

**REGD. OFFICE** : Plot No.3/1, MIDC Industrial Area, Talaja - 410 208, Dist. Raigad, Maharashtra, India.  
Tel. : (022) 27403500 Fax : (022) 2741 2052

**OFFICE ADDRESS** : The Centrium, Unit No. 3, 1st floor, Phoenix Market City Mall, 15 LBS Marg, Kurla (W), Mumbai - 400070, India.  
Tel.: (022) 6180 2004/5, 3340.2004/5.

CIN NO. U24296MH2007PTC174698



## apcotex solutions india pvt. ltd.

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6. To consider appointment of Smt. Priyamvada A Bhumkar (DIN 00726138) as a Director and for this to consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Smt. Priyamvada A Bhumkar (DIN 00726138), who was appointed by the Board of directors as an additional director of the company with effect from 22<sup>nd</sup> February, 2016 under section 161(1) of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules 2014, who is eligible for appointment and in respect of whom the company has received a notice in writing from a member under section 160 signifying his intention to propose the candidature of Smt. Priyamvada A Bhumkar for the office of director be and is hereby appointed as an independent director of the company.

7. To consider appointment of Mr. Kaushikbhai Patel (PAN: ) as a Manager and for this to consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Section 196, 197, and 203, read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Kaushikbhai Patel be and is hereby designated as Key Managerial Personnel viz. Manager of the Company, for a period of 1 year, effective from 22<sup>nd</sup> February 2016, on the same terms and conditions of the existing employment with the Company, with liberty to the Board of Directors, to alter and vary such terms and conditions of the said appointment, including remuneration within, the maximum limits prescribed under provisions of the Companies, Act 2013".

BY ORDER OF THE BOARD

For Apcotex Solutions India Private limited  
(Formerly known as Omnova Solutions India Private Limited)

Date: 31<sup>st</sup> March, 2016

  
BINAY YADAV  
Company Secretary

Registered Office:  
Plot no. 3/1,  
MIDC Industrial Area,  
Taloja - 410 208,  
Dist. Raigad, Maharashtra

### PLEASE REPLY TO

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Notes:

1. The relevant statement pursuant to Section 102 of the Companies Act, 2013 is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote, instead of himself and a proxy need not be a member of the company.

The instrument appointing a proxy should be deposited at the registered office of the Company not less than forty eight (48) hours before the commencement of the meeting.

3. A person can act as a proxy on behalf of the members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights.

A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or shareholder

4. Corporate members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the meeting.
5. Relevant documents referred in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's Registered Office on all working days of the Company, during the business hours upto the date of the Meeting

BY ORDER OF THE BOARD

For Apcotex Solutions India Private limited  
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Date: 31<sup>st</sup> March, 2016

BINAY YADAV  
Company Secretary

Registered Office:  
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**STATEMENT PURSUANT TO SECTION 102(1) OF THE  
COMPANIES ACT, 2013)**

**Item No. 3,4 & 5**

The Board of Directors in their meeting held on 05/02/2016 have appointed the following Additional Directors of the Company pursuant to provisions of Section 161(1) of the Act:

1. Mr. Abhiraj Choksey
2. Mr. Anand V Kumashi
3. Mr. Yashodhan B. Gadgil

In terms of the provisions of Section 161(1) of the Act, Mr. Abhiraj Choksey, Mr. Anand V Kumashi & Mr. Yashodhan B. Gadgil would hold the office upto the conclusion of the ensuing Annual General Meeting. 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 of Mr. Abhiraj Choksey, Mr. Anand V Kumashi & Mr. Yashodhan B. Gadgil for the office of the Director of the Company.

Mr. Abhiraj Choksey, Mr. Anand V Kumashi & Mr. Yashodhan B. Gadgil are not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director.

Mr. Abhiraj Choksey, Mr. Anand V Kumashi & Mr. Yashodhan B. Gadgil possess appropriate skills, experience and knowledge, inter alia in the field of finance, business strategy etc.

Considering the vast experience and knowledge, it will be in the interest of the Company that Mr. Abhiraj Choksey, Mr. Anand V Kumashi & Mr. Yashodhan B. Gadgil are appointed as Director.

None of the directors are interested in the said resolutions..

The Board recommends the Ordinary Resolution set out at Item No. 3 to 5 of the Notice for approval by the shareholders.

**Item No. 6**

The Board of Directors in their meeting held on 22/02/2016 have appointed Mrs. Priyamvada A. Bhumkar as Additional Director of the Company pursuant to provisions of Section 161(1) of the Act.

In terms of the provisions of Section 161(1) of the Act, Mrs. Priyamvada A. Bhumkar would hold the office upto the conclusion of the ensuing Annual General Meeting. 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 of Mrs. Priyamvada A. Bhumkar for the office of the Director of the Company.

Mrs. Priyamvada A. Bhumkar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director.

Mrs. Priyamvada A. Bhumkar possess appropriate skills, experience and knowledge, inter alia in the field of finance, business strategy etc.

Considering the vast experience and knowledge, it will be in the interest of the Company that Mrs. Priyamvada A. Bhumkar is appointed as an Independent Director.

None of the director is interested in the said resolutions.

The Board recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

**PLEASE REPLY TO**

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### Item No. 7

On the recommendation of the Board of Director and subject to approval of the Members, the Board of Directors of the company at its meeting held on 22<sup>nd</sup> February 2016 have appointed Mr. Kaushikbhai Patel as Manager under section 196, 197 and 203 of the Companies Act, 2013 or other applicable provisions, if any, for a period of 1Year (One Year) with immediate effect.

The directors after considering the qualification, experience, expertise of Mr. Kaushikbhai Patel and having regard to the provisions in respect of managerial remuneration of the Companies Act 2013 and the rules made thereunder, thought it is justified to appoint him as Manager and the remuneration payable to him as mutually agreed.

In the event of absence or inadequacy of profits in any financial year, Mr. Kaushikbhai Patel shall be paid remuneration by way of salary and perquisites in compliance with schedule V of Companies Act, 2013, the companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 and other applicable provisions, if any.

The Board recommends the Ordinary Resolutions at Item No. 7 of the notice for your approval.

**BY ORDER OF THE BOARD**

**For Apcotex Solutions India Private limited  
(Formerly known as Omnova Solutions India Private Limited)**

**Date: 31<sup>st</sup> March, 2016**

**BINAY YADAV  
Company Secretary**

**Registered Office:  
Plot no. 3/1,  
MIDC Industrial Area,  
Taloja - 410 208,  
Dist. Raigad, Maharashtra**

#### **PLEASE REPLY TO**

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## apcotex solutions india pvt. ltd.

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To,

The Members of

Apcotex Solutions India Private Limited

(Formerly known as Omnova Solutions India Private Limited)

Your Directors have pleasure in presenting to you the 8<sup>th</sup> Annual Report together with the Audited Statement of Accounts of your Company for the period ended November 30, 2015.

### A. COMPANY PERFORMANCE

#### FINANCIAL HIGHLIGHTS

Particulars	30 November, 2015 (Rs.)	30 November, 2014 (Rs.)
Revenue from Operations	1,83,23,85,387	2,07,44,80,214
Other Income	3,88,27,838	6,15,36,347
Total Revenue	1,87,12,13,225	2,13,60,16,561
Less:Expenses	1,97,44,71,257	2,22,68,66,643
(Loss) before tax	(10,32,58,032)	(9,08,50,083)
Current Tax	-	-
Loss for the year	(1,03,258,032)	(9,08,50,083)
Balance Brought forward from previous year	(42,47,56,392)	(33,39,06,309)
Balance carried forward	(52,80,14,425)	(42,47,56,392)

#### OPERATIONAL REVIEW/REVIEW OF BUSINESS OPERATIONS

During the period ended 30th November, 2015 your company has incurred a loss of Rs. 10,32,58,032, after impairing fixed assets of Rs. 5,39,71,625.00/- which were not in use and after depreciation of Rs 7,24,41,920.00/- and earned cash profit of Rs.2,31,55,513.00/- .

#### DIVIDEND

In view of the carry forward losses, your Directors regret their inability to recommend any dividend.

#### RESERVE

As the company incurred loss, no amount was transferred to the reserves for the period ended November 30, 2015

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#### REGD. OFFICE

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### **CHANGE IN MANAGEMENT OF THE COMPANY**

Apcotex Industries Ltd acquired 100% shareholding of the company from Omnova Solutions India Private Limited on 5<sup>th</sup> February, 2016. The company ceased to be a wholly owned subsidiary of Omnova Solutions India France Holding SAS, France and become wholly owned subsidiary of Apcotex Industries Limited with effect from 05/02/2016.

### **CHANGE OF NAME**

Subsequent to change in management of the company, the name of the company has been changed to Apcotex Solutions India Private Limited with effect from 05/03/2016.

## **B. Disclosure under companies act, 2013**

### **1. Energy, technology & foreign exchange.**

Information sought under the provisions of section 134(3) (m) of the Companies Act, 2013, read with rule 8 of the Companies (Accounts) Rules, 2014 regarding of conservation of energy, technology absorption and Foreign exchange earnings and Outgo are given in Annexure A, forming part of this report.

### **2. Extract of annual return**

The details forming part of the extract of the annual return is enclosed in Annexure B.

### **3. Changes in share capital**

The company had made a rights issue of **40,89,272** equity shares to the existing shareholders of the Company at a premium of Rs. 52.30 per share on 14<sup>th</sup> September, 2015, resulting into increased in paid up capital from **120,100,000** to **Rs. 16,09,92,720**.

During the Financial year ended 30-11-2015 the company has not issued or allotted any shares with differential rights, sweat equity shares or Employees stock options.

### **4. Number of board meeting.**

During the period ended under review, the Board of Directors met 5 (five) times.

### **5. Comments on Auditors Report.**

There are no qualifications, reservations or adverse remarks on disclaimers made by Statutory Auditors, in their report.

The Statutory Auditors have not reported any incident of fraud to the Board of the Company during the year under review.

### **6. Related Party Transactions**

All the related party transactions are entered on arm's length basis and are in compliance with the applicable provisions of the Companies Act, 2013. There are no materially significant related party transactions entered into by the Company with Promoters, Directors or Key Managerial Personnel etc., which may have potential conflict with the interest of the company at large.

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The particulars of Contracts or arrangements with related parties referred to in Section 188(1), read with Rule 15 of The Companies (Meetings of Board and Its Powers) Rules 2014 is appended to this report in prescribed Form AOC 2 as Annexure C .

### **7. Material changes and commitments affecting financial position of the company.**

No material changes and commitments affecting the financial position of the Company occurred between the period end 30<sup>th</sup> November 2015 to which this financial statement relates and the date of this report.

### **C. Corporate Social Responsibility**

The Company is not falling under the criteria as mentioned in Section 135 of the Companies Act, 2013 which specifies the requirement of forming the Corporate Social Responsibility Committee.

### **D. Directors responsibility statement**

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures,
- b. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 or loss of the Company for the year under review.
- c. The directors have 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 have prepared the annual accounts on a going concern basis.
- e. The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f. The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

### **E. Disclosure in terms of the sexual harassment of women at workplace (prevention, prohibition and redressal act, 2013**

The company takes all necessary measures to ensure a harassment free workplace and has instituted an internal complaints committee for redressal of complaints and to prevent sexual harassment. No Complaints relating to sexual harassment were received during the year.

### **F. Fixed Deposits**

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

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### **G. Insurance**

All insurable assets of the company including inventories, buildings, plant and machinery etc., as also liability under legislative enactments, are insured on reinstatement basis after due valuation of assets by an external agency.

### **H. Ecology and safety**

Company ensures safe, healthy and eco-friendly environment at its plant and surrounding area. Company continually works towards identification and reduction of risks and prevention of pollution at its plant and its surroundings.

### **I. Personnel**

The information required under Section 197 of the Companies Act, 2013 and read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, is not applicable to the company as there are no employees drawing remuneration exceeding the prescribed limit.

### **J. Directors and key managerial personnel**

#### **Appointment**

**Mr. Paul Fredric Desantis (DIN: 07018467)** appointed as director on 29<sup>th</sup> May, 2015 on the Board.

#### **Cessation**

**Mr. Anupkumar Srivastava (DIN: 03122445)** the director of the company, resigned from the office of director with effect from 31<sup>st</sup> May, 2015 after serving the board for a period of about 4 years. Your Directors wish to place on record their appreciation for his service and contribution made during his tenure as a director.

### **AFTER CHANGE IN MANAGEMENT**

Apcotex Industries Ltd acquired 100% shareholding of the company from Omnova Solutions India Private Limited on 5<sup>th</sup> February, 2016, and nominated following directors on the board:

**Abhiraj Choksey (DIN: 00002120), Yashodhan Gadgil (DIN: 07353169) and Anand Kumashi (DIN: 07351031)** appointed as additional director with immediate effect.

The Board is also appointed **Ms. Priyamvada Ashesh Bhumkar (DIN: 00726138)** as an additional director on the Board in their Board meeting held on 22/02/2016.

**The following directors resigned with effect from 5<sup>th</sup> February, 2016:**

**Mr. Deepak Birje (DIN: 00694998), Mr. Kevin Michael McMullen (DIN: 03344618), Mr. Paul Fredric Desantis (DIN: 07018467) and Andrew Thomas Higgin (DIN: 06632051)** directors of the company, resigned from the office of director with immediate effect. Your Directors wish to place on record their appreciation for their service and contribution made during their tenure as a director.

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**Appointment of Key Managerial Personnel (KMP) under section 203 of the Companies Act, 2013**

**Kaushikbhai Patel** (PAN: ADOPP4138P) designated as Manager of the company with effect from 22/02/2016.

**Dinesh Bale** (PAN: ABFPB4615G) designated as Chief Financial Officer of the company with effect from 22/02/2016.

**Binay Yadav** (PAN: AKTPY1876B) appointed as Company Secretary of the company with effect from 22/02/2016.

**K. Auditors**

Your Directors have recommended appointment of M/s. Kalyaniwalla & Mistry, Chartered Accountants Firm (FRN 104607W), Mumbai as Statutory Auditors of the Company for the financial year 2015-16 in place of M/s. SRBC & Co, LLP, Chartered Accountants the retiring statutory auditor of the company, who hold the office till the conclusion of ensuing Annual General Meeting.

Further, proposed auditor have confirmed their eligibility and willingness to accept office, if appointed

**L. Development of human resource/industrial relation**

The company continuously monitors its Human Resource requirement to ensure that it has adequate human skills commensurate with its needs.

Cordial relations exist between the employees at various levels and the management.

To upgrade human skills and improve their efficiencies, the company continuously organizes workshops on different management areas and also deposes employees to external workshops and seminars.

**M. Miscellaneous**

**1. Change in the nature of business, if any.**

The company has not change its nature of business for the year under review.

**2. Particulars of Loans, guarantee or investments:**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements

**3. Significant And Material Orders Passed By The Regulators Or Courts**

There are no significant material orders passed by the Regulators/ Courts which would impact the going concern status of the Company and its future operations.

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**N. Acknowledgement**

Your Directors take this opportunity to express their deep sense of gratitude to Standard Chartered Bank, various departments of State / Central Government and local authorities for their continued guidance and support.

We would also like to place on record our sincere appreciation for the commitment, dedication and hard work put in by every member of the Apcotex family. To all shareholders, we are deeply grateful for the confidence and faith that you have always reposed in us.

The accompanying **Annexure A to C** is an integral part of this Directors' Report.

**For and on behalf of the Board of Directors**

**Place: Navi Mumbai  
Date: 25/03/2016**

**Abhiraj Choksey  
Chairman  
DIN: 00002120**

**PLEASE REPLY TO**

**PLANT ADDRESS** : Village Dungri, Taluka-Valia, Ankleshwar-393135, Dist - BharuchGujrat, India, Tel : +91-02643-270442-45  
**REGD. OFFICE** : Plot No.3/1, MIDC Industrial Area, Taloja - 410 208,Dist. Raigad, Maharashtra, India.  
Tel. : (022) 27403500 Fax : (022) 2741 2052  
**OFFICE ADDRESS** : The Centrium, Unit No. 3, 1st floor, Phoenix Market City Mall, 15 LBS Marg, Kurla(W), Mumbai - 400070, India.  
Tel.: (022) 6180 2004/5, 3340 2004/5.  
**CIN NO. U24296MH2007PTC174698**



**apcotex solutions india pvt. ltd.**  
(a wholly owned subsidiary of apcotex industries ltd )

### ANNEXURE A TO DIRECTORS' REPORT

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO ETC:

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

(A) Conservation of Energy :	Energy conservation continues to receive priority attention at all levels. All efforts are made to conserve and optimize use of energy with continuous monitoring, improvement in batch cycle time and improved operations.	
(B) Technology absorption	No new technology has been acquired during the year. Upgradation of present technology is a continuous process, implemented and adapted by the Company through innovation. Efforts are made to reduce batch cycle time and improve operational efficiency. No technology import has been made in the recent past.	
Expenditure incurred on R&D during the period ended 30 <sup>th</sup> November, 2015:		
Particulars	30/11/2015 (Rs.)	30/11/2014 (Rs.)
Capital	9,06,066	25,22,401
Recurring	2,93,894	4,47,626
Total	11,99,960	29,70,027
Total R & D expenditure as a percentage of Total Revenue	0.05787%	0.1292%
(C) Foreign Exchange Earnings and Outgo		
Earning (Rs.)	9,05,44,298	10,56,28,058
Outgo (Rs.)	4,92,09,628	5,60,42,229

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**ANNEXURE B TO DIRECTORS' REPORT**

**FORM NO. MGT.9**

**EXTRACT OF ANNUAL RETURN**

**as on the period ended on 30<sup>th</sup> November 2015**

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

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	U24296MH2007PTC174698
ii)	Registration Date	04/10/2007
iii)	Name of The Company	<b>Apcotex Solution India Private limited</b> (Formerly known as Omnova Solutions India Private Limited)
iv)	Category / Sub-Category of the Company	Company Limited by Shares/ Indian Non Government company
v)	Address of the Registered Office and contact details	Plot no 3/1, MIDC Industrial area, Taloja, Raigad, Maharashtra Tel no.:022-27403500  Upto 23 <sup>rd</sup> February 2016 707/708 Meadows Sahar Plaza Complex, Andheri Kurla Road, Andheri-east, Mumbai – 400059.
vi)	Whether listed Company	<b>NO</b>
vii)	Name, address and contact details of Registrar and Transfer Agent, if any.	Not Applicable

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

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacture of Nitrile Rubber	40025900	80
2	Manufacture of synthetic rubber	20132	20

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## apcotex solutions india pvt. ltd.

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### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Omnova Solutions India France Holding SAS.		Holding Company	100	

### IV. SHARE HOLDING 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				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.									
e) Banks/FI									
f) Any Other..									
<b>Sub-total (A) (1):-</b>									
(2) Foreign									
a) NRIs – Individuals									
b) Other – Individuals									
c) Bodies Corp.	-	1,20,10,000	1,20,10,000	100	-	1,60,99,272	1,60,99,272	100	34
d) Banks / FI									
e) Any Other....									
<b>Sub-total (A) (2):-</b>	-	1,20,10,000	1,20,10,000	100	-	1,60,99,272	1,60,99,272	100	34
<b>Total shareholding of Promoter (A) = (A)(1)+(A)( 2)</b>		1,20,10,000	1,20,10,000	100	-	1,60,99,272	1,60,99,272	100	34
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									

#### PLEASE REPLY TO

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g) Fills									
h) Foreign Venture Capital Funds									
i) Others (specify) – Foreign banks									
<b>Sub-total (B)(1):-</b>									
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
Non Resident Indians (Repat)									
Non Resident Indians (Non Repat)									
Clearing Member									
Directors/Relatives of Director									
Trusts									
<b>Sub-total (B)(2):-</b>									
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>									
C. Shares held by Custodian for GDRs & ADRs									
<b>Grand Total (A+B+C)</b>		1,20,10,000	1,20,10,000	100	-	1,60,99,272	1,60,99,272	100	34

**PLEASE REPLY TO**

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## apcotex solutions india pvt. ltd.

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### (ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Omnova Solutions India France Holding SAS	1,20,10,000	99.9999	-	1,60,99,271	99.9999	-	34
2	Omnova Solutions SAS France	1	0.00001	-	1	0.00001	-	0.00

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

There has been no change in shareholding of the promoter of the company.

Sr no.	Name of the promoter with change in share holdings	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
	NOT APPLICABLE.				

### (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NOT APPLICABLE

Sr. no.	For Each of the Top 10 Shareholders	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

#### PLEASE REPLY TO

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## apcotex solutions india pvt. ltd.

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### (v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Reason for change
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	Deepak Birje	0	0	0	0	-
2	Anupkumar Srivastava resigned w.e.f 31/03/2015	0	0	NA	NA	Resigned
3	Kevin Michael McMuller	0	0	0	0	-
4	Andrew Thomas Higgin	0	0	0	0	-
5	Paul Fredric DeSantis appointed w.e.f 29/05/2015	0	0	0	0	-

### V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits (Rs. In Lacs)	Unsecured Loans (Rs. In Lacs)	Deposits (Rs. In Lacs)	Total Indebtedness (Rs. In Lacs)
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	21,07,74,235	-	21,07,74,235
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>				
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	-	11,25,17,284	-	11,25,17,284
<b>Net Change</b>	-	11,25,17,284	-	11,25,17,284
Indebtedness at the end of the financial year				
i) Principal Amount	-	9,82,56,951	-	9,82,56,951
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	9,82,56,951

#### PLEASE REPLY TO

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### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Name of whole time Director	Name of whole time Director	Total Amount
		Deepak Birje	Anupkumar Srivastava	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (Rs. In Lacs) (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (Rs. In Lacs) (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 (Rs. In Lacs)	49,53,545	14,24,883	63,78,428
2.	Stock Option		-	-
3.	Sweat Equity		-	-
4.	Commission - as % of profit - others, specify...		-	-
5.	Others, please specify		-	-
	Total	49,53,545	14,24,883	63,78,428

#### B. Remuneration to other directors:

Sr. no.	Name of Director	Particulars of Remuneration			Total
		Fees for attending Board/ committee Meetings	Commission	Others Please Specify	
	<b>Non-Executive Director</b>				
1	PAUL FREDRIC DESANTIS				
2	ANDREW THOMAS HIGGIN				
3	KEVIN MICHAEL MCMULLEN				
	<b>Total Managerial Remuneration</b>				

#### PLEASE REPLY TO

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**apcotex solutions india pvt. ltd.**

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**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD – NOT APPLICABLE**

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

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

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

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**ANNEXURE C TO DIRECTORS' REPORT****FORM NO. AOC -2****(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

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

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

Sl. No.	Name (s) of the related party & nature of relationship	Nature of contracts/arrangements/transaction	Duration of the contracts/arrangements/transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Justification for entering into such contracts or arrangements or transactions'	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
<b>NOT APPLICABLE</b>								

**2. Details of contracts or arrangements or transactions at Arm's length basis.**

Sr.No.	Names(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transaction	Salient terms of the contracts or arrangements or transactions including the value, if any.	Dates (S) of approval by the Board if any	Amount paid as advances if any
1	Omnova Solutions Inc.	WAN service charges Travel exp.	Dec-14 to Nov-15	55,12,594/- 48,130/-	-	-
2	Omnova Solutions India France Holding SAS	Interest & other payable	Dec-14 to Nov-15	Nil	15.04.15	-
3	Omnova Solutions SAS	Travel expense & other expenses	Dec-14 to Nov-15	22,49,636	15.04.15	-
4	Omnova Solutions France Holding SAS	Management service charges	Dec-14 to Nov-15	1,13,74,624/-	15.04.15	-
5	Omnova Solutions International SAS	Bank fees accrued	Dec-14 to Nov-15	27,02,692	15.04.15	-

**PLEASE REPLY TO****PLANT ADDRESS** : Village Dungal, Taluka-Valia, Ankleshwar-393135, Dist - Bharuch, Gujrat, India. Tel. +91-02643-270442-45**REGD. OFFICE** : Plot No.3/1, MIDC Industrial Area, Taloja - 410 208, Dist. Raigad, Maharashtra, India  
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Tel.: (022) 6180 2004/5, 3340.2004/5.**CIN NO. U24296MH2007PTC174698**

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Apcotex Solutions India Private Limited (formerly known as OMNOVA Solutions India Private Limited)

**Report on the Financial Statements**

We have audited the accompanying financial statements of Apcotex Solutions India Private Limited (formerly known as OMNOVA Solutions India Private Limited) ("the Company"), which comprise the Balance Sheet as at November 30, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**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 accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control 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. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



Apcotex Solutions India Private Limited  
Auditors' report for the year ended November 30, 2015  
Page 2 of 6

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 November 30, 2015, its loss, and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on November 30, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on November 30, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 6 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;



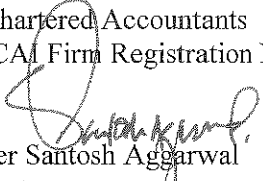
# SRBC & CO LLP

Chartered Accountants

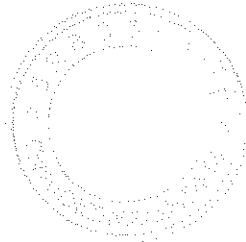
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Auditors' report for the year ended November 30, 2015  
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iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For SRBC & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E

  
per Santosh Aggarwal  
Partner  
Membership Number: 93669

Place of Signature: Ahmedabad  
Date: March 25, 2016





Apcotex Solutions India Private Limited  
Auditors' report for the year ended November 30, 2015  
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**Annexure referred to in paragraph 1 on Report on Other Legal and Regulatory Requirements of our report of even date**

Re: Apcotex Solutions India Private Limited

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Material discrepancies noticed on such verification were properly dealt with in the books of account.
- ii) a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such physical verification is reasonable. Inventories lying with outside parties have been confirmed by them as at year end.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause (iii) (a) & (b) of the Order are not applicable to the Company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- v) The Company has not accepted any deposits from the public.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of Synthetic rubber which primary includes Styrene butadiene rubber (SBR), Nitrile butadiene rubber (NRB) and Latex, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.



Apcotex Solutions India Private Limited  
Auditors' report for the year ended November 30, 2015  
Page 5 of 6

- vii) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, value added taxes, sales tax, service tax, customs duty, excise duty cess and other material statutory dues. The provisions of employees' state insurance and wealth tax are not applicable to the Company.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, value added taxes, service tax, sales-tax, customs duty, excise duty and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- c) According to records of the Company, dues outstanding of income tax, which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	4,966,004	2009-10	The Commissioner of Income Tax (Appeals)
		14,510,503	2010-11	

- d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- viii) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. The Company has not incurred cash loss during the year. In the immediately preceding financial year, the Company had incurred cash loss.
- ix) Based on our audit procedures and as per the information and explanations given by the management, the Company has defaulted in repayment of dues to debenture holders as mentioned below:

Nature of payment	Due date	Date of Payment	Amount (₹)
Interest on debentures	December 31, 2010	07-Oct-15	2,72,21,918
Interest on debentures	March 31, 2011	07-Oct-15	2,66,30,137
Interest on debentures	June 30, 2011	07-Oct-15	2,69,26,027
Interest on debentures	September 30, 2011	07-Oct-15	2,72,21,918
Interest on debentures	December 31, 2011	07-Oct-15	2,72,21,918
Interest on debentures	March 31, 2012	07-Oct-15	2,69,26,028
Interest on debentures	June 30, 2012	07-Oct-15	2,69,26,028
Interest on debentures	September 30, 2012	07-Oct-15	2,72,21,918
Interest on debentures	December 31, 2012	07-Oct-15	2,72,21,918
Interest on debentures	February 07, 2013	07-Oct-15	1,12,43,833



# **S R B C & CO LLP**

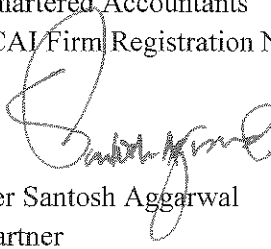
Chartered Accountants

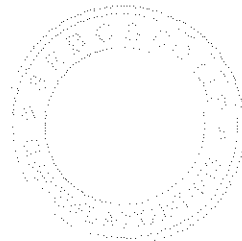
Apcotex Solutions India Private Limited  
Auditors' report for the year ended November 30, 2015  
Page 6 of 6

The Company has not defaulted in repayment of dues to a bank. The Company did not have any outstanding dues in respect of a financial institution during the year.

- x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xi) The Company did not have any term loans outstanding during the year.
- xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E

  
per Santosh Aggarwal  
Partner  
Membership Number: 93669



Place: Ahmedabad  
Date: March 25, 2016

Apcotex Solutions India Private Limited (Formerly OMNOVA Solutions India Private Limited)

Balance Sheet as at 30 November 2015

(All amounts are in Indian Rupees, unless otherwise stated)

	Notes	30 November 2015 ₹	30 November 2014 ₹
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	160,992,720	120,100,000
Reserves and surplus	4	765,854,501	655,243,607
		<b>926,847,221</b>	<b>775,343,607</b>
<b>Non-current liabilities</b>			
Other long-term liabilities	5	750,000	275,674
Long-term provisions	6	8,382,264	6,748,845
		<b>9,132,264</b>	<b>7,024,519</b>
<b>Current liabilities</b>			
Short-term borrowings	7	98,256,951	210,774,235
Trade payables	8		
- Dues to Micro and small enterprises		6,065,246	7,457,709
- Others		150,246,715	213,125,994
Other current liabilities	9	70,820,976	365,098,092
Short-term provisions	6	28,744,194	23,403,600
		<b>354,134,082</b>	<b>819,859,630</b>
<b>TOTAL</b>		<b>1,290,113,567</b>	<b>1,602,227,756</b>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	10	346,017,289	466,180,289
Intangible assets	11	953,604	1,974,284
Capital work-in-progress		-	2,003,338
Non-current investments	12	2,492,510	2,492,510
Loans and advances	13	29,201,172	41,702,535
		<b>378,664,575</b>	<b>514,352,956</b>
<b>Current assets</b>			
Inventories	14	257,486,250	305,242,083
Trade receivables	15	400,431,916	474,536,829
Cash and bank balances	16	63,564,744	74,604,471
Loan and advances	13	41,388,219	54,553,238
Other current assets	17	148,577,863	178,938,179
		<b>911,448,992</b>	<b>1,087,874,800</b>
<b>TOTAL</b>		<b>1,290,113,567</b>	<b>1,602,227,756</b>

Summary of significant accounting policies 2.1

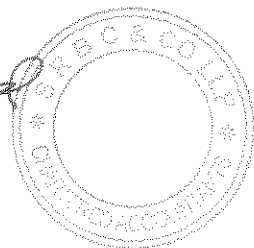
The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & Co LLP  
Firm Registration No: 324982E  
Chartered Accountants

per Santosh Aggarwal  
Partner  
Membership No.: 93669

Place: Ahmedabad  
Date: March 25, 2016



For and on behalf of the Board of directors of  
Apcotex Solutions India Private Limited  
(Formerly OMNOVA Solutions India Private Limited)

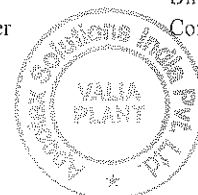
Anand Kumashi  
Director

Dinesh Bale  
Chief Financial Officer

Place: Mumbai  
Date: March 25, 2016

Abhiraj Choksey  
Director

Binay Yadav  
Company Secretary



**Apcotex Solutions India Private Limited (Formerly OMNOVA Solutions India Private Limited)**

**Statement of profit and loss for the year ended 30 November 2015**

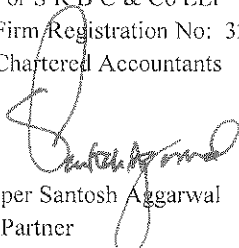
(All amounts are in Indian Rupees, unless otherwise stated)

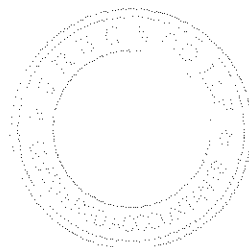
	Notes	30 November 2015 ₹	30 November 2014 ₹
<b>Continuing operations</b>			
<b>Income</b>			
Revenue from operations (gross)	18	2,042,196,161	2,298,083,027
Less: excise duty		209,810,774	236,282,046
<b>Revenue from operations (net)</b>		<b>1,832,385,387</b>	<b>2,061,800,981</b>
Other income	19	38,827,838	58,506,124
<b>Total revenue</b>		<b>1,871,213,225</b>	<b>2,120,307,105</b>
<b>Expenses</b>			
Cost of raw material and components consumed	20	1,118,846,740	1,401,789,290
Decrease in inventories of finished goods and work-in-progress	21	52,685,013	56,718,463
Employee benefits expense	22	151,252,037	123,700,578
Depreciation and amortisation expense	23	72,441,920	58,965,170
Impairment loss on fixed assets	42	53,971,625	-
Finance costs	24	25,672,755	35,680,413
Other expenses	25	499,601,167	534,303,275
<b>Total</b>		<b>1,974,471,257</b>	<b>2,211,157,189</b>
<b>(Loss) before tax</b>		<b>(103,258,032)</b>	<b>(90,850,084)</b>
Tax expenses		-	-
<b>(Loss) for the year</b>		<b>(103,258,032)</b>	<b>(90,850,084)</b>
Basic and diluted Loss per equity share [nominal value per share ₹10 (30 November 2014: ₹10)]	26	(8.0)	(7.6)
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date


For S R B C & Co LLP  
Firm Registration No: 324982E  
Chartered Accountants


  
per Santosh Aggarwal  
Partner  
Membership No.: 93669




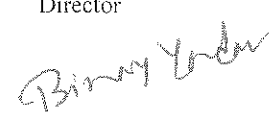
Place: Ahmedabad  
Date: March 25, 2016

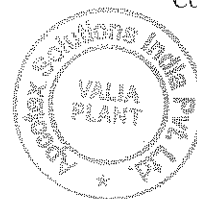
For and on behalf of the Board of directors of  
Apcotex Solutions India Private Limited  
(Formerly OMNOVA Solutions India Private Limited)

  
Anand Kumashi  
Director

  
Abhiraj Choksey  
Director

  
Dinesh Bale  
Chief Financial Officer  
Place: Mumbai  
Date: March 25, 2016

  
Binay Yadav  
Company Secretary



Apcotex Solutions India Private Limited (Formerly OMNOVA Solutions India Private Limited)  
Cash Flow Statement for the year ended 30 November 2015  
(All amounts are in Indian Rupees, unless otherwise stated)

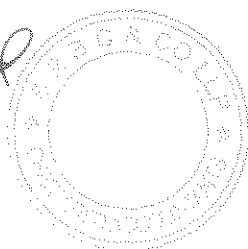
	30 November 2015	30 November 2014
	₹	₹
<b>Cash flow from operating activities</b>		
(Loss) before tax	(103,258,032)	(90,850,084)
<i>Adjustment to reconcile loss before tax to net cash flows</i>		
Depreciation and amortisation	72,441,920	58,965,170
Assets written off	-	2,717,952
Interest expenses	12,536,984	18,369,250
Unrealized foreign exchange gain	(156,112)	(6,804,749)
Dividend from long-term investments	-	(240)
Interest income	(12,042,237)	(7,180,873)
Impairment on tangible assets	53,971,625	-
Loss on sale of fixed assets (net)	543,379	1,296,943
Bad debts written off	1,644,274	3,091,786
Provision for doubtful debts	16,043,295	25,014,557
<b>Operating profit / (loss) before working capital changes</b>	<b>41,725,096</b>	<b>4,619,712</b>
<i>Movements in working capital:</i>		
(Decrease) in trade payables	(64,270,110)	(103,586,031)
(Decrease)/increase in other current liabilities	(39,513,632)	(18,859,026)
Increase in short term provisions	5,340,594	3,896,676
Increase/(decrease) in long-term provisions	1,633,419	(1,871,806)
Increase/(decrease) in other long term liabilities	474,326	(10,690,766)
Decrease/(increase) in short term loan and advances	13,165,019	(19,885,422)
Decrease in trade receivables	56,571,824	15,657,100
Decrease in inventories	47,755,833	111,583,686
Decrease in other current assets	30,488,573	34,133,931
Decrease/(increase) in long-term loans and advances	12,718,776	(6,658,142)
<b>Cash generated from operations</b>	<b>106,089,718</b>	<b>8,339,912</b>
Direct taxes paid	(217,413)	(42,865)
<b>Net cash flow generated from operating activities (A)</b>	<b>105,872,305</b>	<b>8,297,047</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including Capital work in progress	(3,983,459)	(26,262,179)
Proceeds from sale of fixed assets	213,553	617,475
Proceeds from sale of investments	-	36,000
Dividend from long-term investments	-	240
Interest received	11,913,980	7,222,256
<b>Net cash generated from / (used in) investing activities (B)</b>	<b>8,144,074</b>	<b>(18,386,208)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	257,907,000	-
Repayment of excess share capital proceeds	(3,145,354)	-
Proceeds from short-term borrowings	-	253,335,995
Repayment of short-term borrowings	(131,574,494)	(252,301,866)
Proceeds from cash credit account (net)	19,057,210	32,723,195
Interest paid on debentures	(254,761,646)	-
Interest paid on others	(12,538,822)	(17,624,214)
<b>Net cash generated from/(used in) financing activities (C)</b>	<b>(125,056,106)</b>	<b>16,133,110</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>(11,039,727)</b>	<b>6,043,949</b>
Cash and cash equivalents at the beginning of the year	74,604,471	68,560,522
<b>Cash and cash equivalents at the end of the year</b>	<b>63,564,744</b>	<b>74,604,471</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	265,075	126,520
Balance with banks		
- on current account	63,299,669	74,477,951
<b>Total Cash and cash equivalents (note 16)</b>	<b>63,564,744</b>	<b>74,604,471</b>

As per our report of even date

For S R B S & Co LLP  
Firm Registration No: 324982E  
Chartered Accountants

per Santosh Aggarwal  
Partner  
Membership No.: 93669

Place: Ahmedabad  
Date: March 25, 2016



For and on behalf of the Board of directors of  
Apcotex Solutions India Private Limited  
(Formerly OMNOVA Solutions India Private Limited)

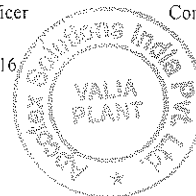
Anand Kumashi  
Director

Dinesh Bale  
Chief Financial Officer

Place: Mumbai  
Date: March 25, 2016

Abhiraj Choksey  
Director

Binay Yadav  
Company Secretary



## 1. Corporate information

OMNOVA Solutions India Private Limited ("the Company") (formerly known as Eliokem India Private Limited) is a subsidiary of OMNOVA Solutions India France Holding SAS, France, a Company incorporated under the laws of the Republic of France in 2001. The Company is engaged in manufacturing of nitrile rubbers and latex products.

## 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

### 2.1 Summary of significant accounting policies

#### (a) Change in Accounting policy

##### (i) Depreciation on fixed assets

Till the year ended 30 November 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also.

##### (ii) Useful lives/ depreciation rates

Till the year ended 30 November 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II of the Companies Act 2013 prescribes useful lives of the fixed assets which, in many cases are different from the lives prescribed under erstwhile Schedule XIV. However Schedule II allows companies to use higher / lower lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in financial statement.

Considering the applicability of Schedule II, the management has re-estimated the useful lives and residual values of all its fixed assets (including intangibles) to compute depreciation, to confirm to the requirement of the Companies Act, 2013 and other considerations applicable.

Due to this change in useful lives and residual value of assets the depreciation charge for the current year has been higher by ₹ 1,28,12,595.

##### (ii) Depreciation on assets costing less than ₹ 5000

Till year ended November 30, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Company was charging 100% depreciation on assets costing less than ₹ 5,000 in the year of purchase. However Schedule II of the Companies Act, 2013 applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Company has changed its accounting policy for depreciation of assets costing less than ₹ 5,000. As per the revised policy, the Company has depreciated such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy from accounting period commencing on or after December 1, 2014.

The change in accounting policy for depreciation of assets costing less than ₹ 5,000 did not have any material impact on financial statements of the Company for the current year.

#### (b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.



## 2.1 Summary of significant accounting policies (continued)

### (c) Tangible fixed assets

Fixed assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of the purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

### (d) Depreciation on tangible fixed assets

Factory Leasehold Land is amortised on straight line basis over the balance period of lease agreement. Land was initially allotted to the Company for 99 years of lease period. The leasehold land in respect of wind farm assets are amortised over the balance contractual period as at year end.

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The company has used the following rates to provide depreciation on its fixed assets.

Asset	Useful Life estimated by the management (Years)
Computers	3-6
Office equipment	5
Furniture and fixtures	10
Vehicles	8-10
Leasehold improvements	9.09% or the rate based on lease period, whichever is higher
Building	26
Roads	10
Plant & machinery - Gas turbine	27
Plant & machinery - Others	11
Software	3

The management has estimated, supported by assessment by technical professionals, the useful lives of the following classes of assets:

• The useful lives of buildings and plant and machinery - others is estimated as 26 years and 11 years respectively, which is lower than that indicated in schedule II.

### (e) Intangible assets

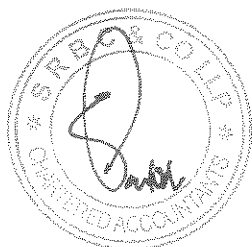
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life, which, in management's estimate represent the period during which will be derived from its use.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

*Goodwill*: At the time of acquisition of the business, the difference between purchase price and the fair value of assets as at the date of acquisition is accounted for as goodwill. Goodwill is amortized using the straight-line method over a period of five years.

*Software*: Costs relating to computer software are capitalized and amortized on straight line basis over their useful life of 3 years, as technically assessed.





## 2.1 Summary of significant accounting policies (continued)

### (e) Leases

#### *Where the company is lessee*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

### (f) Impairment of tangible and intangible assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### (g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

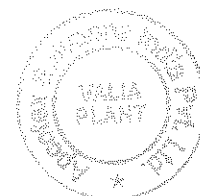
On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

### (h) Inventories

Raw materials, packing materials and stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, packing materials and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.



## 2.1 Summary of significant accounting policies (continued)

### (i) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

#### *Sale of goods*

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

#### *Export benefits*

Export benefits are accounted on accrual basis on the basis of exports made.

#### *Interest*

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

#### *Dividends*

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

### (j) Borrowing Costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

### (k) Foreign currency transactions

#### **Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### **Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

#### **Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

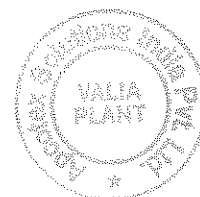
### (l) Retirement and other employee benefits

#### i) Provided fund and superannuation fund:

Retirement benefit in the form of provident fund and superannuation fund is a defined contribution scheme. Contributions payable to the provident fund and superannuation fund are charged to the profit and loss account during the period in which the employee renders the related service. The Company contributes a sum equivalent to certain percentage of basic salary of the eligible managerial cadre employees' salary to Superannuation Fund administered by trustees and managed by an insurance company. The company has no obligation, other than the contribution payable to the provident fund and superannuation fund.

#### ii) Gratuity

The company operates a defined benefit plan for its employees, viz., gratuity. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. The Company has taken an insurance policy under the Group Gratuity Scheme with the Future Generally Life Insurance to cover the gratuity liability of the employees and amount paid/payable in respect of the present value of liability for past services is charged to the Statement of Profit and Loss every year. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss.



## 2.1 Summary of significant accounting policies (continued)

### iii) Compensated leave

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefits. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

### (m) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

### (n) Segment reporting

The Company's operating businesses are organised and managed separately according to nature of services provided, with each segment representing a strategic business unit that offers different services, the risk and return profile of individual business unit, the organisational structure and internal reporting system of the Company. The analysis of geographical segments is based on the location of the customers.

### (o) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

### (p) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; 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 are not discounted to its present value and are determined based on 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.

### (q) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.



### 3. Share capital

	30 November 2015 ₹	30 November 2014 ₹
Authorised shares (No.) 161,600,000 (30 November 2014: 12,050,000) equity shares of ₹ 10 each	16,16,00,000	16,16,00,000
Issued, subscribed and fully paid-up shares (No.) 16,099,272 (30 November 2014: 12,010,000) equity shares of ₹ 10 each	16,09,92,720	12,01,00,000
Total issued, subscribed and fully paid-up share capital	16,09,92,720	12,01,00,000

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

##### Equity shares

	30 November 2015		30 November 2014	
	No.	₹	No.	₹
At the beginning of the year	1,20,10,000	12,01,00,000	1,20,10,000	12,01,00,000
Issued during the year	40,89,272	4,08,92,720	-	-
Outstanding at the end of the period	1,60,99,272	16,09,92,720	1,20,10,000	12,01,00,000

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

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

There were no dividends paid to equity shareholders during the year ended 30 November 2015 and year ended 30 November 2014.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### c. Shares held by holding/ultimate holding company and/or their subsidiaries/associates

Out of the equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

	30 November 2015 ₹	30 November 2014 ₹
OMNOVA Solutions India France Holding SAS, France, (Holding Company) 16,099,271 (30 November 2014: 12,009,999) equity shares of ₹ 10 each fully paid up	16,09,92,710	12,00,99,990

#### d. Aggregate number of shares issued for consideration other than cash during the five years immediately preceding the reporting date:

	30 November 2015 No.	30 November 2014 No.
Equity shares allotted on conversion of fully compulsorily convertible debentures (Financial year 2012-13)	1,20,00,000	1,20,00,000

#### e. Details of shareholders holding more than 5% shares in the company

Name of the shareholder	30 November 2015		30 November 2014	
	No.	% holding in the class	No.	% holding in the class
Equity shares of ₹ 10 each fully paid up				
OMNOVA Solutions India France Holding SAS, France	1,60,99,271	99.99%	1,20,09,999	99.99%

### 4. Reserves and surplus

	30 November 2015 ₹	30 November 2014 ₹
Securities premium account		
Balance as per the last financial statements	1,08,00,00,000	1,08,00,00,000
Add: premium on issue of equity share	21,38,68,926	
Closing Balance	1,29,38,68,926	1,08,00,00,000
Deficit in the statement of profit and loss		
Balance as per last financial statements	(42,47,56,393)	(33,39,06,309)
(Loss) for the year	(10,32,58,032)	(9,08,50,084)
Net deficit in the statement of profit and loss	(52,80,14,425)	(42,47,56,393)
Total reserves and surplus	76,58,54,501	65,52,43,607



**5. Other long-term liabilities**

	30 November 2015	30 November 2014
	₹	₹
Lease equalisation reserve	-	2,75,674
Security deposits from consignment agents	7,50,000	-
	<u>7,50,000</u>	<u>2,75,674</u>

**6. Provisions**

	Long-term		Short-term	
	30 November 2015	30 November 2014	30 November 2015	30 November 2014
	₹	₹	₹	₹
<b>Provision for employee benefits</b>				
Provision for gratuity (refer note 27)	83,82,264	67,48,845	28,61,821	36,94,393
Provision for leave benefits	-	-	81,72,030	89,65,045
Provision for litigations	-	-	1,77,10,343	1,07,44,162
<b>Total</b>	<u>83,82,264</u>	<u>67,48,845</u>	<u>2,87,44,194</u>	<u>2,34,03,600</u>

**Provisions for litigations**

Provisions for litigations represents estimate made for probable claims arising out of litigations / disputes pending with authorities under statutes, i.e. service tax, etc. The probability and the timing of the outflow with regard to these matter depend on the ultimate settlement / conclusion with the relevant authorities.

**7. Short-term borrowings**

	30 November 2015	30 November 2014
	₹	₹
Loans repayable on demand		
- from banks (1) & (2)	-	12,00,00,000
- from related parties (refer note 25)	-	1,15,74,494
Cash Credit (2)	9,82,56,951	7,91,99,741
	<u>9,82,56,951</u>	<u>21,07,74,235</u>
<b>The above amount includes</b>		
Unsecured borrowings	9,82,56,951	21,07,74,235

**1. Loans repayable on demand from banks includes:**

- working capital demand loan of ₹ NIL (30 November 2014: ₹ 50,000,000) carrying interest @11.5% p.a.
- buyers credit utilized of ₹ NIL (30 November 2014: ₹ 70,000,000) carrying interest @ 10.1% p.a.

2. The above loan repayable on demand from banks is made available against a promissory note of ₹ 50,000,000 issued by company in favour of HSBC bank and a standby letter of credit (SBLC) granted by BNP Paribas Bank, Paris out of the credit facility provided to OMNOVA Solutions India France Holdings SAS.

**8. Trade Payables**

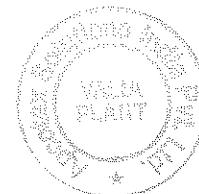
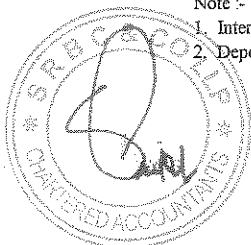
	30 November 2015	30 November 2014
	₹	₹
Trade payables including accrual for employees		
- Dues to Micro and small enterprises (refer note 32)	60,65,246	74,57,709
- Others	15,02,46,715	21,31,25,994
	<u>15,63,11,961</u>	<u>22,05,83,703</u>
Dues to related parties included in above (refer note 31)		
Trade payables	4,40,47,589	7,76,70,569

**9. Other current liabilities**

	30 November 2015	30 November 2014
	₹	₹
Interest accrued and due on borrowings (1)	-	25,63,01,131
Interest accrued but not due	4,38,364	4,40,203
Security deposits from consignment agents	86,05,001	1,06,75,001
Advance from customers	3,11,992	18,32,290
Others		
Interest free deposit from contractors (2)	28,29,199	20,59,199
Excise and customs duty payable	2,58,84,794	2,49,60,663
Tax deducted at source payable	16,11,077	19,77,742
Provident fund payable	8,79,326	8,50,511
Professional tax payable	39,580	39,360
Other Payables	3,02,21,643	6,59,61,992
	<u>7,08,20,976</u>	<u>36,50,98,092</u>
Dues to related parties included in above (refer note 31)		
Interest accrued and due on borrowings	-	25,63,01,131
Other Payables	2,32,82,448	5,79,00,340

**Note :-**

- Interest accrued and due on borrowings includes unpaid debenture interest of ₹ NIL (30 November 2014 : ₹ 254,761,646).
- Deposits against cancellable contracts for a period less than one year



**Apotex Solutions India Private Limited (Formerly OMNOVA Solutions India Private Limited)**

Notes to financial statements for the year ended 30 November 2015

(All amounts are in Indian Rupees, unless otherwise stated)

10. Tangible assets	Amount in ₹										
	Particulars	Land - freehold	Land - leasehold	Buildings	Computers	Plant and Machinery	Office equipments	Furniture and fixtures	Vehicles	Leasehold improvements	Total
Cost or valuation											
As at 1 December 2013		5,32,896	10,10,58,112	9,84,49,496	29,66,081	55,81,80,564	34,06,488	21,53,236	51,19,105	20,23,360	77,38,89,338
Additions	-	-	-	10,06,315	2,94,901	2,21,23,343	3,84,102	2,74,107	-	-	2,40,84,768
Disposals	-	-	-	-	14,101	35,60,145	1,02,600	40,922	-	-	37,17,768
Adjustments / Discard	-	-	-	3,76,742	47,65,385	70,830	3,23,914	70,830	-	-	55,36,871
As at 30 November 2014		5,32,896	10,10,58,112	9,94,55,811	28,70,139	57,19,30,377	33,64,076	23,15,591	51,19,105	20,23,360	78,87,19,467
Additions	-	-	17,69,638	-	75,092	34,34,647	5,47,985	1,59,435	-	-	59,86,797
Disposals	-	-	-	-	22,458	3,67,000	42,684	-	12,30,611	-	16,62,753
As at 30 November 2015		5,32,896	10,28,27,750	9,94,55,811	29,22,773	57,50,48,024	38,69,377	24,75,026	38,88,494	20,23,360	79,30,43,511
Depreciation											
As at 1 December 2013		-	69,84,072	1,81,09,774	12,09,032	23,72,31,850	8,94,424	10,43,628	15,92,948	20,23,360	26,90,87,088
Charge for the year	-	-	12,05,643	37,99,671	4,67,725	5,14,94,339	3,19,239	3,01,428	4,86,315	-	5,80,74,360
Disposals	-	-	-	-	14,091	17,19,300	48,173	21,786	-	-	18,03,350
Adjustments / Discard	-	-	-	-	4,04,880	22,45,156	1,32,269	36,615	-	-	28,18,920
As at 30 November 2014		-	81,89,715	2,19,09,445	12,57,786	28,47,61,733	10,31,221	12,86,655	20,79,263	20,23,360	32,25,39,178
Additions	-	-	1,81,42,615	59,58,705	5,82,605	4,44,63,385	12,88,399	2,84,308	7,01,223	-	7,14,21,240
Disposals	-	-	-	-	22,458	1,97,160	23,733	-	6,62,470	-	9,05,821
Impairment loss	-	-	57,01,573	47,018	-	4,82,23,034	-	-	-	-	5,39,71,625
As at 30 November 2015		-	3,20,33,902	2,79,15,168	18,17,933	37,72,50,992	22,95,887	15,70,963	21,18,016	20,23,360	44,70,26,222
Net Block											
As at 30 November 2014		5,32,896	9,28,68,397	7,75,46,366	16,12,353	28,72,18,644	23,32,855	10,28,936	30,39,842	-	46,61,80,289
As at 30 November 2015		5,32,896	7,07,93,848	7,15,40,643	11,04,840	19,77,97,032	15,73,490	9,04,063	17,70,478	-	34,60,17,289

Notes:

- The leasehold land measuring 286,400 square meter taken from Apat Industries Limited is in the process of being registered in the name of the Company.
- Leasehold land measuring 24,84 hectares taken from Gujarat Energy Development Agency (GEDA) for wind farm at Navadara, Gujarat. The land lease taken is going to expire by March 31, 2016, which is further renewable on payment of annual lease rentals. During the year, the Company has decided to amortise the fair value of the land carried in the books over the current lease period, i.e. till March 31, 2016. During the year, the Company has recognised higher amortisation charge of ₹ 16,906,725.

11. Intangible assets	Amount in ₹			
	Particulars	Goodwill	Computer software	Total
Cost or valuation				
As at 1 December 2013		1,40,85,310	92,94,893	2,33,80,203
Additions	-	-	23,26,816	23,26,816
Disposals	-	-	-	-
As at 30 November 2014		1,40,85,310	1,16,21,709	2,57,07,019
Additions	-	-	-	-
Disposals	-	-	-	-
As at 30 November 2015		1,40,85,310	1,16,21,709	2,57,07,019
Amortisation				
As at 1 December 2013		1,40,85,310	87,56,615	2,28,41,925
Charge for the year	-	-	8,90,810	8,90,810
Disposals	-	-	-	-
As at 30 November 2014		1,40,85,310	96,47,425	2,37,32,735
Charge for the year	-	-	10,20,680	10,20,680
Disposals	-	-	-	-
As at 30 November 2015		1,40,85,310	1,06,68,105	2,47,53,415
Net Block				
As at 30 November 2014		-	19,74,284	19,74,284
As at 30 November 2015		-	9,53,604	9,53,604



ApcoTex Solutions India Private Limited (Formerly OMNOVA Solutions India Private Limited)  
Notes to financial statements for the year ended 30 November 2015  
(All amounts are in Indian Rupees, unless otherwise stated)

12. Non-current investments

	30 November 2015	30 November 2014
	₹	₹
<b>Non-trade investments (valued at cost unless stated otherwise)</b>		
<b>Investment in equity instruments (unquoted)</b>		
247,500 (30 November 2014: 247,500) equity shares of ₹ 10 each fully paid-up in Narmada Clean Tech Limited	24,75,000	24,75,000
1,751 (30 November 2014: 1,751) equity shares of ₹ 10 each fully paid-up in Bharuch Enviro Infrastructure Limited	17,510	17,510
	<u>24,92,510</u>	<u>24,92,510</u>
Aggregate amount of unquoted investments	24,92,510	24,92,510

13. Loans and advances

	Non-current		Current	
	30 November 2015	30 November 2014	30 November 2015	30 November 2014
	₹	₹	₹	₹
<b>Security deposit</b>				
Unsecured, considered good	2,76,79,984	3,93,73,617	-	-
(A)	<u>2,76,79,984</u>	<u>3,93,73,617</u>	-	-
<b>Advances recoverable in cash or kind</b>				
Unsecured, considered good	-	-	1,19,92,229	2,85,19,742
(B)	-	-	<u>1,19,92,229</u>	<u>2,85,19,742</u>
<b>Other loans and advances</b>				
Unsecured, considered good				
Tax deducted at source	2,65,944	48,531	-	-
Prepaid expenses	-	-	69,07,316	78,80,995
Loans to employees (refer note 31)	12,55,244	22,80,387	20,34,103	30,13,850
Cenvat recoverable	-	-	1,26,54,150	90,36,295
Value added tax recoverable	-	-	78,00,421	61,02,356
(C)	<u>15,21,188</u>	<u>23,28,918</u>	<u>2,93,95,990</u>	<u>2,60,33,496</u>
Total (A+B+C)	<u>2,92,01,172</u>	<u>4,17,02,535</u>	<u>4,13,88,219</u>	<u>5,45,53,238</u>

Loans and advances due by directors

Loans to employees include	-	19,85,000	-	6,00,000
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14. Inventories (valued at lower of cost and net realizable value)

	30 November 2015	30 November 2014
	₹	₹
Raw materials and components (includes in transit ₹ 5,536,274; 30 November 2014: ₹ 6,146,975, (refer note 20))	6,50,38,516	5,94,00,457
Work-in-progress (refer note 21)	1,44,98,727	4,30,03,362
Finished goods (refer note 21)	17,33,12,121	19,80,99,444
Packing material	23,95,021	31,03,900
Scrap (refer note 21)	22,41,865	16,34,920
	<u>25,74,86,250</u>	<u>30,52,42,083</u>

15. Trade receivables

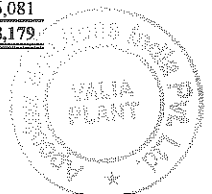
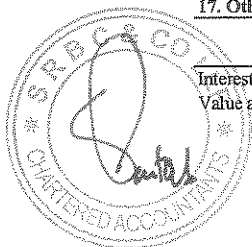
	30 November 2015	30 November 2014
	₹	₹
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	58,03,327	50,73,239
Unsecured, considered doubtful	4,23,95,313	2,81,33,031
	<u>4,81,98,640</u>	<u>3,32,06,270</u>
Provision for doubtful debts	4,23,95,313	2,81,33,031
	<u>58,03,327</u>	<u>50,73,239</u>
<b>Others</b>		
Unsecured, considered good	39,46,28,589	46,94,63,590
	<u>39,46,28,589</u>	<u>46,94,63,590</u>
	<u>40,04,31,916</u>	<u>47,45,36,829</u>

16. Cash and bank balances

	30 November 2015	30 November 2014
	₹	₹
<b>Cash and cash equivalents</b>		
<i>Balances with banks:</i>		
- On current accounts	6,32,99,669	7,44,77,951
Cash on hand	2,65,075	1,26,520
	<u>6,35,64,744</u>	<u>7,46,04,471</u>

17. Other Current Asset

	30 November 2015	30 November 2014
	₹	₹
Interest Accrued	4,70,355	3,42,098
Value added tax credit receivable	14,81,07,508	17,85,96,081
	<u>14,85,77,863</u>	<u>17,89,38,179</u>



18. Revenue from operations

	30 November 2015	30 November 2014
	₹	₹
<b>Revenue from operations</b>		
Sale of products		
Finished goods	2,02,68,15,930	2,27,04,99,344
Other operating revenue		
Scrap sales	1,31,24,413	2,45,58,450
Duty drawback	22,55,818	30,25,233
Revenue from operations (gross)	<u>2,04,21,96,161</u>	<u>2,29,80,83,027</u>
Less: Excise duty #	20,98,10,774	23,62,82,046
Revenue from operations (net)	<u>1,83,23,85,387</u>	<u>2,06,18,00,981</u>

# Excise duty on sales amounting to ₹ 209,810,774 (30 November 2014: ₹ 236,282,046) has been reduced from sales in profit & loss account and excise duty on increase/decrease in stock amounting to ₹ (18,862) (30 November 2014: ₹ (8,383,961)) has been considered as (income)/expense in note 25 of financial statements.

Details of products sold

	30 November 2015	30 November 2014
	₹	₹
<b>Finished goods sold</b>		
Bale	1,07,84,06,165	1,16,83,88,842
Crums	40,22,06,827	55,04,68,064
Latex	5,43,23,619	7,48,81,437
Powder	14,76,32,505	15,63,83,219
Sheets	34,42,46,814	32,03,77,782
	<u>2,02,68,15,930</u>	<u>2,27,04,99,344</u>

19. Other income

	30 November 2015	30 November 2014
	₹	₹
Interest income on		
Fixed deposits with banks	15,82,771	-
Others	1,04,59,466	71,80,873
Dividend from Long-term investments	-	240
Excess provisions / Unpaid liabilities no longer payable, written back	2,62,01,385	4,47,95,098
Foreign exchange fluctuations (net)	-	53,25,847
Miscellaneous income	5,84,216	12,04,066
<b>Total</b>	<u>3,88,27,838</u>	<u>5,85,06,124</u>

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**20. Cost of raw material and components consumed**

	30 November 2015	30 November 2014
	₹	₹
Inventory at the beginning of the year	5,94,00,457	11,48,33,234
Add: Purchases (net of materials sold during the year ₹ 7,023,291, Previous year: Nil)	1,12,44,84,799	1,34,63,56,513
	1,18,38,85,256	1,46,11,89,747
Less: Inventory at the end of the year	6,50,38,516	5,94,00,457
Cost of raw material and components consumed	1,11,88,46,740	1,40,17,89,290

**Details of raw materials and components consumed**

	30 November 2015	30 November 2014
	₹	₹
Acrylonitrile	31,52,94,771	34,76,01,876
Butadine	40,88,30,323	57,27,03,866
Styrene	16,43,65,273	23,95,45,628
Others	23,03,56,373	24,19,37,920
	1,11,88,46,740	1,40,17,89,290

**Details of inventory**

	30 November 2015	30 November 2014
	₹	₹
Acrolyte	3,60,09,949	78,01,600
Butadine	38,08,096	1,15,60,163
Styrene	4,58,355	1,25,21,800
Others	2,47,62,116	2,75,16,894
	6,50,38,516	5,94,00,457

**21. Increase/ (decrease) in inventories**

	30 November 2015	30 November 2014	Increase / (decrease)
	₹	₹	₹
Inventories at the end of the year			30 November 2015
Work-in-progress	1,44,98,727	4,30,03,362	(2,85,04,635)
Finished goods	17,33,12,121	19,80,99,444	(2,47,87,323)
Scrap	22,41,865	16,34,920	6,06,945
	19,00,52,713	24,27,37,726	(5,26,85,013)

	30 November 2014	30 November 2013	Increase / (decrease)
	₹	₹	₹
Inventories at the beginning of the year			30 November 2014
Work-in-progress	4,30,03,362	3,35,82,404	94,20,958
Finished goods	19,80,99,444	26,33,30,860	(6,52,31,416)
Scrap	16,34,920	25,42,925	(9,08,005)
	24,27,37,726	29,94,56,189	(5,67,18,463)
	(5,26,85,013)	(5,67,18,463)	

**Details of inventory**

	30 November 2015	30 November 2014
	₹	₹
<b>Work-in-progress</b>		
Raw material	24,84,962	44,63,924
Latex	64,51,727	3,43,07,191
Rubber	52,16,882	40,62,625
Others	3,45,156	1,69,622
	1,44,98,727	4,30,03,362
<b>Finished goods</b>		
Bale	11,57,84,481	14,36,28,539
Crums	2,26,14,488	1,22,18,260
Latex	44,72,683	53,67,325
Powder	55,98,974	87,01,387
Sheets	2,48,41,495	2,81,83,933
	17,33,12,121	19,80,99,444



**22. Employee benefit expense**

	30 November 2015	30 November 2014
	₹	₹
Salaries, wages and bonus	13,90,45,727	11,22,87,171
Contribution to provident and other funds	55,52,813	52,56,264
Gratuity expense (refer note 27)	21,86,330	20,73,715
Staff welfare expenses	44,67,167	40,83,428
	<b>15,12,52,037</b>	<b>12,37,00,578</b>

**23. Depreciation and amortization expense**

	30 November 2015	30 November 2014
	₹	₹
Depreciation on tangible assets	7,14,21,240	5,80,74,360
Amortization on intangible assets	10,20,680	8,90,810
	<b>7,24,41,920</b>	<b>5,89,65,170</b>

**24. Finance costs**

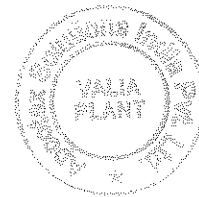
	30 November 2015	30 November 2014
	₹	₹
Interest on short term borrowings	1,13,24,283	1,35,45,194
Interest- Others	12,12,701	48,24,056
Bank charges	1,31,35,771	1,73,11,163
	<b>2,56,72,755</b>	<b>3,56,80,413</b>

**25. Other expenses**

	30 November 2015	30 November 2014
	₹	₹
Consumption of stores and spares	2,98,26,592	3,04,02,498
Consumption of packing material	2,22,60,498	2,22,07,430
Labour Charges	3,73,89,419	2,82,96,817
Decrease of excise duty on inventory	(18,862)	(83,83,961)
Power and fuel	19,22,57,893	21,83,66,134
Water charges	1,05,33,593	1,01,53,649
Freight and forwarding charges (net of recovery)	2,13,32,380	2,50,01,115
Rent	36,51,096	41,12,698
Rates and taxes- others	1,04,78,326	1,49,51,155
Insurance	1,08,20,545	1,20,68,816
Repair and maintenance		
- Plant and machinery	1,91,07,580	1,87,78,191
- Buildings	62,97,037	65,98,088
- Others (including IT support costs)	1,95,53,451	1,85,10,898
Commission	3,26,46,026	4,40,99,612
Traveling and conveyance	1,52,29,087	1,51,33,422
Payment to auditors	32,45,327	30,95,327
Legal and professional fees	1,00,48,319	1,35,73,562
Foreign exchange fluctuations (net)	98,84,979	-
Bad Debts written off	16,44,274	30,91,786
Provision for doubtful debts	1,60,43,295	2,50,14,557
Loss on sale of fixed assets (net)	5,43,379	12,96,943
Management service charges (refer note 31)	1,13,74,624	1,46,21,244
Miscellaneous expenses	1,54,52,309	1,33,13,294
	<b>49,96,01,167</b>	<b>53,43,03,275</b>

**Payment to auditors**

	30 November 2015	30 November 2014
	₹	₹
As auditor:		
Audit fee	32,00,000	29,00,000
Reimbursement of expenses	45,327	1,95,327
	<b>32,45,327</b>	<b>30,95,327</b>



26. (Loss) per share

The following reflects the loss and share data used in the basic and diluted loss per share computations:

	30 November 2015	30 November 2014
	₹	₹
<b>Total operations for the year</b>		
Loss after tax	(10,32,58,032)	(9,08,50,084)
Net loss for calculation of basic and diluted EPS	(10,32,58,032)	(9,08,50,084)
	No.	No.
Weighted average number of equity shares in calculating basic EPS	1,28,83,872	1,20,10,000
Weighted average number of equity shares in calculating diluted EPS	1,28,83,872	1,20,10,000
Basic and diluted Earnings/(Loss) per share	(8.0)	(7.6)

27. Gratuity

The company operates gratuity plan, wherein every employee who has completed at-least five years of service gets a gratuity on departure at the rate of 15 days of last drawn salary for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement or separation or death or permanent disablement in terms of the provisions of the Payment of Gratuity Act, 1972.

The following tables summarize the components of net benefit recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet.

**Statement of profit and loss**

**Net employee benefit expense recognized in the employee cost**

	30 November 2015	30 November 2014
	₹	₹
Current service cost	16,00,143	15,37,829
Interest cost on benefit obligation	17,42,543	18,18,722
Expected return on plan assets	(11,27,310)	(9,95,613)
Net actuarial( gain) / loss recognized in the year	(29,046)	(2,87,223)
<b>Net benefit expense</b>	<b>21,86,330</b>	<b>20,73,715</b>
Actual return on plan assets	19,53,579	3,22,475

**Balance sheet**

**Benefit asset/ (liability)**

	30 November 2015	30 November 2014
	₹	₹
Present value of defined benefit obligation	(2,53,78,818)	(2,29,68,903)
Fair value of plan assets	1,41,34,733	1,25,25,665
<b>Plan asset / (liability)</b>	<b>(1,12,44,085)</b>	<b>(1,04,43,238)</b>

**Changes in the present value of the defined benefit obligation are as follows:**

	30 November 2015	30 November 2014
	₹	₹
Opening defined benefit obligation	2,29,68,903	2,15,67,368
Current service cost	16,00,143	15,37,829
Interest cost	17,42,543	18,18,722
Benefits paid	(17,29,994)	(9,94,655)
Actuarial (gains) / losses on obligation	7,97,223	(9,60,361)
<b>Closing defined benefit obligation</b>	<b>2,53,78,818</b>	<b>2,29,68,903</b>

**Changes in the fair value of plan assets are as follows:**

	30 November 2015	30 November 2014
	₹	₹
Opening fair value of plan assets	1,25,25,665	1,18,96,717
Expected return	11,27,310	9,95,613
Contributions by employer	13,85,483	13,01,128
Benefits paid	(17,29,994)	(9,94,655)
Actuarial gains / (losses)	8,26,269	(6,73,138)
<b>Closing fair value of plan assets</b>	<b>1,41,34,733</b>	<b>1,25,25,665</b>

The company expects to contribute ₹ 2,861,821 to gratuity in the next year (30 November 2014: ₹ 3,694,39).



**27. Gratuity (Continued)**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	30 November 2015	30 November 2014
Investments with insurer	100%	100%

The principal assumptions used in determining gratuity benefit obligations for the company's plans are shown below:

	30 November 2015	30 November 2014
Discount rate	8.00%	8.25%
Expected rate of return on assets	9.00%	9.00%
Future salary increase	12% for first 3 years and 8% thereafter	12% for first 3 years and 8% thereafter
Employee turnover	11% for all ages	13% for all ages

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

Amounts for the current and previous four periods are as follows:

	30 November 2015	30 November 2014	31 December 2013	31 December 2012	31 December 2011
	₹	₹	₹	₹	₹
<b>Gratuity</b>					
Defined benefit obligation	2,53,78,818	2,29,68,903	2,15,67,368	1,90,34,877	1,08,39,163
Plan assets	1,41,34,733	1,25,25,665	1,18,96,717	1,00,43,087	82,86,461
Surplus / (deficit)	1,12,44,085	1,04,43,238	96,70,651	89,91,790	25,52,702
Experience adjustments on plan liabilities	1,46,030	5,98,515	8,41,844	10,92,577	10,99,981
Experience adjustments on plan assets	8,26,269	(6,73,138)	4,05,121	1,66,739	(2,651)

**28. Leases**

Operating lease: company as lessee

The company has entered into commercial leases for office premises. These leases have an average life of three to five years. There are no restrictions placed upon the company by entering into these leases. There is an escalation clause of 20% on lease rentals and deposits after 3 years for office premises. There are no subleases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	30 November 2015	30 November 2014
	₹	₹
Within one year	2,94,750	43,52,400
After one year but not more than five years	-	1,02,67,462
More than five years	-	-
	<u>2,94,750</u>	<u>1,46,19,862</u>

Note: Subsequent to year end, the Company has terminated the lease agreement for office premises.

**29. Segment information**

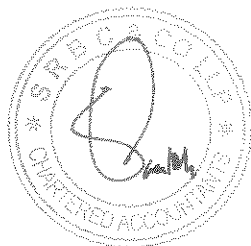
a) Segment information for primary reporting (by business segment)

Since the Company has only one reportable business segment of synthetic rubber, hence information for Primary business segment is not applicable.

b) Segment information for secondary segment reporting (by geographical segment)

The Company has two reportable geographical segments based on location of customers.

- i) Revenue from customers within India
- ii) Revenue from customers outside India



**Geographical Segments**

The company's secondary segments are the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by the location of the assets. The following table shows the distribution of the Company's sales by geographical market, regardless of where the goods were produced:

**Sales Revenue by Geographical Market**

	30 November 2015	30 November 2014
	₹	₹
India (domestic)	1,74,18,41,089	1,95,61,72,923
Outside India (exports)	9,05,44,298	10,56,28,058
	<b>1,83,23,85,387</b>	<b>2,06,18,00,981</b>

The revenue figures are reported above are net of excise duty.

**Total assets and additions to tangible and intangible fixed assets by geographical area:**

The following table shows the carrying amount of segment assets and addition to segment assets by geographical area in which assets are located:

	Carrying amount of segment assets and intangible assets (₹)	
	30 November 2015	30 November 2014
Receivables for sales made within India	1,28,56,85,996	1,58,74,92,541
Receivables for sales made outside India	44,27,571	1,47,35,215
	<b>1,29,01,13,567</b>	<b>1,60,22,27,756</b>

Note: The Company has common fixed assets for producing goods for sale within India and sales outside India. Hence, the separate disclosure for fixed assets is not required to be furnished.

**30. Un-hedged foreign currency exposure**

**Particulars of un-hedged foreign currency exposure as at the reporting date**

Particulars	Amount
Trade Payables	US\$ 659,249 (30 November 2014: US\$ 1,320,329) ₹ 4,40,47,589 (30 November 2014: ₹ 8,18,25,341) GBP 824 (30 November 2014: GBP 1,899) ₹ 82,704 (30 November 2014: ₹ 184,900)
Advances recoverable in cash or kind - Advance to suppliers	US\$ Nil (30 November 2014: US\$ 12,582) ₹ Nil (30 November 2014: ₹ 796,485)
Short Term Borrowings	€ Nil (30 November 2014: € 150,000) ₹ NIL (30 November 2014: ₹ 11,574,495)
Trade Receivables	US\$ 66,266 (30 November 2014: US\$ 237,766) ₹ 44,27,571 (30 November 2014: ₹ 14,735,215)
Other Current Liabilities	US\$ 348,462 (30 November 2014: US\$ 930,293) ₹ 2,32,82,448 (30 November 2014: ₹ 5,76,53,621) € NIL (30 November 2014: € 15,080) ₹. NIL (30 November 2014: ₹ 11,63,579)
Cash and bank balance	US\$ 507 (30 November 2014: US\$ 101) ₹ 33,866 (30 November 2014: ₹ 6,282) € 190 (30 November 2014: € 90) ₹ 13,463 (30 November 2014: ₹ 6,981) HK\$ 70 (30 November 2014: HK\$ Nil) ₹ 690 (30 November 2014: ₹ Nil) RMB 345 (30 November 2014: RMB Nil) ₹ 3,401 (30 November 2014: ₹ Nil)

**Closing rates as on November 30:**

Currency	2015	2014
INR/USD	66.8148	61.9736
INR/GBP	100.3692	97.3670
INR/EURO	70.6834	77.1604
INR/RMB	9.8571	NA
INR/HKS	9.8578	NA



**Apotex Solutions India Private Limited (Formerly OMNOVA Solutions India Private Limited)**  
**Notes to financial statements for the year ended 30 November 2015**  
 (All amounts are in Indian Rupees, unless otherwise stated)

**31. Related party disclosures**

**a) Related parties where control exists**

- (i) Ultimate holding company  
 OMNOVA Solutions Inc.  
 OMNOVA Solutions India France Holding SAS

**(ii) Holding Company**

- OMNOVA Solutions SAS  
 OMNOVA Solutions International SAS  
 OMNOVA Solutions France Holding SAS

**(b) Other Related parties with whom transactions were carried out during the year:**

- OMNOVA Solutions SAS  
 OMNOVA Solutions International SAS  
 OMNOVA Solutions France Holding SAS

**Key managerial personnel (KMP)**

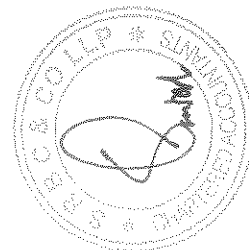
- Mr. Deepak Birje – Whole time Director  
 Mr Anup Kumar Srivastva – Whole time Director (upto 31 March 2015)  
 Mr. Jean-Luc Madelaine, President of Operations

**c) Transactions during the year**

Ultimate Holding Company	Year ended	Management Service Charge	WAN Service charges	Bank Fees Accrued	Coface and Environmental Insurance charged	Recovery of cost	Interest and traveling and other expense	Write back of Interest & other payables	Remuneration to KMP (refer note a)	Amount in ₹	
										Loans given/(repaid)	
OMNOVA Solutions Inc.	30-Nov-15	-	55,12,594	-	-	-	48,130	-	-	-	-
OMNOVA Solutions Inc.	30-Nov-14	-	60,35,768	-	-	-	-	-	-	-	-
Holding Company	30-Nov-15	-	-	-	-	-	-	(1,48,23,456)	-	-	-
OMNOVA Solutions India France Holding SAS	30-Nov-14	-	-	-	-	-	31,13,448	(2,76,55,195)	-	-	-
Fellow Subsidiaries											
OMNOVA Solution SAS	30-Nov-15	-	-	-	-	(43,36,683)	22,49,636	(66,25,109)	-	-	-
OMNOVA Solution SAS	30-Nov-14	-	-	-	27,21,084	(25,96,657)	26,87,407	(37,60,218)	-	-	-
OMNOVA Solutions International SAS	30-Nov-15	-	-	27,02,692	-	-	-	(34,44,547)	-	-	-
OMNOVA Solutions International SAS	30-Nov-14	-	-	45,65,601	-	-	2,89,618	(91,73,559)	-	-	-
OMNOVA Solutions France Holding SAS	30-Nov-15	1,13,74,624	-	-	-	-	-	-	-	-	-
OMNOVA Solutions France Holding SAS	30-Nov-14	1,46,21,244	-	-	-	-	-	-	-	-	-
Key managerial personnel (KMP)											
Mr Anup Kumar Srivastva - Whole time Director	30-Nov-15	-	-	-	-	-	-	-	14,24,863	-	-
Mr Anup Kumar Srivastva - Whole time Director	30-Nov-14	-	-	-	-	-	-	-	37,85,760	-	-
Mr. Deepak Birje – Whole time Director	30-Nov-15	-	-	-	-	-	-	-	49,53,545	(25,85,000)	-
Mr. Deepak Birje – Whole time Director	30-Nov-14	-	-	-	-	-	-	-	43,74,800	25,85,000	-
Mr. Jean-Luc Madelaine	30-Nov-15	-	-	-	-	-	-	-	2,36,53,022	-	-
Mr. Jean-Luc Madelaine	30-Nov-14	-	-	-	-	-	-	-	1,03,40,980	-	-

**Notes:**

- a. Remuneration to Mr. Jean-Luc Madelaine is reimbursed to OMNOVA Solution SAS.  
 b. The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.



**Aproctex Solutions India Private Limited (Formerly OMNOVA Solutions India Private Limited)**  
**Notes to financial statements for the year ended 30 November 2015**  
 (All amounts are in Indian Rupees, unless otherwise stated)

	Year ended	Loans and advances	Other current liabilities	Interest Accrued	Short term borrowings	Amount in ₹	
						Trade Payable	
<b>Ultimate Holding Company</b>							
OMNOVA Solutions International SAS	30-Nov-15	-	2,32,82,448	-	-	-	-
	30-Nov-14	-	4,46,16,369	-	-	-	-
<b>OMNOVA Solutions Inc.</b>							
	30-Nov-15	-	-	-	-	13,10,878	-
	30-Nov-14	-	-	-	-	9,07,790	-
<b>Holding Company</b>							
OMNOVA Solutions India France Holding SAS	30-Nov-15	-	-	-	-	3,38,84,094	-
	30-Nov-14	-	1,32,83,971	25,63,01,131	1,15,74,494	6,56,38,419	-
<b>OMNOVA Solutions France Holding SAS</b>							
	30-Nov-15	-	-	-	-	1,95,905	-
	30-Nov-14	-	-	-	-	12,00,379	-
<b>Fellow Subsidiaries</b>							
OMNOVA Solution SAS	30-Nov-15	-	-	-	-	86,56,712	-
	30-Nov-14	-	-	-	-	99,23,980	-
<b>Key management personnel</b>							
Mr. Deepak Birje- Whole time Director	30-Nov-15	-	-	-	-	-	-
	30-Nov-14	25,85,000	-	-	-	-	-

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32. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

	30 November 2015	30 November 2014
	₹	₹
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	60,65,246	74,57,709
- Interest due on above	28,243	-
	<u>60,93,489</u>	<u>74,57,709</u>
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end.	28,243	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	-	-

The above information has been determined to the extent such parties have been identified on the basis of information available with the Company and is relied upon by auditors.

33. Value of imports calculated on CIF basis

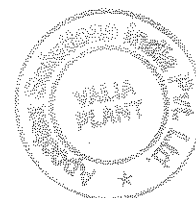
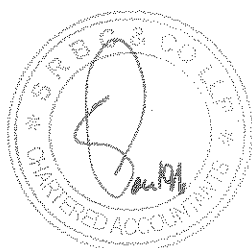
	30 November 2015	30 November 2014
	₹	₹
Raw materials	38,07,28,063	40,91,78,970
Components and spare parts	21,75,126	16,21,255
Capital goods	-	73,41,438
	<u>38,29,03,189</u>	<u>41,81,41,663</u>

34. Expenditure in foreign currency (accrual basis)

	30 November 2015	30 November 2014
	₹	₹
Interest	-	34,76,391
Service charges and other expenses	1,95,89,910	2,79,38,252
Salary reimbursement	2,36,53,022	1,26,55,806
Legal expenses	4,29,436	21,44,537
Repair and maintenance - plant and machinery	22,19,778	44,31,736
Commission	11,41,616	30,04,726
Traveling and conveyance	21,75,866	23,90,781
	<u>4,92,09,628</u>	<u>5,60,42,229</u>

35. Imported and indigenous raw materials, components and spare parts consumed

	% of total consumption 30-Nov-15	Value ₹ 30-Nov-15	% of total consumption 30-Nov-14	Value ₹ 30-Nov-14
<b>Raw Materials</b>				
Imported	35	39,01,82,841	32	45,30,39,496
Indigenously obtained	65	72,86,63,899	68	94,87,49,794
	<u>100</u>	<u>1,11,88,46,740</u>	<u>100</u>	<u>1,40,17,89,290</u>
<b>Spare parts</b>				
Imported	3	9,74,635	9	25,91,966
Indigenously obtained	97	2,88,51,957	91	2,78,10,532
	<u>100</u>	<u>2,98,26,592</u>	<u>100</u>	<u>3,04,02,498</u>





## 36. Earnings in foreign currency (accrual basis)

	30 November 2015	30 November 2014
	₹	₹
Exports at F.O.B Value	90,544,298	105,628,058
	<u>90,544,298</u>	<u>105,628,058</u>

## 37. Deferred Taxes

	30 November 2015	30 November 2014
<b>Deferred tax liability</b>		
Fixed assets; Impact of differences between tax depreciation and depreciation/amortization (including impairment) charged for the financial reporting	20,816,041	46,784,070
<b>Gross deferred tax liabilities (A)</b>	<u>20,816,041</u>	<u>46,784,070</u>
<b>Deferred tax asset</b>		
Carried forward losses and unabsorbed depreciation	139,969,569	145,891,771
Provision for doubtful debts	13,100,152	9,123,960
Provision for gratuity	3,474,422	3,388,309
Impact of expenditure charged to profit and loss account in the current year but allowed for tax purposes on payment basis	6,958,710	5,402,642
<b>Gross deferred tax assets (B)</b>	<u>163,502,853</u>	<u>163,806,682</u>
Restricted to deferred tax liability	<u>20,816,041</u>	<u>46,784,070</u>
<b>Net deferred tax asset / (liability)</b>	<u>-</u>	<u>-</u>

The Company follows Accounting Standard (AS-22) "Accounting for taxes on Income", as notified by Companies Accounting Standards Rules, 2006. Due to losses, the Company has deferred tax asset with carried forward loss and unabsorbed depreciation as a major component. However, deferred tax asset has been recognized only to the extent of deferred tax liability since there is no convincing evidence which demonstrates virtual certainty of realization of such deferred tax asset in the near future.

## 38. Capital and other commitments

- As at 30 November 2015, the company has capital commitments of ₹ Nil. (30 November 2014: ₹346,500).

## 39. Other compliances

With regard to compliance of section 203 of the Companies Act, 2013 (earlier section 383A of the Companies Act, 1956), the Company did not had appointed a full time company secretary during the year. However, subsequent to year end, the Company has appointed a Company Secretary w.e.f. February 22, 2016.

40. Subsequent to year end, i.e. on February 5, 2016, the entire shareholding of the Company is purchased by Apcotex Industries Limited and its nominees.

## 41. Contingent Liabilities

Contingent Liabilities as at 30 November 2015 is Nil (30 November 2014: Nil).

## 42. Impairment of assets

At the year end, the Company has recognised the following impairment loss on write down of following assets to their recoverable amount:

Building related to windmills	47,018
Leasehold land related to windmills	5,701,573
Plant and Machinery related to windmills	5,723,360
Plant and Machinery related to Gas turbine and instruments	42,499,674
<b>Total</b>	<u>53,971,625</u>

The impairment loss in case of above assets is recognised on account of management's decision to disinvest these assets and these assets being not in use due to technical issues. The Company written-down these assets to the net realisable value (net selling price) based on management estimate.

## 42. Previous year figures

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year classification.

As per our report of even date

For SRBC & Co LLP

Firm registration number: 324982E

Chartered Accountants

per Santosh Aggarwal  
Partner

Membership No.: 93669

Place: Ahmedabad

Date: March 25, 2016

For and on behalf of the board of directors of

Apcotex Solutions India Private Limited

(Formerly OMNOVA Solutions India Private Limited)

Anand Kumashi

Director

Dinesh Balc

Chief Financial Officer

Place: Mumbai

Date: March 25, 2016

Abhiraj Choksey

Director

Binay Yadav

Company Secretary

# **ANNUAL REPORT – 2013-14**

## NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the Members of OMNOVA Solutions India Private Limited will be held on Friday, the 29<sup>th</sup> day of May, 2015 at 4:00 p.m. at the Registered Office of the Company to transact the following business:-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited statement of Accounts together with the Directors' Report and the Auditors' Report thereon for the period ended 30<sup>th</sup> November, 2014.
2. To ratify the appointment of Auditors and to fix their remuneration.

### SPECIAL BUSINESS

3. To appoint Mr. Paul Fredric De Santis as Director of the Company.

### Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Explanatory Statement pursuant to the provisions of Section 102(1) of the Companies Act, 2013 is annexed hereto.

By Order of the Board  
for OMNOVA Solutions India Pvt. Ltd.

sd-  
Director

Dated: 27<sup>th</sup> April, 2015  
Regd. Office: 707/708, Meadows, Sahar Plaza Complex,  
Andheri Kurla Road, Mumbai 400059



**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS  
OF SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No. 3**

Members will note that Mr. Paul Fredric DeSantis was appointed as an Additional Director during the year and would hold office till the next Annual General Meeting. It is proposed to appoint him as director of the Company at the ensuing Annual General Meeting.

Apart from Mr. Paul Fredric DeSantis, none of the directors or key managerial person or their relatives may be deemed to be concerned or interested in the resolution.

By Order of the Board  
for OMNOVA Solutions India Pvt. Ltd.

sd-  
Director

Dated: 27<sup>th</sup> April, 2015  
Mumbai



To  
The Members of  
OMNOVA Solutions India Private Limited

Your Directors have pleasure in presenting their 7<sup>th</sup> Annual Report for the period ended 30<sup>th</sup> November, 2014.

### FINANCIAL RESULTS

Particulars	30 November, 2014 (Rs.)	30 November, 2013 (Rs.)
Revenue from Operations	2,07,44,80,214	2,17,97,37,103
Other Income	6,15,36,347	1,16,69,484
Less: Expenses	2,22,68,66,643	2,25,09,66,824
(Loss) before tax	(9,08,50,083)	(5,95,60,237)
Current Tax	-	-
Loss for the year	(9,08,50,083)	(5,95,60,237)
Balance Brought forward from previous year	(33,39,06,309)	(27,43,46,072)
Balance carried forward	(42,47,56,392)	(33,39,06,309)

### DIVIDEND:

In view of the carry forward losses, your Directors regret their inability to recommend any dividend.

### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 217(2AA) of the Act, the directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed;
2. A proper and sufficient care has been taken for the maintenance of adequate appropriate accounting policies have been selected and applied consistently, and have 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 as at 30<sup>th</sup> November, 2014 and of the loss of the Company for that year.
3. accounting records in accordance with the provisions of the Companies Act, 1956 for safe-guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a 'going concern' basis.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING AND OUTGO

The details as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1998 concerning conservation of energy and technology absorption, respectively are given in Annexure A.

Foreign exchange earnings and utilization during the financial year were Rs. 10,56,28,058 and Rs. 5,60,42,229 respectively

## PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)

There are no employees drawing remuneration in excess of the limits specified under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975 as amended.

## DIRECTORS

During the year Mr. Michael Hicks resigned as Director and Mr. Paul de Santis was appointed as an Additional Director. Mr. de Santis holds office till the next AGM and his appointment is proposed at the ensuing AGM. Mr. Anupkumar Srivastav retired as a Director on March 31, 2015.

## AUDITORS OBSERVATIONS

The OMNOVA Group has an insurance policy which covers all the companies within the Group. Cost of the insurance premium to be borne by each of the Group companies, and accordingly the Company has shown the expense in its books. The Company has made an application seeking the permission of the Reserve Bank of India for treating such allocation as expenditure of the Company. There have been slight delays by a few days in payment of tax deducted at source. The Company has taken necessary steps to ensure compliance in future. On account of the losses, the Company has not been able to make the payment of the interest on debentures issued to the parent company.

## AUDITORS

M/s R B C & Co LLP., Chartered Accountant, were appointed as Auditors of the Company at the previous AGM and are eligible to continue as Auditors for the current financial year. You are requested to ratify their appointment as Auditors and fix their remuneration.

For and on behalf of the Board of Directors

  
Kevin McMullen  
Director  
DIN: 03344618

  
Paul de Santis  
Director  
DIN: 07018467

Place :USA

Dated: April 27, 2015

**ANNEXURE 'A'**

a) Conservation of Energy:

The Company continuously makes endeavors to use energy efficiently by implementing cost effective measures. The total energy consumption and energy consumption per unit of finished goods produced is as under:-

		Unit	Current Year 2014 1 <sup>st</sup> Dec- 30 <sup>th</sup> Nov	Previous Year 2013 1 <sup>st</sup> Dec- 30 <sup>th</sup> Nov
(i)	<b>Electricity</b>			
(a)	Purchased Units	Kwh	76,99,920	56,44,965
	Total amount	Rs	5,94,13,343	4,48,79,845
	Rate Per unit	Rs/Kwh	7.710	7.950
(b)	<b>Own Generation :</b>			
	Through Diesel Generator	Kwh	40,912	51,584
	Diesel Consumed	Ltr	11,882	15,172
	Through Wind mill ( Units )	Kwh	8,13,545	11,11,575
	Through Co - generation GT/GE	Kwh	39,49,720	60,35,800
(ii)	<b>Others :</b>			
	Natural Gas Quantity	Scm	38,20,592	48,98,154
	Total amount	Rs	157,786,773	16,60,40,751
	Rate	Rs/Scm	41.30	33.90
	<b>Production of Finished goods Synthetic rubber NBR/ SBR/ LATTICES/ POLYBLEND</b>	MT	11733	13510
	<b>Per MT consumption</b>		2014 1 <sup>st</sup> Dec- 30 <sup>th</sup> Nov	2013 1 <sup>st</sup> Dec- 30 <sup>th</sup> Nov
(i)	<b>Electricity</b>			
(a)	Purchased Units	Kwh/MT	656	418
(b)	<b>Own Generation :</b>			
	Through Diesel Generator ( Units )	Kwh/MT	3.49	3.82
	Diesel Consumed	Ltr/MT	1.01	1.12
	Through Co - generation Plant ( Units )- G.T, G.E, ECT	Kwh/MT	337	447
(ii)	<b>Others :</b>			
	Natural Gas Quantity :	Kwh/MT	326	363

b) Technology absorption, adaption and innovation

The Company had acquired the polymer division in Gujarat from M/s Apar Industries Ltd. on February 16, 2008 under a slump sale agreement. The Company has not imported any technology but Apar Industries Ltd had imported technical knowhow from Good Year Tyre Co. America in 1989 to

1992 for manufacturing NBR and lattices. However the technology for manufacturing SBR was developed by Apar Industries Ltd itself.

c) **Research & Development (R & D)**

The Company has a ultramodern R&D Centre dedicated to Research and Development of new types of dry-polymers, polyblends and powders as well as for improvement in quality of existing products and development in manufacturing processes to enhance productivity. The actual expenditures related with R&D is debited to the respective heads in the year in which it is incurred.



## INDEPENDENT AUDITOR'S REPORT

To the Members of OMNOVA Solutions India Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of OMNOVA Solutions India Private Limited ("the Company"), which comprise the Balance Sheet as at November 30, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for 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 accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

### Basis for qualified opinion

*We report that the Company has entered into a foreign currency transaction with respect to insurance expense allocated by the holding Company which is not a specified foreign exchange transaction under Foreign Exchange Management Regulations without obtaining the approval of Reserve bank of India as required under section 3 of the Foreign Exchange Management Act, 1999. As described in note 13, the Company is in the process of obtaining an approval from the Reserve bank of India. Pending the final outcome, no adjustments have been made by the management to the accompanying financial statements. However in our opinion, the same ought not to have been recorded. The Company's records indicate that had management not recorded this expense, operating expenses and net loss would have been reduced by Rs. 2,721,084, and shareholders' funds would have been increased by Rs. 2,721,084.*



# SRBC & CO LLP

Chartered Accountants

## Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter(s) described in the Basis for Qualified Opinion paragraph*, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at November 30, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) *except for the matter described in the Basis for Qualified Opinion paragraph*, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) *except for the matter described in the Basis for Qualified Opinion paragraph*, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) *except for the matter described in the Basis for Qualified Opinion paragraph*, in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
  - (e) On the basis of written representations received from the directors as on November 30, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on November 30, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For SRBC & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E



per Sandeep Sharma  
Partner

Membership Number: 93577  
Place of Signature: Gurgaon  
Date: April 21, 2015



# **S R B C & CO LLP**

Chartered Accountants

**Annexure referred to in paragraph 7 of our report of even date**

Re: OMNOVA Solutions India Private Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Fixed assets have been physically verified by the management during the year and *material discrepancies were identified* on such verification. These have been properly dealt with in the books of accounts.
  - (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
  - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
  - (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provision of clause (v) (b) of the Order is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956. The manufacture of Synthetic Rubber primarily includes



# S R B C & CO LLP

Chartered Accountants

Styrene-butadiene rubber (SBR), Nitrile Butadine rubber (NBR) and Latex and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases.*

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	4,966,004	2010-11	Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Excise Act	10,744,162	2013-14	Customs, Excise, Service Tax Appellant Tribunal

(x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that *the Company has defaulted in repayment of interest due to debenture holders during the year and prior year as mentioned in the table below:*

Nature of payment	Due date	Date of Payment	Amount
Interest on debentures	December 31, 2010	Not paid	27,221,918
Interest on debentures	March 31, 2011	Not paid	26,630,137
Interest on debentures	June 30, 2011	Not paid	26,926,027
Interest on debentures	September 30, 2011	Not paid	27,221,918
Interest on debentures	December 31, 2011	Not paid	27,221,918
Interest on debentures	March 31, 2012	Not paid	26,926,028
Interest on debentures	June 30, 2012	Not paid	26,926,028
Interest on debentures	September 30, 2012	Not paid	27,221,918
Interest on debentures	December 31, 2012	Not paid	27,221,918
Interest on debentures	February 07, 2013	Not paid	11,243,833



# **S R B C & CO LLP**

Chartered Accountants


*The whole of such dues were in arrears as on the balance sheet date. The Company has not defaulted in repayment of dues to a financial institution or bank.*

- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, *we report that funds amounting to Rs.48,202,801 raised on short term basis in the form of cash credit facility from banks have been used for long-term investment representing acquisition of fixed assets, repayment of long-term loan and funding of losses.*
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

**For S R B C & CO LLP**

Firm registration number: 324982E

Chartered Accountants

  
per Sandeep Sharma  
Partner  
Membership No.: 93577



Place: Gurgaon

Date: April 21, 2015

**OMNOVA Solutions India Private Limited**  
**Balance Sheet as at 30 November 2014**  
 (All amounts are in Indian Rupees, unless otherwise stated)

	Notes	30 November 2014 (Rs.)	30 November 2013 (Rs.)
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	120,100,000	120,100,000
Reserves and surplus	4	655,243,608	746,093,691
		<u>775,343,608</u>	<u>866,193,691</u>
<b>Non-current liabilities</b>			
Other long-term liabilities	5	275,674	10,966,440
Long-term provisions	6	6,748,845	8,620,651
		<u>7,024,519</u>	<u>19,587,091</u>
<b>Current liabilities</b>			
Short-term borrowings	7	210,774,235	178,327,870
Trade payables	8	89,969,440	193,548,955
Other current liabilities	8	506,456,516	526,868,810
Short-term provisions	6	12,659,438	8,762,762
		<u>819,859,629</u>	<u>907,508,397</u>
<b>TOTAL</b>		<u><u>1,602,227,756</u></u>	<u><u>1,793,289,179</u></u>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	9	466,180,289	504,802,250
Intangible assets	10	1,974,284	538,278
Capital work-in-progress		2,003,338	1,919,042
Non-current investments	11	2,492,510	2,528,510
Loans and advances	12	41,654,004	34,995,864
		<u>514,304,425</u>	<u>544,783,944</u>
<b>Current assets</b>			
Inventories	14	305,242,083	416,825,769
Trade receivables	13	474,536,829	515,331,969
Cash and bank balances	15	74,604,471	68,560,522
Loan and advances	12	233,539,948	247,786,975
		<u>1,087,923,331</u>	<u>1,248,505,235</u>
<b>TOTAL</b>		<u><u>1,602,227,756</u></u>	<u><u>1,793,289,179</u></u>

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For SRBC & Co LLP  
 Firm Registration No: 324982E  
 Chartered Accountants

per Sandeep Sharma  
 Partner  
 Membership No.: 93577  
 Place: Gurgaon  
 Date: April 21, 2015



For and on behalf of the Board of directors of  
 OMNOVA Solutions India Private Limited

Anup Kumar Srivastava  
 Director

Deepak Birje  
 Director

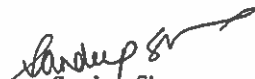
**OMNOVA Solutions India Private Limited**  
**Statement of profit and loss for the year ended 30 November 2014**  
(All amounts are in Indian Rupees, unless otherwise stated)

	Notes	30 November 2014 (Rs.)	30 November 2013 (Rs.)
<b>Continuing operations</b>			
<b>Income</b>			
Revenue from operations (gross)	16	2,310,762,260	2,420,262,911
Less: excise duty		236,282,046	240,525,808
<b>Revenue from operations (net)</b>		<b>2,074,480,214</b>	<b>2,179,737,103</b>
Other income	17	61,536,347	11,669,484
<b>Total revenue</b>		<b>2,136,016,561</b>	<b>2,191,406,587</b>
<b>Expenses</b>			
Cost of raw material and components consumed	18	1,384,437,941	1,495,974,101
(Increase)/ decrease in inventories of finished goods and work-in-progress	19	56,718,463	(20,990,298)
Employee benefits expense	20	124,942,550	95,578,209
Depreciation and amortisation expense	21	58,965,170	59,381,311
Finance costs	22	22,310,957	53,867,235
Other expenses	23	579,491,562	570,162,073
Prior period expenses	24	-	(3,005,807)
<b>Total</b>		<b>2,226,866,643</b>	<b>2,250,966,824</b>
<b>Loss before tax</b>		<b>(90,850,083)</b>	<b>(59,560,237)</b>
<b>Tax expenses</b>			
Current tax		-	-
Pertaining to profit/(loss) for the current period		-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>Loss for the year from continuing operations</b>		<b>(90,850,083)</b>	<b>(59,560,237)</b>
<b>Loss per equity share (nominal value per share Rs. 10 (30 November 2013: Rs. 10))</b>	26	<b>(7.6)</b>	<b>(6.1)</b>
<b>Basic and diluted (Computed on the basis of loss for the year from continuing operations)</b>			
<b>Summary of significant accounting policies</b>	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & Co LLP  
Firm Registration No: 324982E  
Chartered Accountants

  
per Sandeep Sharma  
Partner  
Membership No. 93577



For and on behalf of the Board of directors of  
OMNOVA Solutions India Private Limited

  
Anup Kumar Srivastava  
Director

  
Deepak Birje  
Director

Place: Gurgaon  
Date: April 21, 2015

OMNOVA Solutions India Private Limited  
Cash Flow Statement for the year ended 30 November 2014  
(All amounts are in Indian Rupees, unless otherwise stated)

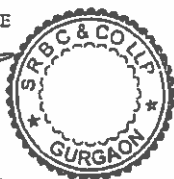
	30 November 2014 (Rs.)	30 November 2013 (Rs.)
<b>Cash flow from operating activities</b>		
Net profit/(loss) after tax	(90,850,083)	(59,560,237)
<i>Adjustment to reconcile profit after tax to net cash flows</i>		
Depreciation and amortisation	58,965,170	59,381,311
Assets written off	2,717,952	-
Prior period expenses	-	(3,005,807)
Interest expense	22,310,957	53,867,235
Unrealized foreign exchange loss	(6,804,749)	25,569,557
Provision for taxation	-	-
Interest income	(240)	(60,716)
Excess provisions written back	(44,795,098)	(5,540,828)
Loss/(profit) on sale of fixed assets	1,296,943	110,513
Provision for bad debts	25,014,557	5,281,676
<b>Operating profit before working capital changes</b>	<b>(32,144,590)</b>	<b>76,042,704</b>
<i>Movements in working capital :</i>		
Increase/(decrease) in trade payables	(103,586,031)	14,830,443
Increase/(decrease) in other current liabilities	25,936,073	(1,618,765)
Increase/(decrease) in short term provisions	3,896,676	(429,604)
Increase/(decrease) in long-term provisions	(1,871,806)	628,861
Increase/(decrease) in other long term liabilities	(10,690,766)	391,442
Decrease in short term loan and advances	14,295,558	56,488,024
(Increase)/decrease in trade receivables	18,748,886	(62,972,054)
(Increase)/decrease in inventories	111,583,686	(62,142,961)
(Increase) in long-term loans and advances	(6,658,142)	(5,879,882)
<b>Cash generated from operations</b>	<b>19,509,542</b>	<b>15,338,208</b>
Prior period items	-	3,005,807
Direct taxes paid	48,531	5,666
<b>Net cash flow from operating activities (A)</b>	<b>19,461,011</b>	<b>18,338,349</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including CWIP	(26,262,180)	(7,404,774)
Proceeds from sale of fixed assets	617,475	79,740
Investment in bank deposits (having original maturity period more than three months)	-	5,000,000
Redemption of bank deposits (having original maturity period more than three months)	-	(5,000,000)
Proceeds from sale of investments	36,000	-
Interest received	240	60,716
<b>Net cash (used in) investing activities (B)</b>	<b>(25,608,465)</b>	<b>(7,264,318)</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	253,335,995	1,540,342,469
Repayment of short-term borrowings	(219,578,671)	(1,572,055,968)
Interest paid	(21,565,921)	(34,791,141)
<b>Net cash from/(used in) financing activities (C)</b>	<b>12,191,403</b>	<b>(66,504,640)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>6,043,949</b>	<b>(55,430,609)</b>
Effect of exchange differences on cash & cash equivalents held in foreign currency	-	-
Cash and cash equivalents at the beginning of the year	68,560,522	123,991,131
<b>Cash and cash equivalents at the end of the year</b>	<b>74,604,471</b>	<b>68,560,522</b>
<b>Components of cash and cash equivalents</b>		
Cash and cheques on hand	126,520	84,129
With banks	74,477,951	68,476,393
- on current account	-	-
<b>Total Cash and cash equivalents ( note 15)</b>	<b>74,604,471</b>	<b>68,560,522</b>

2.1

As per our report of even date

For S R B C & Co LLP  
Firm Registration No: 324982E  
Chartered Accountants

per Sandeep Sharma  
Partner  
Membership No. 93577  
Place: Gurgaon  
Date: April 21, 2015



For and on behalf of the Board of Directors of  
OMNOVA Solutions India Private Limited

Anup Kumar Srivastava  
Director

Deepak Birje  
Director



**OMNOVA Solutions India Private Limited**  
**Notes to financial statements for the year ended 30 November 2014**  
**(All amounts are in Indian Rupees, unless otherwise stated)**

**1. Corporate information**

OMNOVA Solutions India Private Limited ("the Company") (formerly known as Eliokem India Private Limited) is a subsidiary of OMNOVA Solutions India France Holding SAS, France, a Company incorporated under the laws of the Republic of France in 2001. The Company is engaged in manufacturing of nitrile rubbers and latex products.

**2. Basis of preparation**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention, except in case of assets for which provision for impairment is made and revaluation is carried out.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

**2.1 Summary of significant accounting policies**

**(a) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**(b) Tangible fixed assets**

Fixed assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of the purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not put to use before the year end, are disclosed as capital work in progress.

Gains or losses arising from de recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**(c) Depreciation on tangible fixed assets**

Depreciation on fixed assets, except leasehold improvements, is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. Assets costing below Rs. 5,000/- are fully depreciated in the year of purchase.

The company has used the following rates to provide depreciation on its fixed assets.

Asset	Rates (SLM)
Computers	16.21%
Office equipment	9.50%
Furniture and fixtures	9.50%
Vehicles	9.50%
Leasehold improvements	9.09% or the rate based on lease period.
Building	3.85%
Plant & machinery	9.09%
Leasehold land	82 years

In the opinion of the management, these rates represent the useful lives of such assets.



## 2.1 Summary of significant accounting policies (continued)

### (d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

#### Goodwill

At the time of acquisition of the business, the difference between purchase price and the fair value of assets as at the date of acquisition is accounted for as goodwill. Goodwill is amortized using the straight-line method over a period of five years.

#### Software

Costs relating to computer software are capitalized and amortized on straight line basis over their useful life of 3 years, as technically assessed.

### (e) Leases

#### *Where the company is lessee*

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

### (f) Impairment of tangible and intangible assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.



## 2.1 Summary of significant accounting policies (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

There was no impairment during year ended 30 November 2014 and 30 November 2013.

### (g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

### (h) Inventories

Raw materials, packing materials and stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### (i) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

#### *Sale of goods*

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

#### *Interest*

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

#### *Dividends*

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

### (j) Borrowing Costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.



**2.1 Summary of significant accounting policies (continued)**

**(k) Foreign currency transactions**

**Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**Exchange Differences**

From accounting periods, commencing on or after 7 December 2006, the company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

1. Exchange differences arising on a monetary item that, in substance, form part of the Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
3. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
4. All other exchange differences are recognized as income or as expenses in the period in which they arise.

**(l) Export Benefits**

Export benefits under various schemes of Government of India are accounted on accrual basis on the basis of exports made and the value of imports made to/be made there against.

**(m) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. Contributions payable to the provident fund are charged to the profit and loss account during the period in which the employee renders the related service. The company has no obligation, other than the contribution payable to the provident fund.

The company operates a defined benefit plan for its employees, viz., gratuity. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss.

Superannuation fund is a defined contribution scheme. The Company contributes a sum equivalent to certain percentage of basic salary of the eligible managerial cadre employees' salary to Superannuation Fund administered by trustees and managed by an insurance company. The Company recognizes such contribution as an expense as and when incurred. There are no other obligations other than contributions payable to the fund.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefits. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.



## 2.1 Summary of significant accounting policies (continued)

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

### (n) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

### (o) Segment reporting

#### Identification of segments:

The Company has only one reportable business segment of Synthetic Rubber. The analysis of geographical segments is based on the location of customers.

#### Inter segment Transfers:

There are no inter-segment transfers.

#### Allocation of common costs:

Since the Company has only one reportable business segment of Synthetic Rubber, there is no allocation of cost.

#### Segment Policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.



**2.1 Summary of significant accounting policies (continued)**

**(n) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

**(q) Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event; 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 are not discounted to its present value and are determined based on 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.

Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

**(r) Contingent liabilities**

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

**(s) Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

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OMNOVA Solutions India Private Limited  
Notes to financial statements for the year ended 30 November 2014  
(All amounts are in Indian Rupees, unless otherwise stated)

**3. Share capital**

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
Authorised shares (No.) 161,600,000 (30 November 2013: 12,050,000) equity shares of Rs. 10 each	161,600,000	120,500,000
Issued, subscribed and fully paid-up shares (No.) 12,010,000 (30 November 2013: 12,010,000) equity shares of Rs. 10 each	120,100,000	120,100,000
Total issued, subscribed and fully paid-up share capital	120,100,000	120,100,000

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

**Equity shares**

	30 November 2014		30 November 2013	
	No.	(Rs.)	No.	(Rs.)
At the beginning of the period	12,010,000	120,100,000	10,000	100,000
Issued during the period (d)	-	-	12,000,000	120,000,000
Outstanding at the end of the period	12,010,000	120,100,000	12,010,000	120,100,000

**b. Terms/rights attached to equity shares**

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

There were no dividends paid to equity shareholders during the year ended 30 November 2014 and year ended 30 November 2013.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Shares held by holding/ultimate holding company and/or their subsidiaries/associates**

Out of the equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
OMNOVA Solutions India France Holding SAS, France, (Holding Company) 12,009,999 (30 November 2013: 12,009,999) equity shares of Rs. 10 each fully paid up	120,099,990	120,099,990

**d. Aggregate number of shares issued for consideration other than cash during the five years immediately preceding the reporting date:**

	30 November 2014 No.	30 November 2013 No.
Equity shares allotted on conversion of fully compulsorily convertible debentures	-	12,000,000

**e. Details of shareholders holding more than 5% shares in the company**

Name of the shareholder	30 November 2014		30 November 2013	
	No.	% holding in the class	No.	% holding in the class
<i>Equity shares of Rs. 10 each fully paid up</i> OMNOVA Solutions India France Holding SAS, France, Holding Company	12,009,999	99.99%	12,009,999	99.99%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**4. Reserves and surplus**

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
<b>Securities premium account</b>		
Balance as per the last financial statements	1,080,000,000	-
Add: premium on conversion of fully compulsorily convertible debentures.	-	1,080,000,000
Closing Balance	1,080,000,000	1,080,000,000
<b>Deficit in the statement of profit and loss</b>		
Balance as per last financial statements	(333,906,309)	(274,346,072)
Loss for the year	(90,850,083)	(59,560,237)
Net deficit in the statement of profit and loss	(424,756,392)	(333,906,309)
<b>Total reserves and surplus</b>	<b>655,243,608</b>	<b>746,093,691</b>



**OMNOVA Solutions India Private Limited**  
**Notes to financial statements for the year ended 30 November 2014**  
 (All amounts are in Indian Rupees, unless otherwise stated)

<b>5. Other long-term liabilities</b>	<b>30 November 2014</b>	<b>30 November 2013</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
Lease equalisation reserve	275,674	291,439
Security deposits	-	10,675,001
	<b>275,674</b>	<b>10,966,440</b>

<b>6. Provisions</b>	<b>Long-term</b>		<b>Short-term</b>	
	<b>30 November 2014</b>	<b>30 November 2013</b>	<b>30 November 2014</b>	<b>30 November 2013</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
Provision for employee benefits	6,748,845	8,620,651	3,694,393	1,050,000
Provision for gratuity (refer note 27)	-	-	8,965,045	7,712,762
Provision for leave benefits	-	-	-	-
<b>Total</b>	<b>6,748,845</b>	<b>8,620,651</b>	<b>12,659,438</b>	<b>8,762,762</b>

<b>7. Short-term borrowings</b>	<b>30 November 2014</b>	<b>30 November 2013</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
Loans repayable on demand		
- from banks (1) & (2)	120,000,000	118,939,324
- from related parties (refer note 25)	11,574,494	12,912,000
Bank overdraft (2)	79,199,741	46,476,546
	<b>210,774,235</b>	<b>178,327,870</b>
<b>The above amount includes</b>		
Secured borrowings	199,199,741	165,415,870
Unsecured borrowings	11,574,494	12,912,000

1. Loans repayable on demand from banks includes:  
 - working capital demand loan of Rs. 50,000,000 (30 November 2013: Rs. 50,000,000) carrying interest @ 11.50% (30 November 2013 10%) p.a.  
 - buyers credit utilized of Rs. 70,000,000 (30 November 2013: Rs. 68,939,324) carrying interest @ 10.1% (30 November 2013 10%) p.a.
2. The above loan repayable on demand from banks is made available against a promissory note of Rs. 50,000,000 issued by company in favour of HSBC bank and a standby letter of credit (SBLC) granted by BNP Paribas Bank, Paris out of the credit facility provided to OMNOVA Solutions India France Holdings SAS.

<b>8. Other current liabilities</b>	<b>30 November 2014</b>	<b>30 November 2013</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
Trade payables (refer note 31 for details of dues to micro and small enterprises)	89,969,440	193,548,955
<b>Other Liabilities</b>		
Liability for expenses	57,071,937	42,420,483
Liability for expenses- Related party	133,728,663	177,627,958
Accrued employee cost	16,960,018	13,886,848
Interest accrued and due on borrowings (1)	256,301,131	257,539,403
Security Deposits	10,675,001	-
Advance from customers	1,832,290	727,903
<b>Others</b>		
Interest free deposit from contractors (2)	2,059,199	1,499,501
Excise duty payable	24,960,663	29,430,685
TDS payable	1,977,742	1,414,087
Custom duty payable	-	1,540,316
Provident fund payable	850,511	743,416
Professional tax payable	39,361	38,210
	<b>506,456,516</b>	<b>526,868,810</b>

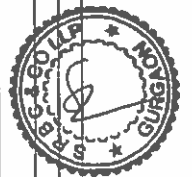
1. Interest accrued and due on borrowings includes unpaid debenture interest of Rs. 254,761,646 (30 November 2013 : Rs. 254,761,646). It was not paid for the period starting December 31, 2010 ending Feb 8, 2013. These debentures were converted into equity shares on Feb 8, 2013, refer note 3.
2. Deposits against cancellable contracts for a period less than one year





**OMINOVA Solutions India Private Limited**  
**Notes to financial statements for the year ended 30 November 2014**  
 (All amounts are in Indian Rupees, unless otherwise stated)

9. Tangible assets										
Particulars	Land - freehold	Land - leasehold (a)	Buildings	Computers	Plant and Machinery	Office equipments	Furniture and fixtures	Vehicles	Leasehold improvements	Total
Cost or valuation										
As at 1 December 2012	532,896	101,048,112	98,449,496	1,732,778	552,710,028	2,267,014	2,139,560	5,469,105	2,023,360	766,382,349
Disposals	-	-	-	1,233,303	5,470,536	1,151,464	13,676	350,000	-	7,868,979
Additions	-	-	-	-	-	11,990	-	-	-	361,990
As at 30 November 2013	532,896	101,048,112	98,449,496	2,966,081	558,180,564	3,406,488	2,153,236	5,119,105	2,023,360	773,889,338
Disposals	-	-	1,006,315	294,901	22,125,343	384,102	274,107	-	-	24,084,768
Additions	-	-	14,101	14,101	3,560,145	102,600	40,922	-	-	3,717,768
Adjustments	-	-	-	376,742	4,765,285	323,914	70,830	-	-	5,536,871
As at 30 November 2014	532,896	101,048,112	99,455,811	2,870,139	571,980,377	3,364,076	2,315,591	5,119,105	2,023,360	788,719,467
Depreciation										
As at 1 December 2012	-	5,778,430	14,223,407	782,877	186,563,566	630,476	856,573	1,264,571	2,023,360	212,223,260
Charge for the year	-	1,205,642	3,786,367	426,155	50,668,284	266,114	187,055	495,948	-	57,035,565
Disposals	-	-	-	-	-	4,166	-	167,571	-	171,737
As at 30 November 2013	-	6,984,072	18,009,774	1,209,032	237,231,850	892,424	1,043,628	1,592,948	2,023,360	269,087,088
Additions	-	1,205,643	3,799,671	467,725	51,494,338	319,239	301,428	486,315	-	58,074,359
Disposals	-	-	-	14,091	1,719,300	48,173	21,786	-	-	1,803,350
Adjustments	-	-	-	327,117	2,322,918	132,269	36,615	-	-	2,818,919
As at 30 November 2014	-	8,189,715	21,809,445	1,335,549	284,643,970	1,031,221	1,286,655	2,079,263	2,023,360	322,539,178
Net Block										
As at 30 November 2013	532,896	94,074,040	80,339,722	1,757,049	320,948,714	2,514,064	1,095,608	3,324,157	0	504,802,280
As at 30 November 2014	532,896	92,868,397	77,546,366	1,534,590	287,296,407	2,332,854	1,028,937	3,039,842	0	466,180,289
a. The leasehold land taken from Apar Industries Limited is in the process of being registered in the name of the company.										
10: Intangible assets										
Particulars	Goodwill		Computer software		Total					
Cost or valuation										
As at 1 December 2012	14,085,310	8,886,630	22,971,940	408,263	408,263					
Disposals	-	-	-	-	-					
As at 30 November 2013	14,085,310	8,886,630	22,971,940	408,263	408,263					
Disposals	-	-	-	-	-					
Additions	-	-	-	-	-					
As at 30 November 2014	14,085,310	8,886,630	22,971,940	408,263	408,263					
Amortization										
As at 1 December 2012	13,501,677	6,994,502	20,496,179	1,762,113	2,345,746					
Charge for the year	583,633	1,762,113	2,345,746	-	-					
Disposals	-	-	-	-	-					
As at 30 November 2013	14,085,310	8,756,615	22,841,925	890,810	890,810					
Charge for the year	-	-	-	-	-					
Disposals	-	-	-	-	-					
As at 30 November 2014	14,085,310	8,756,615	22,841,925	890,810	890,810					
Net Block										
As at 30 November 2013	(0)	538,278	538,278							538,278
As at 30 November 2014	(0)	1,974,284	1,974,284							1,974,284



**OMNOVA Solutions India Private Limited**  
**Notes to financial statements for the year ended 30 November 2014**  
**(All amounts are in Indian Rupees, unless otherwise stated)**

**11. Non-current investments**

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
<b>Non-trade investments (valued at cost unless stated otherwise)</b>		
<b>Investment in equity instruments (unquoted)</b>		
247,500 (30 November 2013: 247,500) equity shares of Rs. 10 each fully paid-up in Namada Clean Tech Limited	2,475,000	2,475,000
1,751 (30 November 2013: 1,751) equity shares of Rs. 10 each fully paid-up in Bharuch Enviro Infrastructure Limited	17,510	17,510
	<u>2,492,510</u>	<u>2,492,510</u>
<b>Government and trust securities (unquoted)</b>		
Investment in government securities	-	36,000
	<u>2,492,510</u>	<u>2,528,510</u>
<b>Aggregate amount of unquoted investments</b>	<u>2,492,510</u>	<u>2,528,510</u>

**12. Loans and advances**

	Non-current		Current	
	30 November 2014 (Rs.)	30 November 2013 (Rs.)	30 November 2014 (Rs.)	30 November 2013 (Rs.)
<b>Capital Advances</b>				
Unsecured, considered good	-	312,679	-	-
(A)	-	312,679	-	-
<b>Security deposit</b>				
Unsecured, considered good	39,373,617	33,920,735	-	-
(B)	39,373,617	33,920,735	-	-
<b>Advances recoverable in cash or kind</b>				
Unsecured, considered good	-	-	28,861,840	10,711,908
(C)	-	-	28,861,840	10,711,908
<b>Other loans and advances</b>				
Unsecured, considered good	-	-	48,531	5,666
Advance income-tax	-	-	7,880,995	6,805,394
Prepaid expenses	-	-	3,013,850	1,432,887
Loans to employees (refer note 25)	2,280,387	762,450	193,734,732	228,831,120
VAT receivable	-	-	204,678,108	237,075,067
	2,280,387	762,450	204,678,108	237,075,067
Provision for doubtful advances	-	-	-	-
(D)	2,280,387	762,450	204,678,108	237,075,067
<b>Total (A+B+C+D)</b>	<u>41,654,004</u>	<u>34,995,864</u>	<u>233,539,948</u>	<u>247,786,975</u>

**Loans and advances due by directors**

	Non-current		Current	
	30 November 2014 (Rs.)	30 November 2013 (Rs.)	30 November 2014 (Rs.)	30 November 2013 (Rs.)
<b>Loans to employees include</b>				
Dues from executive directors	1,985,000	-	600,000	-

**13. Trade receivables**

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
<b>Current</b>		
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	5,073,239	335,004
Doubtful	28,133,031	5,997,917
	33,206,270	6,332,921
Provision for doubtful receivables	28,133,031	5,997,917
	5,073,239	335,004
<b>Other receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	469,463,590	514,996,965
Doubtful	-	1,100,000
	469,463,590	516,096,965
Provision for doubtful receivables	-	1,100,000
	469,463,590	514,996,965
	<u>474,536,829</u>	<u>515,331,969</u>



**OMNOVA Solutions India Private Limited**  
**Notes to financial statements for the year ended 30 November 2014**  
**(All amounts are in Indian Rupees, unless otherwise stated)**

**14. Inventories (valued at lower of cost and net realizable value)**

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
Raw materials and components (includes in transit Rs. 6,146,975; 30 November 2013: Rs. 48,256,199, (refer note 18))	59,400,457	114,833,234
Work-in-progress (refer note 19)	43,003,362	33,582,404
Finished goods (includes in transit Nil; 30 November 2013: Rs. 5,544,089, (refer note 19))	198,099,444	263,330,860
Packing material	3,103,900	2,536,346
Scrap	1,634,920	2,542,925
	<b>305,242,083</b>	<b>416,825,769</b>

**15. Cash and bank balances**

	Current	
	30 November 2014 (Rs.)	30 November 2013 (Rs.)
Cash and cash equivalents		
Balances with banks:		
- On current accounts	74,477,951	68,476,393
Cash on hand	126,520	84,129
	<b>74,604,471</b>	<b>68,560,522</b>

**16. Revenue from operations**

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
Revenue from operations		
Sale of products		
Finished goods	2,286,203,810	2,404,095,613
Other operating revenue		
Scrap sales	24,558,450	16,167,298
Other	-	-
Revenue from operations (gross)	<b>2,310,762,260</b>	<b>2,420,262,911</b>
Less: Excise duty #	236,282,046	240,525,808
Revenue from operations (net)	<b>2,074,480,214</b>	<b>2,179,737,103</b>

# Excise duty on sales amounting to Rs. 236,282,046 (30 November 2013: Rs. 240,525,808) has been reduced from sales in profit & loss account and excise duty on increase/decrease in stock amounting to Rs. (8,383,961) (30 November 2013: Rs. 5,854,457) has been considered as (income)/expense in note 23 of financial statements.

**Details of products sold**

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
Finished goods sold		
Bale	1,168,388,842	1,222,351,766
Crums	550,468,064	644,874,191
Latex	74,881,437	51,550,079
Powder	156,383,219	145,637,612
Sheets	336,082,248	339,681,965
	<b>2,286,203,810</b>	<b>2,404,095,613</b>

**17. Other income**

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
Interest income on		
Long-term investments	240	60,716
Others	7,180,873	515,571
Excess provisions written back	44,795,098	5,540,828
Duty drawback	3,025,233	-
Gain on sale of fixed assets	4,990	-
Exchange differences (net)	5,325,847	-
Other non-operating income (net of expenses directly attributable to such income of Rs Nil (30 November 2013: Rs 4,056,644))	-	3,258,194
Miscellaneous income	1,204,066	2,294,175
Total	<b>61,536,347</b>	<b>11,669,484</b>



**OMNOVA Solutions India Private Limited**  
**Notes to financial statements for the year ended 30 November 2014**  
 (All amounts are in Indian Rupees, unless otherwise stated)

<b>18. Cost of raw material and components consumed</b>	<b>30 November 2014</b>	<b>30 November 2013</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
Inventory at the beginning of the year	114,833,234	74,187,699
Add: Purchases	1,329,005,164	1,536,619,636
	1,443,838,398	1,610,807,335
Less: Inventory at the end of the year	59,400,457	114,833,234
<b>Cost of raw material and components consumed</b>	<b>1,384,437,941</b>	<b>1,495,974,101</b>

<b>Details of raw materials and components consumed</b>	<b>30 November 2014</b>	<b>30 November 2013</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
Acrolyte	346,966,534	341,940,524
Butadine	555,987,859	642,508,168
Styrene	239,545,628	289,492,293
Others	241,937,920	222,033,116
	1,384,437,941	1,495,974,101

<b>Details of inventory</b>	<b>30 November 2014</b>	<b>30 November 2013</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
Acrolyte	7,801,600	46,678,582
Butadine	11,560,163	39,671,282
Styrene	12,521,800	1,072,463
Others	27,516,894	27,410,907
	59,400,457	114,833,234

<b>19. Increase/ (decrease) in inventories</b>	<b>30 November 2014</b>	<b>30 November 2013</b>	<b>Increase / (decrease)</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
Inventories at the end of the year			<b>30 November 2014</b>
Work-in-progress	43,903,362	33,582,404	9,420,958
Finished goods	198,099,444	263,330,860	(65,231,416)
Scrap	1,634,920	2,542,925	(908,005)
	242,737,726	299,456,189	(56,718,463)

	<b>30 November 2013</b>	<b>30 November 2012</b>	<b>Increase / (decrease)</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
Inventories at the beginning of the year			<b>30 November 2013</b>
Work-in-progress	33,582,404	40,715,575	(7,133,171)
Finished goods	263,330,860	237,532,566	25,798,294
Scrap	2,542,925	217,750	2,325,175
	299,456,189	278,465,891	20,990,298
	(56,718,463)	20,990,298	(77,708,761)

<b>Details of inventory</b>	<b>30 November 2014</b>	<b>30 November 2013</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
Work-in-progress		
Raw material	4,463,924	5,517,100
Latex	34,307,191	24,361,706
Rubber	4,062,625	2,333,807
Others	169,622	1,369,791
	43,003,362	33,582,404
Finished goods		
Bale	143,628,539	182,568,440
Crums	12,218,260	38,340,689
Latex	5,367,325	4,353,062
Powder	8,701,387	12,038,906
Sheets	28,183,933	26,029,763
	198,099,444	263,330,860



OMNOVA Solutions India Private Limited  
Notes to financial statements for the year ended 30 November 2014  
(All amounts are in Indian Rupees, unless otherwise stated)

**20. Employee benefit expense**

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
Salaries, wages and bonus	110,277,172	84,068,112
Contribution to provident and other funds	5,256,264	4,561,097
Gratuity expense (refer note 27)	2,073,715	1,683,560
Other post employment benefits	2,009,999	1,690,936
Staff welfare expenses	5,325,400	3,574,504
	<b>124,942,550</b>	<b>95,578,209</b>

**21. Depreciation and amortization expense**

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
Depreciation on tangible assets	58,074,360	57,035,565
Amortization on intangible assets	890,810	2,345,746
	<b>58,965,170</b>	<b>59,381,311</b>

**22. Finance costs**

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
Interest on debentures	-	22,684,931
Interest on short term borrowings	13,545,194	18,084,180
Other borrowing costs	8,765,763	13,098,124
	<b>22,310,957</b>	<b>53,867,235</b>

**23. Other expenses**

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
Consumption of stores and spares	30,402,498	25,555,750
Consumption of packing material	22,207,430	20,782,767
Sub-contracting expenses	28,296,817	25,722,993
(Increase)/decrease of excise duty on inventory	(8,383,961)	5,854,457
Power and fuel	217,200,116	218,235,434
Water charges	10,153,649	5,245,848
Freight and forwarding charges	28,517,441	27,425,035
Rent	4,112,698	4,712,684
Rates and taxes- others	14,951,155	8,148,255
Insurance	12,068,816	12,179,749
Repair and maintenance		
- Plant and machinery	18,778,191	12,396,002
- Buildings	6,598,088	6,791,887
- Others	18,510,898	11,256,497
Discounts and sales commission	56,287,752	50,294,759
Traveling and conveyance	15,040,138	11,219,180
Legal and professional fees	15,624,874	9,417,717
Exchange differences (net)	-	28,979,640
Provision for bad and doubtful debts	25,014,557	5,281,676
Loss on sale of fixed assets (net)	1,301,933	110,513
Interest- Others	4,824,056	6,111,209
Bank charges	8,545,400	10,319,441
Storage charges	17,351,349	20,113,782
Service charges (refer note 25)	14,621,244	30,351,993
Miscellaneous expenses	17,466,423	13,654,805
	<b>579,491,562</b>	<b>570,162,073</b>

**Payment to auditor**

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
As auditor:		
Audit fee	2,900,000	2,700,000
Tax audit fee	150,000	150,000
Reimbursement of expenses	300,000	300,000
	<b>3,350,000</b>	<b>3,150,000</b>



OMNOVA Solutions India Private Limited  
Notes to financial statements for the year ended 30 November 2014  
(All amounts are in Indian Rupees, unless otherwise stated)

24. Prior period expenses

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
Freight and forwarding charges	-	1,177,478
Discounts and sales commission (written back)/charged	-	(4,183,285)
Prior period expenses, (net)	-	(3,005,807)

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**OMNOVA Solutions India Private Limited**  
**Notes to financial statements for the year ended 30 November 2014**  
 (All amounts are in Indian Rupees, unless otherwise stated)

**25. Related party disclosures**

- a) Related parties where control exists  
 (i) Ultimate holding company  
 (ii) Holding Company:  
 OMNOVA Solutions inc.  
 OMNOVA Solutions India France Holding SAS
- (b) Other Related parties with whom transactions were carried out during the year:  
 Subsidiary of Ultimate holding company  
 OMNOVA Solutions SAS  
 OMNOVA Solutions International SAS  
 Mr. Deepak Birje - Whole time Director  
 Mr. Anup K. Srivastava - Whole time Director
- Key managerial personnel

c) Transactions during the year

	Year ended	Purchase of capital goods	Excom service charges	WAN Service charges	Bank Fees Accrued	Coface and Environmental Insurance charged	Coface Insurance written back	Interest on Debentures accrued	Interest other than debtore interest	Interest other than debtore written back	Salary reimbursement	Loans given/(repaid)
Ultimate Holding Company												
OMNOVA Solutions inc.	30-Nov-14	-	-	6,035,768	-	-	-	-	-	-	-	-
	30-Nov-13	1,216,503	-	1,017,731	-	-	-	-	-	-	-	-
Holding Company												
OMNOVA Solutions India	30-Nov-14	-	14,621,244	-	-	-	-	22,684,931	3,113,448	(27,655,195)	10,340,980	-
France Holding SAS	30-Nov-13	-	30,351,993	-	-	-	-	-	4,158,173	-	-	-
Subsidiaries of ultimate holding company												
OMNOVA Solution SAS	30-Nov-14	-	-	-	-	2,721,884	(3,760,218)	-	-	-	-	-
	30-Nov-13	-	-	-	-	3,219,338	-	-	-	-	-	-
OMNOVA Solutions International SAS	30-Nov-14	-	-	-	4,565,601	-	-	-	289,618	(9,172,559)	-	-
	30-Nov-13	-	-	-	5,018,570	-	-	-	412,485	-	-	-
Key managerial personnel												
Mr. Anup K. Srivastava - Whole time Director	30-Nov-14	-	-	-	-	-	-	-	-	-	-	(30,000)
	30-Nov-13	-	-	-	-	-	-	-	-	-	-	2,585,000
Mr. Deepak Birje - Whole time Director	30-Nov-14	-	-	-	-	-	-	-	-	-	-	-
	30-Nov-13	-	-	-	-	-	-	-	-	-	-	-



**OMNOVA Solutions India Private Limited**  
**Notes to financial statements for the year ended 30 November 2014**  
**(All amounts are in Indian Rupees, unless otherwise stated)**

**d) Balances as at year end**

	Year ended	Loans and advances	Other current liabilities	Short term borrowings	Accrued Employee cost	Total
<b>Ultimate Holding Company</b>						
OMNOVA Solutions	30-Nov-14	-	44,616,393	-	-	44,616,393
International SAS	30-Nov-13	-	51,945,156	-	-	51,945,156
<b>OMNOVA Solutions inc.</b>						
	30-Nov-14	-	787,031	-	-	787,031
	30-Nov-13	-	241,817	-	-	241,817
<b>Holding Company</b>						
OMNOVA Solutions India	30-Nov-14	-	336,115,508	11,574,495	2,314,826	350,004,829
France Holding SAS	30-Nov-13	-	373,569,413	12,912,000	-	386,481,413
<b>Fellow Subsidiaries</b>						
OMNOVA Solution SAS	30-Nov-14	-	7,609,874	-	-	7,609,874
	30-Nov-13	-	9,287,720	-	-	9,287,720
<b>Key management personnel</b>						
Mr. Anup K Srivastava – Whole time Director	30-Nov-14	2,585,000	-	-	-	2,585,000
	30-Nov-13	-	-	-	-	-

**e) Remuneration to key managerial personnel**

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
<b>Mr. Deepak Birje</b>		
Salary, VPI, Ex-Gratia, Performance Incentive and Bonus	4,374,800	3,579,400
<b>Mr Anup Kumar Srivastva</b>		
Salary, VPI, Ex-Gratia, Performance Incentive and Bonus	3,785,760	2,969,800
<b>Total</b>	<b>8,160,560</b>	<b>6,549,200</b>

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

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OMNOVA Solutions India Private Limited  
Notes to financial statements for the year ended 30 November 2014  
(All amounts are in Indian Rupees, unless otherwise stated)

26. Loss per share

The following reflects the loss and share data used in the basic and diluted loss per share computations:

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
<b>Total operations for the year</b>		
Loss after tax	(90,850,083)	(59,560,237)
Net loss for calculation of basic and diluted EPS	(90,850,083)	(59,560,237)
	No.	No.
Weighted average number of equity shares in calculating basic EPS	12,010,000	9,708,630
Weighted average number of equity shares in calculating diluted EPS	12,010,000	9,708,630

27. Gratuity

The company operates gratuity plan, wherein every employee who has completed at-least five years of service gets a gratuity on departure at the rate of 15 days of last drawn salary for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement or separation or death or permanent disablement in terms of the provisions of the Payment of Gratuity Act, 1972.

The following tables summarize the components of net benefit recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet.

**Statement of profit and loss**

**Net employee benefit expense recognized in the employee cost**

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
Current service cost	1,537,829	1,451,307
Interest cost on benefit obligation	1,818,722	1,440,636
Expected return on plan assets	(995,613)	(927,331)
Net actuarial( gain) / loss recognized in the year	(287,223)	(281,051)
Past service cost	-	-
Net benefit expense	2,073,715	1,683,560
Actual return on plan assets	-	-

**Balance sheet**

**Benefit asset/ (liability)**

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
Present value of defined benefit obligation	(22,968,903)	(21,567,368)
Fair value of plan assets	12,525,665	11,896,717
Plan asset / (liability)	(10,443,238)	(9,670,651)

**Changes in the present value of the defined benefit obligation are as follows:**

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
Opening defined benefit obligation	21,567,368	19,034,876
Current service cost	1,537,829	1,451,307
Interest cost	1,818,722	1,440,636
Benefits paid	(994,655)	(483,521)
Actuarial (gains) / losses on obligation	(960,361)	124,070
Closing defined benefit obligation	22,968,903	21,567,368

**Changes in the fair value of plan assets are as follows:**

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
Opening fair value of plan assets	11,896,717	10,043,087
Expected return	995,613	927,331
Contributions by employer	1,301,128	1,004,699
Benefits paid	(994,655)	(483,521)
Actuarial gains / (losses)	(673,138)	405,121
Closing fair value of plan assets	12,525,665	11,896,717

□ The company expects to contribute Rs. 3,694,393 to gratuity in the next year (30 November 2013: Rs 1,050,000) □



OMNOVA Solutions India Private Limited  
 Notes to financial statements for the year ended 30 November 2014  
 (All amounts are in Indian Rupees, unless otherwise stated)

27. Gratuity (Continued)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	30 November 2014	30 November 2013
Investments with insurer	100%	100%

The principal assumptions used in determining gratuity benefit obligations for the company's plans are shown below:

	30 November 2014	30 November 2013
Discount rate	8.25%	9.00%
Expected rate of return on assets	9.00%	9.00%
Future salary increase	12% for first 3 years and 8% thereafter	15% for first 2 years and 8% thereafter
Employee turnover	13% for all ages	13% for all ages

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

Amounts for the current and previous four periods are as follows:

	30 November 2014	30 November 2013	31 December 2012	31 December 2011	31 December 2010
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Gratuity</b>					
Defined benefit obligation	22,968,903	21,567,368	19,034,877	10,839,163	10,366,718
Plan assets	12,525,665	11,896,717	10,043,087	8,286,461	7,976,971
Surplus / (deficit)	10,443,238	9,670,651	8,991,790	2,552,702	2,389,747
Experience adjustments on plan liabilities	598,515	841,844	1,092,577	1,099,981	(1,292,097)
Experience adjustments on plan assets	(673,138)	405,121	166,739	(2,651)	643,998

28. Leases

Operating lease: company as lessee

The company has entered into commercial leases on office premises, IT equipments and vehicles. These leases have an average life of three to five years. Renewal option exists only for leases on office premises. There are no restrictions placed upon the company by entering into these leases. There is an escalation clause of 20% on lease rentals and deposits after 3 years for office premises and diminishing clause of average 30% on IT equipments. There are no subleases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	30 November 2014	30 November 2013
	(Rs.)	(Rs.)
Within one year	4,352,400	5,610,147
After one year but not more than five years	10,267,462	13,999,921
More than five years	-	-
	<b>14,619,862</b>	<b>19,610,068</b>

29. Segment information

a) Segment information for primary reporting (by business segment)

Since the Company has only one reportable business segment of synthetic rubber, hence information for Primary business segment is not applicable.

b) Segment information for secondary segment reporting (by geographical segment)

The Company has two reportable geographical segments based on location of customers.

- i) Revenue from customers within India
- ii) Revenue from customers outside India



OMNOVA Solutions India Private Limited  
Notes to financial statements for the year ended 30 November 2014  
(All amounts are in Indian Rupees, unless otherwise stated)

**Geographical Segments**

The company's secondary segments are the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographical information is specified by the location of the assets. The following table shows the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced.

**Sales Revenue by Geographical Market**

	30 November 2014 (Rs.)	30 November 2013 (Rs.)
India (domestic)	1,968,852,156	2,012,322,214
Outside India (exports)	105,628,058	167,414,889
	<b>2,074,480,214</b>	<b>2,179,737,103</b>

**Total assets and additions to tangible and intangible fixed assets by geographical area:**

The following table shows the carrying amount of segment assets and addition to segment assets by geographical area in which assets are located:

	Carrying amount of segment assets and intangible assets		Addition to fixed assets and intangible assets	
	30 November 2014	30 November 2013	30 November 2014	30 November 2013
India	1,587,492,541	1,774,050,595	26,411,584	8,277,242
Outside India	14,735,215	19,238,584	-	-
	<b>1,602,227,756</b>	<b>1,793,289,179</b>	<b>26,411,584</b>	<b>8,277,242</b>

**30. Derivative instruments and un-hedged foreign currency exposure**

**a) Derivatives outstanding as at the reporting date**

Particulars	Nature of contract
Forward contract to buy US\$ Nil (30 November 2013: US\$ 500,000 )	Hedge of export/import foreign currency exposures.

**b) Particulars of un-hedged foreign currency exposure as at the reporting date**

Particulars	Amount
Trade Payables	US\$ 67,041 @ Closing rate of 1 \$= Rs. 61.97 (30 November 2013: US\$ 23,043) Rs. 4,154,772 (30 November 2013: Rs. 1,449,866) GBP 1,899 @ closing rate of 1 GBP = Rs 97.36 (30 November 2013: GBP 1,162) Rs. 184,900 (30 November 2013: Rs. 120,134)
Advances recoverable in cash or kind - Advance to suppliers	US\$12,582 Nil @ Closing rate of 1 \$= Rs. 61.97 (30 November 2013: US\$ 96,901) Rs. 796485 (30 November 2013: Rs. 6,097,011)
Short Term Borrowings - Secured and Unsecured Loan	€ 150,000 @ Closing rate of 1 \$= Rs. 77.16 (30 November 2013: € 150,000) Rs.11,574,495 (30 November 2013: Rs. 12,912,000) US\$ Nil @ Closing rate of 1 \$= Rs. 61.97 (30 November 2013: US\$ 591,837) Rs. Nil (30 November 2013: Rs. 37,238,366)
Trade Receivables - (US\$)	US\$ 237,766 @ Closing rate of 1 \$= Rs. 61.97 (30 November 2013: US\$ 308,806) Rs.14,735,215 (30 November 2013: Rs.19,238,584)
Other current Liabilities - Interest payable to H O (US\$)-Interest on LC, Interest on unpaid Excom charges	US\$ 295,893 @ Closing rate of 1 \$= Rs. 61.97 (30 November 2013: US\$ 742,912) Rs. 18,337,554 (30 November 2013: Rs. 46,743,999) € 1,085 @ Closing rate of 1 €= Rs. 77.16 (30 November 2013: € Nil) Rs. 83,719 (30 November 2013: Rs. Nil)
Other current Liabilities - Interest payable on - Temporary advance (Euro €)	€ 13,955 @ Closing rate of 1 €= Rs. 77.16 (30 November 2013: € 30,458) Rs. 1,076,814 (30 November 2013: Rs. 2,621,808)
Other Current Liabilities - Overhead Charges Reimbursable to Parent- Excom charges, Coface & Environmental Insurance, Bank Fees and WAN Service Charges	US\$ 1,849,394 (@ Closing rate of 1 \$= Rs. 61.97, (30 November 2013:US\$ 2,039,104 ) Rs. 114,613,592 (30 November 2013: Rs. 128,300,426) € Nil (@ Closing rate of 1 €= Rs. 77.16, (30 November 2013: € 30,393 ) Rs. Nil (30 November 2013: Rs. 2,616,229)



**OMNOVA Solutions India Private Limited**  
**Notes to financial statements for the year ended 30 November 2014**  
 (All amounts are in Indian Rupees, unless otherwise stated)

**31. Details\* of dues to micro and small enterprises as defined under the MSMED Act, 2006**

With the promulgation of the Micro, Small and Medium Enterprises Development Act, 2006, the Company is required to identify Micro, Small and Medium Suppliers and pay them interest on overdue amounts outstanding beyond the specified period irrespective of the terms with the suppliers. The Company had circulated confirmation letters to all Suppliers seeking their status. Response from the suppliers is still awaited. In view of this, the liability of interest, if any, cannot be reliably estimated nor the required disclosures made. Accounting in this regard will be carried out after the process is completed and reliable estimate made in this regard. However, management is of the opinion that liability in any case will be insignificant having regard to the supplier profile. The Company has also till date not received any claims in this regard from any of its suppliers.

	30 November 2014	30 November 2013
	(Rs.)	(Rs.)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	7,457,709	13,180,707
- Interest due on above	-	-
	<u>7,457,709</u>	<u>13,180,707</u>
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	-	-
The amount of interest accrued and remaining unpaid at the end.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	-	-

\* The information above is as certified by the management.

**32. Value of imports calculated on CIF basis**

	30 November 2014	30 November 2013
	(Rs.)	(Rs.)
Raw materials	409,178,970	495,799,045
Components and spare parts	1,621,255	931,832
Capital goods (refer note 25)	7,341,438	1,216,503
	<u>418,141,663</u>	<u>497,947,380</u>

**33. Expenditure in foreign currency (accrual basis)**

	30 November 2014	30 November 2013
	(Rs.)	(Rs.)
Interest	3,476,391	4,570,668
Service charges	27,938,252	39,607,632
Salary Expense	12,655,806	-
Legal Expenses	2,144,537	-
Repair and maintenance - Plant and machinery	4,431,736	764,304
Discounts and sales commission	3,004,726	27,976
Traveling and conveyance	2,390,781	2,556,134
	<u>56,042,229</u>	<u>47,526,714</u>

**34. Imported and indigenous raw materials, components and spare parts consumed**

	% of total consumption 30-Nov-14	Value (Rs.) 30-Nov-14	% of total consumption 30-Nov-13	Value (Rs.) 30-Nov-13
<b>Raw Materials</b>				
Imported	33	453,039,496	26	394,332,260
Indigenously obtained	67	931,398,445	74	1,101,641,841
	<u>100</u>	<u>1,384,437,941</u>	<u>100</u>	<u>1,495,974,101</u>
<b>Spare parts</b>				
Imported	9	2,591,966	6	1,431,426
Indigenously obtained	91	27,810,532	94	24,124,324
	<u>100</u>	<u>30,402,498</u>	<u>100</u>	<u>25,555,750</u>



**35. Earnings in foreign currency (accrual basis)**

	30 November 2014	30 November 2013
	(Rs.)	(Rs.)
Exports at F O B Value	105,628,058	167,414,889
	<u>105,628,058</u>	<u>167,414,889</u>

**36. Deferred Taxes**

	30 November 2014	30 November 2013
	(Rs.)	(Rs.)
<b>Deffered tax liability</b>		
Fixed assets; Impact of differences between tax depreciation and depreciation/amortization charged for the financial reporting	46,784,070	49,538,232
<b>Gross deferred tax liabilities (A)</b>	<u>46,784,070</u>	<u>49,538,232</u>
<b>Deffered tax asset</b>		
Carried forward loss and unabsorbed depreciation	145,891,771	129,794,104
Provision for doubtful debts	9,123,960	2,364,640
Provision for gratuity	3,388,309	3,137,643
Impact of expenditure charged to profit and loss account in the current year but allowed for tax purposes on payment basis	5,402,642	5,340,705
<b>Gross deferred tax assets (B)</b>	<u>163,806,682</u>	<u>140,637,092</u>
Restricted to deferred tax liability	<u>46,784,070</u>	<u>49,538,232</u>
<b>Net deferred tax asset / (liability)</b>	<u>-</u>	<u>-</u>

The Company follows Accounting Standard (AS-22) "Accounting for taxes on Income", as notified by Companies Accounting Standards Rules, 2006. Due to losses, the Company has deferred tax asset with loss and unabsorbed depreciation as a major component. However, deferred tax asset has been considered nil and has been recognized only to the extent of deferred tax liability since there is no convincing evidence which demonstrates virtual certainty of realization of such deferred tax asset in the near future.

**37. Capital and other commitments**

- As at 30 November 2014, the company has capital commitments of Rs. 346,500 (30 November 2013: Rs. 9,350,000) relating to Plant and Machinery.

- As at 30 November 2014, the company has unutilised amount under Letter of credits issued by bank against purchase of raw material of Rs. 69,960,954 (30 November 2013: Rs. 114,591,041).

For commitments relating to lease arrangements, refer note 28.

**38. Other compliances**

With regard to section 383A of The Companies Act, 1956 the company has not appointed a full time company secretary. The board of directors are in the process of appointing the company secretary on full time basis.


**39. Previous year figures**

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year classification.

As per our report of even date

**For SRBC & Co LLP**

Firm registration number: 324982E  
Chartered Accountants

  
per Sandeep Sharma  
Partner  
Membership no. 93577



Place: Gurgaon  
Date: April 21, 2015

For and on behalf of the board of directors of  
OMNOVA Solutions India Private Limited

  
Anup Kumar Srivastava  
Director

  
Deepak Birje  
Director



*Tinder*

# **ANNUAL REPORT – 2012-13**

## NOTICE

NOTICE is hereby given that the Sixth Annual General Meeting of the Members of OMNOVA Solutions India Private Limited will be held on Friday, the 30<sup>th</sup> day of May, 2014 at 3:00 p.m. at the Registered Office of the Company to transact the following business:-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited statement of Accounts together with the Directors' Report and the Auditors' Report thereon for the period ended 30<sup>th</sup> November, 2013.
2. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

3. To appoint Mr. Andrew Thomas Higgin as Director of the Company.

### Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Explanatory Statement pursuant to the provisions of Section 102(1) of the Companies Act, 2013 is annexed hereto.

By Order of the Board  
for OMNOVA Solutions India Pvt. Ltd.

sd-  
Director

Dated: 23<sup>rd</sup> March, 2014  
Regd. Office: 707/708, Meadows, Sahar Plaza Complex,  
Andheri Kurla Road, Mumbai 400059



**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS  
OF SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item Nos. 3-5**

Members will note that Mr. Andrew Thomas Higgin was appointed as an Additional Director during the year and would hold office till the next Annual General Meeting. It is proposed to appoint him as directors of the Company at the ensuing Annual General Meeting.

Apart from Mr. Andrew Thomas Higgin, none of the directors or key managerial person or their relatives may be deemed to be concerned or interested in the resolution.

By Order of the Board  
for **OMNOVA Solutions India Pvt. Ltd.**

**sd-  
Director**

Dated: 23<sup>rd</sup> March, 2014  
Mumbai





The Members of  
OMNOVA Solutions India Private Limited

Your Directors have pleasure in presenting their 6th Annual Report for the period ended 30<sup>th</sup> November, 2013

## FINANCIAL RESULTS

Particulars	30 November, 2013 (Rs.)	30 November, 2012 (Rs.)
Revenue from Operations	2,17,97,37,103	2,61,11,07,206
Less: Expenses	2,13,77,18,278	2,42,59,34,416
Profit/(Loss) before interest, tax, depreciation and amortisation	5,36,88,309	19,17,58,152
Less: Depreciation and amortization expense	5,93,81,311	6,16,81,707
Less: Finance costs	5,38,67,235	15,91,75,830
Loss) before tax	(5,95,60,237)	(2,90,99,385)
Current Tax	-	1,14,03,354
Loss for the year	(5,95,60,237)	(4,05,02,739)
Balance Brought forward from previous year	(27,43,46,072)	(23,38,43,334)
Balance carried forward	(33,39,06,309)	(27,43,46,072)

### DIVIDEND:

In view of the carry forward losses, your Directors regret their inability to recommend any dividend.

### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 217(2AA) of the Act, the directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed;
2. A proper and sufficient care has been taken for the maintenance of adequate appropriate accounting policies have been selected and applied consistently, and have 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 as at 30<sup>th</sup> November, 2013 and of the loss of the Company for that year.
3. accounting records in accordance with the provisions of the Companies Act, 1956 for safe-guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a 'going concern' basis.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING AND OUTGO**

The details as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1998 concerning conservation of energy and technology absorption, respectively are given in Annexure A.

Foreign exchange earnings and utilization during the financial year was 16,74,14,889 respectively

## **PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)**

There are no employees drawing remuneration in excess of the limits specified under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975 as amended.

## **AUDITORS OBSERVATIONS**

The OMNOVA Group has an insurance policy which covers all the companies within the Group. Cost of the insurance premium to be borne by each of the Group companies, and accordingly the Company has shown the expense in its books. The Company has made an application seeking the permission of the Reserve Bank of India for treating such allocation as expenditure of the Company. There have been slight delays by a few days in payment of tax deducted at source. The Company has taken necessary steps to ensure compliance in future. On account of the losses, the Company has not been able to make the payment of the interest on debentures issued to the parent company.

## **AUDITORS**

M/S R B C & Co LLP., Chartered Accountant, the Auditors of the Company retire at the AGM and are eligible for re-appointment. You are requested to appoint Auditors and fix their remuneration.

**For and on behalf of the Board of Directors**

**Sd-  
Director**

**Sd-  
Director**

Place : Gurgaon

Dated: March 21, 2014

**ANNEXURE 'A'**

a) Conservation of Energy:

The Company continuously makes endeavors to use energy efficiently by implementing cost effective measures. The total energy consumption and energy consumption per unit of finished goods produced is as under:-

		Unit	Current Year 2013 1 <sup>st</sup> Jan - 31 <sup>st</sup> Dec	Previous Period 2012 1 <sup>st</sup> Jan - 31 <sup>st</sup> Dec
<b>( i )</b>	<b>Electricity</b>			
<b>( a )</b>	Purchased Units	Kwh	2,995,260	2,978,940
	Total amount	Rs	22,437,033	20,874,417
	Rate Per unit	Rs/Kwh	7.49	7.01
<b>( b )</b>	Own Generation :			
	Through Diesel Generator	Kwh	12,800	38,188
	Diesel Consumed	Ltr	3,765	11,232
	Through Wind mill ( Units )	Kwh	1,018,858	1,411,563
	Through Co - generation GT/GE	Kwh	11,790,118	9,395,688
<b>( ii )</b>	Others :			
	Natural Gas Quantity	Scm	7,581,598	5,008,611
	Total amount	Rs	131,680,660	61,155,987
	Rate	Rs/Scm	17.37	12.21
	<b>Production of Finished goods Synthetic rubber NBR/ SBR/ LATTICES/ POLYBLEND</b>	<b>MT</b>	<b>15916</b>	<b>13030</b>
	<b>Per MT consumption</b>		<b>2010 1st Jan to 31st Dec</b>	<b>2009 1st Jan to 31st Dec</b>
<b>( i )</b>	<b>Electricity</b>			
<b>( a )</b>	Purchased Units	Kwh/M T	188	229
<b>( b )</b>	Own Generation :			
	Through Diesel Generator ( Units )	Kwh/M T	0.80	3
	Diesel Consumed	Ltr/MT	0.24	0.86
	Through Co - generation Plant ( Units )- G.T, G.E, ECT	Kwh/M T	741	721
<b>( ii )</b>	Others :			
	Natural Gas Quantity :	Kwh/M T	476	384

**a) Conservation of Energy**

The company continuously makes its endeavor to efficient energy consumption by implementing cost effective measures . The total Energy consumption and energy consumption per unit of finished goods produced is as under:-

		Unit	Current Year 2011		Previous Period 2010	
			1st Jan Nov.	to 30th	1st Jan Dec	to 31st
<b>( i )</b>	<b>Electricity</b>					
<b>( a )</b>	Purchased Units	Kwh	3,421,410		2,995,260	
	Total amount	Rs	24,807,764		22,437,033	
	Rate Per unit	Rs/Kwh	7.25		7.49	
<b>( b )</b>	<b>Own Generation :</b>					
	Through Diesel Generator	Kwh	39,344		12,800	
	Diesel Consumed	Ltr	11,572		3,765	
	Through Wind mill ( Units )	Kwh	1,125,450		1,018,858	
	Through Co - generation GT/GE	Kwh	9,035,940		11,790,118	
<b>( ii )</b>	<b>Others :</b>					
	Natural Gas Quantity	Scm	5,792,947		7,581,598	
	Total amount	Rs	126,291,904		131,680,660	
	Rate	Rs/Scm	21.80		17.37	
	<b>Production of Finished goods</b>	MT	<b>13080</b>		<b>15915.6</b>	
	<b>Synthetic rubber NBR/ SBR/ LATTICES/ POLYBLEND</b>					
	<b>Per MT consumption</b>		<b>2011</b>		<b>2010</b>	
			<b>1st Jan Nov.</b>	<b>to 30th</b>	<b>1st Jan Dec</b>	<b>to 31st</b>
<b>( i )</b>	<b>Electricity</b>					
<b>( a )</b>	Purchased Units	Kwh/M T	262		188	
<b>( b )</b>	<b>Own Generation :</b>					
	Through Diesel Generator ( Units )	Kwh/M T	3.01		0.80	
	Diesel Consumed	Ltr/MT	0.88		0.24	
	Through Co - generation Plant ( Units )- G.T, G.E, ECT	Kwh/M T	691		741	
<b>( ii )</b>	<b>Others :</b>					

	Kwh/M		
Natural Gas Quantity :	T	443	476

**b) Technology absorption, adaption and innovation**

The Company had acquired the polymer division in Gujarat from M/s Apar Industries Ltd on February 16,2008 under a slump sale agreement. The Company has not imported any technology but Apar Industries Ltd had imported technical knowhow from Good Year Tyre Co. America in 1989 to 1992 for manufacturing NBR and lattices. However the technology for manufacturing SBR was developed by Apar Industries Ltd itself

**c) Research & Development (R & D)**

The Company has a ultramodern R&D Centre dedicated to Research and Development of new types of dry-polymers,polyblends and powders as well as for improvement in quality of existing products and development in manufacturing processes to enhance productivity the actual expenditures related with R&D is debited to the respective heads in the year in which it is incurred.

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FINANCIAL STATEMENTS

OMNOVA SOLUTIONS INDIA PRIVATE LIMITED  
For the year ended November 30, 2013

S R B C & CO LLP

**INDEPENDENT AUDITOR'S REPORT**

To the Members of OMNOVA Solutions India Private Limited

**Report on the Financial Statements**

1. We have audited the accompanying financial statements of OMNOVA Solutions India Private Limited ("the Company"), which comprise the Balance Sheet as at November 30, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

2. Management is responsible for 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 accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

**Basis for qualified opinion**

5. We report that the Company has entered into a foreign currency transaction with respect to insurance expense allocated by the holding Company which is not a specified foreign exchange transaction under Foreign Exchange Management Regulations without obtaining the approval of Reserve bank of India as required under section 3 of the Foreign Exchange Management Act, 1999. As described in note 13, the Company is in the process of obtaining an approval from the Reserve bank of India. Pending the final outcome, no adjustments have been made by the management to the accompanying financial statements. However in our opinion, the same ought not to have been recorded. The Company's records indicate that had management not recorded this expense, operating expenses and net loss would have been reduced by Rs. 3,219,338, and shareholders' funds would have been increased by Rs. 3,219,338.



# SRBC & CO LLP

Chartered Accountants  
Qualified opinion

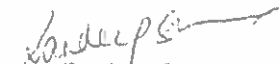
6. In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion paragraph*, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at November 30, 2013;
  - (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
- (a) *Except for the matter described in the Basis for Qualified Opinion paragraph*, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) *Except for the matter described in the Basis for Qualified Opinion paragraph*, In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) *Except for the effect of the matter described in the Basis for Qualified Opinion paragraph*, In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013.
  - (e) On the basis of written representations received from the directors as on November 30, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on November 30, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For SRBC & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E



  
per Sandeep Sharma  
Partner  
Membership Number: 93577  
Place of Signature: Gurgaon  
Date: March 21, 2014



# SRBC & CO LLP

Chartered Accountants

Annexure referred to in paragraph 7 of our report of even date

Re: OMNOVA Solutions India Private Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (c) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provision of clause (v) (b) of the Order is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public.



# S R B C & CO LLP

Chartered Accountants

- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, related to the manufacture of Synthetic Rubber primarily includes Styrene-butadiene rubber (SBR), Nitrile Butadiene rubber (NBR) and Latex and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that *the Company has defaulted in repayment of interest due to debenture holders during the year and prior year as mentioned in the table below:*

Nature of payment	Due date	Date of Payment	Amount
Interest on debentures	December 31, 2010	Not paid	27,221,918
Interest on debentures	March 31, 2011	Not paid	26,630,137
Interest on debentures	June 30, 2011	Not paid	26,926,027
Interest on debentures	September 30, 2011	Not paid	27,221,918
Interest on debentures	December 31, 2011	Not paid	27,221,918
Interest on debentures	March 31, 2012	Not paid	26,926,028
Interest on debentures	June 30, 2012	Not paid	26,926,028
Interest on debentures	September 30, 2012	Not paid	27,221,918
Interest on debentures	December 31, 2012	Not paid	27,221,918
Interest on debentures	February 07, 2013	Not paid	11,243,833

*The whole of such dues were in arrears as on the balance sheet date. The Company has not defaulted in repayment of dues to a financial institution or bank.*




# S R B C & CO LLP

Chartered Accountants

- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has unsecured debentures outstanding during the year, on which no security or charge is required to be created.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S R B C & CO LLP  
Firm registration number: 324982E  
Chartered Accountants



  
per Sandeep Sharma  
Partner  
Membership No.: 93577

Place: Gurgaon  
Date: March 21, 2014

OMNOVA Solutions India Private Limited  
Balance Sheet as at 30 November 2013  
(All amounts are in Indian Rupees, unless otherwise stated)

	Notes	30 November 2013 (Rs.)	30 November 2012 (Rs.)
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	12,01,00,000	1,00,000
Reserves and surplus	4	74,60,93,691	(27,43,46,072)
		<u>86,61,93,691</u>	<u>(27,42,46,072)</u>
<b>Non-current liabilities</b>			
Long-term borrowings	5	-	-
Other long-term liabilities	6	1,09,66,440	1,05,75,001
Long-term provisions	7	86,20,651	79,91,790
		<u>1,95,87,091</u>	<u>1,85,66,791</u>
<b>Current liabilities</b>			
Short-term borrowings	8	17,83,27,870	20,64,56,128
Trade payables	9	19,35,48,955	17,88,61,764
Other current liabilities	9	52,68,68,810	1,68,67,60,922
Short-term provisions	7	87,62,762	91,92,366
		<u>90,75,08,397</u>	<u>2,08,12,74,180</u>
<b>TOTAL</b>		<u><u>1,79,32,89,179</u></u>	<u><u>1,82,55,94,899</u></u>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	10	50,48,02,250	55,41,59,089
Intangible assets	11	5,38,278	24,75,761
Capital work in progress		19,19,042	10,21,872
Non-current investments	12	25,28,510	25,28,510
Loans and advances	13	3,49,95,864	2,91,15,982
		<u>54,47,83,944</u>	<u>58,93,01,214</u>
<b>Current assets</b>			
Inventories	15	41,68,25,769	35,46,82,808
Trade receivables	14	51,53,31,969	45,33,50,414
Cash and bank balances	16	6,85,60,522	12,39,91,130
Loan and advances	13	24,77,86,975	30,42,69,333
		<u>1,24,85,05,235</u>	<u>1,23,62,93,685</u>
<b>TOTAL</b>		<u><u>1,79,32,89,179</u></u>	<u><u>1,82,55,94,899</u></u>

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For SRBC & Co LLP  
Firm Registration No: 324982E  
Chartered Accountants



per Sandeep Sharma  
Partner  
Membership No.:  
Place: Gurgaon  
Date: March 21, 2014



For and on behalf of the Board of directors of  
OMNOVA Solutions India Private Limited

  
Anup Kumar Srivastava  
Director

  
Deepak Birje  
Director



OMNOVA Solutions India Private Limited  
Statement of profit and loss for the year ended 30 November 2013  
(All amounts are in Indian Rupees, unless otherwise stated)

	Notes	30 November 2013 (Rs.)	30 November 2012 (Rs.)
<b>Continuing operations</b>			
<b>Income</b>			
Revenue from operations (gross)	17	2,42,02,62,911	2,88,36,05,343
Less: excise duty		24,05,25,808	27,24,98,137
<b>Revenue from operations (net)</b>		<b>2,17,97,37,103</b>	<b>2,61,11,07,206</b>
Other income	18	1,16,69,484	65,85,362
<b>Total revenue (I)</b>		<b>2,19,14,06,587</b>	<b>2,61,76,92,568</b>
<b>Expenses</b>			
Cost of raw material and components consumed	19	1,49,59,74,101	1,85,82,26,558
(Increase)/ decrease in inventories of finished goods and work-in-progress	20	(2,09,90,298)	(12,76,95,036)
Employee benefits expense	21	9,55,78,209	9,47,60,443
Other expenses	24	57,01,62,073	58,42,80,020
Prior period expenses	25	(30,05,807)	1,63,62,431
<b>Total (II)</b>		<b>2,13,77,18,278</b>	<b>2,42,59,34,416</b>
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA) (I)-(II)</b>		<b>5,36,88,309</b>	<b>19,17,58,152</b>
Depreciation and amortisation expense	22	5,93,81,311	6,16,81,707
Finance costs	23	5,38,67,235	15,91,75,830
<b>Loss before tax</b>		<b>(5,95,60,237)</b>	<b>(2,90,99,385)</b>
Tax expenses		-	1,14,03,354
Current tax		-	1,14,03,354
<b>Total tax expense</b>		<b>-</b>	<b>1,14,03,354</b>
<b>Loss for the year</b>		<b>(5,95,60,237)</b>	<b>(4,05,02,739)</b>
<b>Loss per share [Nominal value per share Rs. 10 (30 November 2012: Rs. 10)]</b>	27	<b>(6)</b>	<b>(4.050)</b>
Basic and diluted (Computed on the basis of loss for the year)			
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & Co LLP  
Firm Registration No: 324982E  
Chartered Accountants

per Sandeep Sharma  
Partner  
Membership No.



Place: Gurgaon  
Date: March 21, 2014

For and on behalf of the Board of directors of  
OMNOVA Solutions India Private Limited

Anup Kumar Srivastava  
Director



Deepak Dirje  
Director

OMNOVA Solutions India Private Limited  
Cash Flow Statement for the year ended 30 November 2013  
(All amounts are in Indian Rupees, unless otherwise stated)

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
<b>Cash flow from operating activities</b>		
Net profit/(loss) after tax	(5,95,60,237)	(4,05,02,739)
<i>Adjustment to reconcile profit after tax to net cash flows</i>		
Depreciation and amortisation	5,93,81,311	6,16,81,707
Prior period expenses	(30,05,807)	1,63,62,431
Interest expense	5,38,67,235	14,93,87,059
Unrealized foreign exchange loss	2,55,69,557	52,59,222
Provision for taxation	-	1,14,03,354
Interest income	(60,716)	(3,760)
Excess provisions written back	(55,40,828)	(1,22,865)
Loss/(profit) on sale of fixed assets	1,10,513	(1,21,187)
Provision for bad debts	52,81,676	13,87,107
<b>Operating profit before working capital changes</b>	<b>7,60,42,703</b>	<b>20,47,30,329</b>
<i>Movements in working capital :</i>		
Increase in trade payables	1,48,30,443	1,87,83,034
Increase/(decrease) in other current liabilities	(16,18,765)	(2,77,30,417)
(decrease)/Increase in short term provisions	(4,29,604)	1,92,846
Increase in long-term provisions	6,28,861	94,69,180
Increase in other long term liabilities	3,91,439	1,05,76,001
Increase/(decrease) in short term loan and advances	5,64,88,024	(9,21,97,195)
(Increase)/Decrease in trade receivables	(6,29,72,054)	7,05,65,404
(Increase) in inventories	(6,21,42,961)	(12,68,88,233)
(Increase) in long-term loans and advances	(58,79,882)	(63,88,851)
<b>Cash generated from operations</b>	<b>1,53,38,204</b>	<b>6,11,12,098</b>
Prior period items	30,05,807	(1,63,62,431)
Direct taxes paid	5,666	1,14,03,354
<b>Net cash flow from operating activities (A)</b>	<b>1,83,38,345</b>	<b>3,33,46,313</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including CWIP	(74,04,772)	(85,06,260)
Proceeds from sale of fixed assets	79,740	5,27,025
Investment in bank deposits (having original maturity period more than three months)	50,00,000	-
Redemption of bank deposits (having original maturity period more than three months)	(50,00,000)	-
Interest received	60,716	3,760
<b>Net cash used in investing activities (B)</b>	<b>(72,64,316)</b>	<b>(79,75,481)</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	1,54,03,42,472	3,39,99,245
Repayment of short-term borrowings	(1,57,20,55,968)	(8,52,63,110)
Interest paid	(3,47,91,141)	(2,58,03,402)
<b>Net cash used in financing activities (C)</b>	<b>(6,65,04,637)</b>	<b>(7,70,67,267)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(5,54,30,608)</b>	<b>(5,16,96,135)</b>
Effect of exchange differences on cash & cash equivalents held in foreign currency		
Cash and cash equivalents at the beginning of the year	12,59,91,130	17,56,87,565
<b>Cash and cash equivalents at the end of the year</b>	<b>6,85,60,522</b>	<b>12,39,91,130</b>




OMNOVA Solutions India Private Limited  
 Cash Flow Statement for the year ended 30 November 2013  
 (All amounts are in Indian Rupees, unless otherwise stated)

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
<b>Components of cash and cash equivalents</b>		
Cash and cheques on hand	84,129	1,73,462
With banks		
- on current account	6,84,76,393	12,38,17,668
<b>Total Cash and cash equivalents (note 16)</b>	<b>6,85,60,522</b>	<b>12,39,91,130</b>
Summary of significant accounting policies	2.1	

As per our report of even date


For S R B C & Co LLP  
 Firm Registration No: 324982E  
 Chartered Accountants

For and on behalf of the Board of Directors of  
 OMNOVA Solutions India Private Limited

  
 per Sandeep Sharma  
 Partner  
 Membership No.  
 Place: Gurgaon  
 Date: March 21, 2014



  
 Anup Kumar Srivastava  
 Director

  
 Deepak Birje  
 Director



OMNOVA Solutions India Private Limited  
 Notes to financial statements for the year ended 30 November 2013  
 (All amounts are in Indian Rupees, unless otherwise stated)

1. Corporate information

OMNOVA Solutions India Private Limited ("the Company") (formerly known as Eliokem India Private Limited) is a subsidiary of OMNOVA Solutions India France Holding SAS, France, a Company incorporated under the laws of the Republic of France in 2001.

2. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention except in case of assets for which provision for impairment is made and revaluation is carried out.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Tangible fixed assets

Fixed assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of the purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred. Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not put to use before the year end, are disclosed as capital work in progress.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(c) Depreciation on tangible fixed assets

Depreciation on fixed assets, except leasehold improvements, is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

Assets costing below Rs. 5,000/- are fully depreciated in the year of purchase.

The company has used the following rates to provide depreciation on its fixed assets.

Asset	Rates (SLM)
Computers	16.21%
Office equipment	9.50%
Furniture and fixtures	9.50%
Vehicles	9.50%
Leasehold improvements	9.09% or the rate based on lease period.
Building	3.85%
Plant & Machinery	9.09%
Leasehold land	82 years

In the opinion of the management, these rates represent the useful lives of such assets.





2.1 Significant accounting policies (continued)

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds ten years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Goodwill

At the time of acquisition of the business, the difference between purchase price and the fair value of assets as at the date of acquisition is accounted for as goodwill. Goodwill is amortized using the straight-line method over a period of five years.

Software

Costs relating to computer software are capitalized and amortized on straight line basis over their useful life of 3 years, as technically assessed.

(e) Leases

*Where the company is lessee*

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

(f) Impairment of tangible and intangible assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.



## 2.1 Significant accounting policies (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

There was no impairment during year ended 30 November 2013 and 30 November 2012.

### (g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

### (h) Inventories

Raw materials, packing materials and stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### (i) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

#### *Sale of goods*

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

#### *Interest*

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

#### *Dividends*

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

### (j) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.



2.1 Significant accounting policies (continued)

(k) Foreign currency transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange Differences

From accounting periods commencing on or after 7 December 2006, the company accounts for exchange differences arising on translation settlement of foreign currency monetary items as below:

1. Exchange differences arising on a monetary item that, in substance, form part of the Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

3. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

4. All other exchange differences are recognized as income or as expenses in the period in which they arise.

Hedging

Hedging of monetary assets and liabilities

Exchange differences on hedging contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any loss arising on cancellation or renewal of a forward exchange contract is recognized as income or as expense for the period. Profit arising on such contracts are not recognised.

(l) Export Benefits

Export benefits under various schemes of Government of India are accounted on accrual basis on the basis of exports made and the value of imports made to be made there against.

(m) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. Contributions payable to the provident fund are charged to the profit and loss account during the period in which the employee renders the related service. The company has no obligation, other than the contribution payable to the provident fund.

The company operates a defined benefit plan for its employees, viz., gratuity. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss.

Superannuation fund is a defined contribution scheme. The Company contributes a sum equivalent to certain percentage of basic salary of the eligible managerial cadre employees' salary to Superannuation Fund administered by trustees and managed by an insurance company. The Company recognizes such contribution as an expense as and when incurred. There are no other obligations other than contributions payable to the fund.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefits. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.



## 2.1 Significant accounting policies (continued)

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting

### (n) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement". The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

### (o) Segment reporting

#### Identification of segments:

The Company has only one reportable business segment of Synthetic Rubber. The analysis of geographical segments is based on the location of customers.

#### Inter segment Transfers:

There are no inter-segment transfers.

#### Allocation of common costs:

Since the Company has only one reportable business segment of Synthetic Rubber, there is no allocation of cost.

#### Segment Policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.



2.1 Significant accounting policies (continued)

(p) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

(q) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event, 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 are not discounted to its present value and are determined based on 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.

Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

(r) Contingent liabilities

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

(s) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

(t) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.



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OMNOVA Solutions India Private Limited  
Notes to financial statements for the year ended 30 November 2013  
(All amounts are in Indian Rupees, unless otherwise stated)

3. Share capital

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Authorised shares (No.) 1,20,50,000 (30 November 2012: 50,000) equity shares of Rs. 10 each	12,05,00,000	5,00,000
Issued, subscribed and fully paid-up shares (No.) 1,20,10,000 (30 November 2012: 10,000) equity shares of Rs. 10 each	12,01,00,000	1,00,000
Total issued, subscribed and fully paid-up share capital	12,01,00,000	1,00,000

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

Equity shares

	30 November 2013		30 November 2012	
	No.	(Rs.)	No.	(Rs.)
At the beginning of the period	10,000	1,00,000	10,000	1,00,000
Issued during the period (d)	1,20,00,000	12,00,00,000	-	-
Outstanding at the end of the period	1,20,10,000	12,01,00,000	10,000	1,00,000

b. Terms/rights attached to equity shares

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

There were no dividends paid to equity shareholders during the year ended 30 November 2013 and year ended 30 November 2012.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding/ultimate holding company and/or their subsidiaries/associates

Out of the equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
OMNOVA Solutions India France Holding SAS, France, (Holding Company) 1,20,09,999 (30 November 2012: 9,999) equity shares of Rs. 10 each fully paid up	12,00,99,990	99,990

d. Aggregate number of shares issued for consideration other than cash during the five years immediately preceding the reporting date:

	30 November 2013	30 November 2012
	No.	No.
Equity shares allotted on conversion of fully compulsorily convertible debentures (refer note 5)	1,20,00,000	-

e. Details of shareholders holding more than 5% shares in the company

Name of the shareholder	30 November 2013		30 November 2012	
	No.	% holding in the class	No.	% holding in the class
Equity shares of Rs. 10 each fully paid up				
OMNOVA Solutions India France Holding SAS, France, holding Company	1,20,09,999	99.99%	9,999	99.99%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares

4. Reserves and surplus

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Securities premium account		
Balance as per the last financial statements	-	-
Add: premium on conversion of fully compulsorily convertible debentures.	1,08,00,00,000	-
Closing Balance	1,08,00,00,000	-
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	(27,43,46,072)	(23,38,43,334)
Loss for the year	(5,95,60,237)	(4,05,02,738)
Net deficit in the statement of profit and loss	(33,39,06,309)	(27,43,46,072)
Total reserves and surplus	74,60,93,691	(27,43,46,072)



OMNOVA Solutions India Private Limited  
Notes to financial statements for the year ended 30 November 2013  
(All amounts are in Indian Rupees, unless otherwise stated)

5. Long-term borrowings

	Non-current portion		Current maturities	
	30 November 2013 (Rs.)	30 November 2012 (Rs.)	30 November 2013 (Rs.)	30 November 2012 (Rs.)
<b>Debentures</b>				
Nil (Previous Year 12,000,000) 10% Fully compulsorily convertible debentures of Rs 100 each (secured)	-	-	-	1,20,00,00,000
				<u>1,20,00,00,000</u>
<b>The above amount includes</b>				
Secured borrowings	-	-	-	1,20,00,00,000
Unsecured borrowings	-	-	-	-
Amount disclosed under the head "other current liabilities" (note 9)	-	-	-	(1,20,00,00,000)
<b>Net Amount</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

a. Each debenture shall be converted into 1 Equity share of Rs 10/- each at any time at the option of the debenture holder within a period of 5 years from the date of allotment viz. February 8 2008 and failing which they shall be compulsorily converted into equity shares as aforesaid at the expiry of 5 years from the date of allotment. In current year on expiry of 5 years on 08 February 2013, each debenture has been converted into 1 Equity share of Rs 10/- each at a premium of Rs. 90 per share during the year

6. Other long-term liabilities

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Lease equalisation reserve	2,91,439	-
Security deposits	1,06,75,001	1,05,75,001
	<u>1,09,66,440</u>	<u>1,05,75,001</u>

7. Provisions

	Long-term		Short-term	
	30 November 2013 (Rs.)	30 November 2012 (Rs.)	30 November 2013 (Rs.)	30 November 2012 (Rs.)
<b>Provision for employee benefits</b>				
Provision for gratuity (refer note 28)	86,20,651	79,91,790	10,50,000	10,00,000
Provision for leave benefits	-	-	77,12,762	81,92,366
<b>Total</b>	<u>86,20,651</u>	<u>79,91,790</u>	<u>87,62,762</u>	<u>91,92,366</u>

8. Short-term borrowings

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
<b>Loans repayable on demand</b>		
- from banks (1) & (2)	11,89,39,324	19,56,66,631
- from related parties (refer note 26)	1,29,12,000	1,07,89,497
Bank overdraft (2)	4,64,76,546	-
	<u>17,83,27,870</u>	<u>20,64,56,128</u>
<b>The above amount includes</b>		
Secured borrowings	16,54,15,870	19,56,66,631
Unsecured borrowings	1,29,12,000	1,07,89,497

1. Loans repayable on demand from banks includes

- working capital demand loan of Rs. 50,000,000 (30 November 2012: Rs. 155,000,000) carrying interest @ 10% (30 November 2012 to 13%) p.a.
- buyers credit utilized of Rs. 68,939,324 (30 November 2012: Rs. 40,000,631) carrying interest @ 10% (30 November 2012 11% to 13%) p.a.

2. The above loan repayable on demand from banks is made available against a promissory note of Rs. 50,000,000 issued by company in favour of HSBC bank and a standby letter of credit (SBLC) granted by BNP Paribas Bank, Paris out of the credit facility provided to OMNOVA Solutions India France Holdings SAS



9. Other current liabilities

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Trade payables (refer note 32 for details of dues to micro and small enterprises)	19,35,48,955	17,88,64,764
<b>Other Liabilities</b>		
Current maturities of long-term borrowings (refer note 5)	-	1,20,00,00,000
Liability for expenses	4,24,20,483	5,99,51,082
Liability for expenses- Related Party	17,76,60,254	14,51,48,041
Accrued employee cost	1,38,54,552	1,16,21,920
Interest accrued and due on borrowings (1)	25,75,39,463	21,84,08,514
Interest accrued but not due on borrowings	-	2,00,54,795
Advance from customers	7,27,903	4,79,471
Others		
Interest free deposit from contractors (2)	14,99,501	8,99,551
Excise duty payable	2,94,50,685	2,55,27,964
TDS payable	14,14,087	34,86,607
Custom duty payable	15,40,316	24,92,228
Provident fund payable	7,43,416	6,52,499
Professional tax payable	38,210	38,250
	<b>52,68,68,810</b>	<b>1,68,67,60,922</b>

1 Interest accrued and due on borrowings includes unpaid debenture interest of Rs. 257,384,264 (30 November 2012 - Rs. 218,408,514). It has not been paid for the period starting December 31, 2010 ending Feb 8, 2013. These debentures were converted into equity shares on Feb 8, 2013, refer note 3.

2 Deposits against cancellable contracts for a period less than one year

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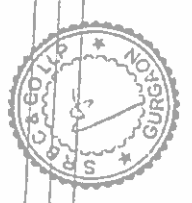
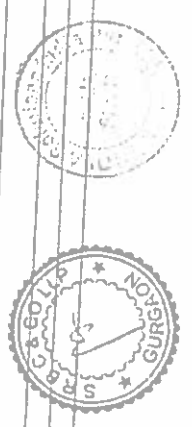
# OMNOVA SOLUTIONS INDIA PRIVATE LIMITED

Notes to financial statements for the year ended 30 November 2013  
(All amounts are in Indian Rupees, unless otherwise stated)

10. Tangible assets										
Particulars	Land - freehold	Land - leasehold	Buildings	Computers	Plant and Machinery	Office equipments	Furniture and fixtures	Vehicles	Leasehold improvements	Total
Cost or valuation										
As at 1 Dec 2011	5,32,896	10,10,58,112	9,84,49,496	10,65,258	54,70,28,292	20,92,818	21,49,560	41,84,899	20,23,360	78,55,94,691
Depreciable				6,67,539	60,66,106	1,24,106		9,95,206		83,94,483
As at 30 November 2012	5,32,896	10,10,58,112	9,84,49,496	12,32,275	55,27,10,028	22,67,014	21,49,560	54,69,105	20,23,360	76,63,02,349
Accumulated				12,33,300	54,70,536	11,51,364	13,676	5,00,000		76,03,479
As at 30 November 2013	5,32,896	10,10,58,112	9,84,49,496	29,66,081	55,81,80,564	31,06,488	21,53,236	54,19,105	20,23,360	77,49,89,438
As at 1 Dec 2011		45,69,484	1,05,26,664	5,52,174	13,64,28,639	4,11,014	6,78,525	8,95,862	20,23,360	15,61,72,222
Charge for depreciation		12,08,946	57,96,233	2,30,763	6,01,85,226	1,99,462	1,81,018	4,28,225		5,63,31,373
As at 30 November 2012		57,78,430	1,13,23,407	7,82,937	18,66,13,866	6,10,476	8,56,543	12,64,087	20,23,360	18,94,83,895
Charge for depreciation		12,62,617	57,86,666	1,29,335	5,06,68,281	2,66,114	1,52,065	4,95,918		5,70,35,585
As at 30 November 2013		69,84,072	1,51,09,974	12,09,012	23,72,82,147	8,92,424	10,43,628	16,77,011		1,71,71,737
Net Block										
As at 30 November 2012	5,32,896	9,52,79,682	8,41,26,089	9,49,901	36,64,46,402	16,16,538	12,92,987	42,04,534		55,41,59,089
As at 30 November 2013	5,32,896	9,40,74,040	8,93,39,722	17,57,049	32,09,48,714	25,14,064	11,02,608	35,26,157		50,48,02,450

a. The leasehold land taken from Agri Industries Limited is in the process of being registered in the name of the company.

11. Intangible assets			
Particulars	Goodwill	Computer software	Total
Cost or valuation			
As at 1 December 2011			
As at 30 November 2012	1,40,85,310	84,51,076	2,25,36,386
As at 30 November 2013	1,40,85,310	4,35,554	1,45,20,864
As at 30 November 2011			
As at 30 November 2012	1,40,85,310	88,06,630	2,28,91,940
As at 30 November 2013	1,40,85,310	4,69,265	1,45,54,575
Amortization			
As at 1 December 2011			
Charge for the year			
As at 30 November 2012	1,40,85,310	92,94,893	2,33,80,203
As at 30 November 2013	1,40,85,310	87,56,618	2,28,41,928
Net Block			
As at 30 November 2012	1,40,85,310	41,66,048	1,82,51,358
As at 30 November 2013	1,40,85,310	25,71,554	1,66,56,864



OMNOVA Solutions India Private Limited  
Notes to financial statements for the year ended 30 November 2013  
(All amounts are in Indian Rupees, unless otherwise stated)

12. Non-current investments	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Non-trade investments (valued at cost unless stated otherwise)		
Investment in equity instruments (unquoted)		
247,500 (30 November 2012: 247,500) equity shares of Rs. 10 each fully paid-up in Narmada Clean Tech Limited	24,75,000	24,75,000
1,751 (30 November 2012: 1,751) equity shares of Rs. 10 each fully paid-up in Bharuch Enviro Infrastructure Limited	17,510	17,510
	<u>24,92,510</u>	<u>24,92,510</u>
Government and trust securities (unquoted)		
Investment in government securities	36,000	36,000
	<u>25,28,510</u>	<u>25,28,510</u>
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	25,28,510	25,28,510

13. Loans and advances	Non-current		Current	
	30 November 2013 (Rs.)	30 November 2012 (Rs.)	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Capital Advances				
Unsecured, considered good	3,12,679	-	-	-
(A)	<u>3,12,679</u>	<u>-</u>	<u>-</u>	<u>-</u>
Security deposit				
Unsecured, considered good	3,39,20,735	2,83,36,302	-	20,000
(B)	<u>3,39,20,735</u>	<u>2,83,36,302</u>	<u>-</u>	<u>20,000</u>
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	1,07,11,908	81,63,563
(C)	<u>-</u>	<u>-</u>	<u>1,07,11,908</u>	<u>81,63,563</u>
Other loans and advances				
Unsecured, considered good				
Advance income-tax	-	-	5,666	-
Prepaid expenses	-	-	68,05,394	74,03,584
Loans to employees (refer note 26)	7,62,450	7,79,680	14,32,887	10,81,797
VAT receivable	-	-	22,88,31,120	28,76,00,589
	<u>7,62,450</u>	<u>7,79,680</u>	<u>23,70,75,067</u>	<u>29,60,85,770</u>
Provision for doubtful advances				
(D)	<u>7,62,450</u>	<u>7,79,680</u>	<u>23,70,75,067</u>	<u>29,60,85,770</u>
Total (A+B+C+D)	<u>3,49,95,864</u>	<u>2,91,15,982</u>	<u>24,77,86,975</u>	<u>30,42,69,333</u>

14. Trade receivables	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Current		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	3,35,004	22,90,876
Doubtful	59,97,917	2,87,107
	<u>63,32,921</u>	<u>25,77,983</u>
Provision for doubtful receivables	59,97,917	2,87,107
	<u>3,35,004</u>	<u>22,90,876</u>
Other receivables		
Secured, considered good	-	-
Unsecured, considered good	51,40,96,965	45,10,59,538
Doubtful	11,00,000	53,08,938
	<u>51,60,96,965</u>	<u>45,63,68,476</u>
Provision for doubtful receivables	11,00,000	53,08,938
	<u>51,49,96,965</u>	<u>45,10,59,538</u>
	<u>51,53,31,969</u>	<u>45,33,50,414</u>



OMNOVA Solutions India Private Limited  
Notes to financial statements for the year ended 30 November 2013  
(All amounts are in Indian Rupees, unless otherwise stated)

15. Inventories (valued at lower of cost and net realizable value)

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Raw materials and components (includes in transit Rs. 18,256,199; 30 November 2012: Rs. 4,226,597, (refer note 19))	11,48,33,254	7,41,87,699
Work-in-progress (refer note 20)	3,35,82,404	4,07,15,575
Finished goods (includes in transit Rs. 5,544,089; 30 November 2012: Rs. 1,659,740, (refer note 20))	26,33,30,860	23,75,32,560
Packing material	25,36,346	20,29,218
Scrap	25,42,925	2,17,750
	<u>41,68,25,769</u>	<u>35,46,82,808</u>

16. Cash and bank balances

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Cash and cash equivalents		
Balances with banks		
- On current accounts	6,84,76,393	12,38,17,668
Cash on hand	84,129	1,73,462
	<u>6,85,60,522</u>	<u>12,39,91,130</u>

17. Revenue from operations

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Revenue from operations		
Sale of products		
Finished goods	2,40,40,95,613	2,86,23,29,943
Other operating revenue		
Scrap sales	1,61,67,298	2,12,75,400
Other	-	-
Revenue from operations (gross)	<u>2,42,02,62,911</u>	<u>2,88,36,05,343</u>
Less: Excise duty #	24,05,25,808	27,24,98,137
Revenue from operations (net)	<u>2,17,97,37,103</u>	<u>2,61,11,07,206</u>

# Excise duty on sales amounting to Rs. 240,525,808 (30 November 2012: Rs. 272,498,137) has been reduced from sales in profit & loss account and excise duty on increase/decrease in stock amounting to Rs. 5,854,457 (30 November 2012: (Rs. 15,047,998)) has been considered as (income)/expense in note 24.

Details of products sold

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Finished goods sold		
Bale	1,22,23,51,766	1,73,79,69,133
Crums	64,48,74,191	62,41,01,493
Latex	5,15,50,079	2,74,76,169
Powder	14,56,37,612	13,26,28,066
Sheets	33,96,81,965	31,01,55,082
	<u>2,40,40,95,613</u>	<u>2,86,23,29,943</u>

18. Other income

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Interest income on		
Long-term investments	60,716	3,760
Others	5,15,571	18,02,570
Gain on sale of fixed assets	-	1,21,187
Excess provisions written back	55,40,828	1,22,865
Duty drawback	-	18,02,271
Other non-operating income/net of expenses directly attributable to such income of Rs. 4,056,644 (30 November 2012: Rs. 3,478,437))	55,52,369	27,32,709
Total	<u>1,16,69,484</u>	<u>65,85,362</u>



OMNOVA Solutions India Private Limited  
 Notes to financial statements for the year ended 30 November 2013  
 (All amounts are in Indian Rupees, unless otherwise stated)

19. Cost of raw material and components consumed

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Inventory at the beginning of the year	7,41,87,699	5,23,64,043
Add: Purchases	1,53,66,19,636	1,88,00,50,214
	1,61,08,07,335	1,93,24,14,257
Less: Inventory at the end of the year	11,48,33,234	7,41,87,699
Cost of raw material and components consumed	1,49,59,74,101	1,85,82,26,558

Details of raw materials and components consumed

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Acrolyte	34,19,40,524	34,95,65,853
Butadiene	64,25,08,468	1,09,26,37,066
Styrene	28,94,92,293	21,06,71,633
Others	22,20,33,116	20,53,32,006
	1,49,59,74,101	1,85,82,26,558

Details of inventory

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Acrolyte	4,66,78,582	1,44,43,734
Butadiene	3,96,71,282	60,68,199
Styrene	10,72,463	2,81,86,875
Others	2,74,10,907	2,51,88,891
	11,48,33,234	7,41,87,699

20. Increase/ (decrease) in inventories

	30 November 2013 (Rs.)	30 November 2012 (Rs.)	Increase / (decrease) (Rs.)
Inventories at the end of the year			30 November 2013
Work-in-progress	3,35,82,404	4,07,15,575	(71,33,171)
Finished goods	26,33,30,860	23,75,32,566	2,57,98,294
Scrap	25,42,925	2,17,750	23,25,175
	29,94,56,189	27,84,65,891	2,09,90,298

	30 November 2012 (Rs.)	30 November 2011 (Rs.)	Increase / (decrease) (Rs.)
Inventories at the beginning of the year			30 November 2012
Work-in-progress	4,07,15,575	2,28,30,799	1,78,84,776
Finished goods	23,75,32,566	12,79,23,756	10,96,08,810
Scrap	2,17,750	16,300	2,01,450
	27,84,65,891	15,07,70,855	12,76,95,036
	2,09,90,298	12,76,95,036	(10,67,04,738)

Details of inventory

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Work-in-progress		
Raw material		
Latex	55,17,100	54,47,930
Rubber	2,43,61,706	3,23,12,833
Others	23,33,807	28,13,743
	13,69,791	1,41,069
	3,35,82,404	4,07,15,575
Finished goods		
Bale		
Crums	18,25,68,340	15,83,01,280
Latex	3,53,40,689	3,57,48,923
Powder	43,53,062	19,15,159
Sheets	1,20,38,906	1,11,53,903
	2,60,79,763	3,03,90,001
	26,33,30,860	23,75,32,566



OMNOVA Solutions India Private Limited  
Notes to financial statements for the year ended 30 November 2013  
(All amounts are in Indian Rupees, unless otherwise stated)

21. Employee benefit expense

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Salaries, wages and bonus	8,40,68,112	7,89,11,550
Contribution to provident and other funds	45,61,097	40,64,083
Gratuity expense (refer note 28)	16,83,560	73,34,902
Other post employment benefits	16,90,936	13,66,804
Staff welfare expenses	35,74,504	30,87,104
	<u>9,55,78,209</u>	<u>9,47,60,443</u>

22. Depreciation and amortization expense

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Depreciation on tangible assets	5,70,35,565	5,62,31,373
Amortization on intangible assets	23,45,746	54,50,334
	<u>5,93,81,311</u>	<u>6,16,81,707</u>

23. Finance costs

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Interest on debentures	2,26,84,931	12,03,28,768
Interest on short term borrowings	1,80,84,180	2,58,23,099
Other borrowing costs	1,30,98,124	1,30,23,963
	<u>5,38,67,235</u>	<u>15,91,75,830</u>

24. Other expenses

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Consumption of stores and spares	2,55,55,750	5,75,17,979
Consumption of packing material	2,07,82,767	1,91,05,304
Sub-contracting expenses	2,57,22,993	2,38,23,222
(Increase)/decrease of excise duty on inventory	58,54,457	1,50,47,998
Power and fuel	21,82,35,434	19,37,66,809
Water charges	52,45,848	56,64,186
Freight and forwarding charges	2,74,25,035	3,10,28,693
Rent	47,12,684	46,41,265
Rates and taxes- others	81,48,255	77,46,685
Insurance	1,21,79,749	1,05,91,958
Repair and maintenance		
- Plant and machinery	1,23,96,002	2,06,24,592
- Buildings	67,91,887	67,20,997
- Others	1,12,56,497	53,46,241
Discounts and sales commission	5,02,94,759	7,49,48,122
Traveling and conveyance	1,12,19,180	1,08,43,438
Legal and professional fees	94,17,717	1,17,07,840
Exchange differences (net)	2,89,79,640	72,99,737
Bad debts	52,81,676	13,87,107
Loss on sale of fixed assets (net)	1,10,513	-
Interest- Others	61,11,209	1,47,05,031
Bank charges	1,03,19,411	1,21,24,014
Storage charges	2,01,13,782	2,06,48,923
Service charges (refer note 26)	3,03,51,993	1,99,18,960
Miscellaneous expenses	1,36,54,805	90,67,919
	<u>57,01,62,073</u>	<u>58,42,80,020</u>

Payment to auditor

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
As auditor		
Audit fee	27,00,000	36,00,000
Tax audit fee	1,50,000	1,50,000
Reimbursement of expenses	3,00,000	6,74,420
	<u>31,50,000</u>	<u>44,24,420</u>



OMNOVA Solutions India Private Limited  
 Notes to financial statements for the year ended 30 November 2013  
 (All amounts are in Indian Rupees, unless otherwise stated)

25. Prior period expenses

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Freight and forwarding charges	11,77,478	-
Discounts and sales commission (written back) charged	(41,83,285)	67,10,196
Other borrowing costs	-	22,52,228
Service charges	-	74,00,007
<b>Prior period expenses, (net)</b>	<b>(30,05,807)</b>	<b>1,63,62,431</b>

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**OMNOVA Solutions India Private Limited**  
**Notes to financial statements for the year ended 30 November 2013**  
 (All amounts are in Indian Rupees, unless otherwise stated)

**26. Related party disclosures**

- a) Related parties where control exists
  - (i) Ultimate holding company  
OMNOVA Solutions Inc
  - (ii) Holding Company  
OMNOVA Solutions India France Holding SAS

- (b) Other Related parties with whom transactions were carried out during the year:  
 Subsidiary of Ultimate holding company  
OMNOVA Solutions SAS  
 Key managerial personnel  
Mr. Deepak Birje – Whole time Director  
Mr. Anup K. Srivastava – Whole time Director

**c) Transactions during the year**

	Year ended	Purchase of goods	Purchase of capital goods	Execum service charges	WAN Service charges	Bank Fees Accrued	Costs and Environmental Insuarer charged	Foreign travel expenses reimbursed	Interest on Debentures accrued	Interest other than debenture interest	Loans given/(repaid)
<b>Ultimate Holding Company</b>											
OMNOVA Solutions Inc	30-Nov-13	-	12,16,503	-	10,17,731	-	-	-	-	-	-
	30-Nov-12	-	-	-	-	-	-	-	-	-	-
<b>Holding Company</b>											
OMNOVA Solutions India France Holding SAS	30-Nov-13	-	-	3,03,54,993	-	-	-	-	2,26,84,931	41,58,173	-
	30-Nov-12	-	-	-	-	-	-	-	12,03,28,768	2,07,50,741	-
<b>Subsidiaries of ultimate holding company</b>											
OMNOVA Solution SAS	30-Nov-13	-	-	-	-	-	32,19,336	6,68,396	-	-	-
	30-Nov-12	9,04,918	-	-	-	-	41,83,218	-	-	-	-
OMNOVA Solutions International SAS	30-Nov-13	-	-	-	-	50,18,570	-	-	-	4,12,485	-
	30-Nov-12	-	-	1,99,18,960	-	57,50,860	-	-	-	-	-
<b>Key managerial personnel</b>											
Mr. Anup K. Srivastava – Whole time Director	30-Nov-13	-	-	-	-	-	-	-	-	-	(30,000)
	30-Nov-12	-	-	-	-	-	-	-	-	-	(1,00,000)



OMNOVA Solutions India Private Limited

Notes to financial statements for the year ended 30 November 2013

(All amounts are in Indian Rupees, unless otherwise stated)

d) Balances as at year end

	Year ended	Loans and advances	Other current liabilities	Short term borrowings	Trade Payables	Total
<b>Ultimate Holding Company</b>						
OMNOVA Solutions International SAS	30-Nov-13	-	5,19,45,156	-	-	5,19,45,156
	30-Nov-12	-	14,06,05,051	-	-	14,06,05,051
<b>OMNOVA Solutions inc.</b>						
	30-Nov-13	-	2,41,817	-	-	2,41,817
	30-Nov-12	-	-	-	-	-
<b>Holding Company</b>						
OMNOVA Solutions India France Holding SAS	30-Nov-13	-	37,35,69,413	1,29,12,000	-	38,64,81,413
	30-Nov-12	-	23,84,63,309	1,07,89,497	-	24,92,52,806
<b>Fellow Subsidiaries</b>						
OMNOVA Solution SAS	30-Nov-13	-	92,87,720	-	-	92,87,720
	30-Nov-12	-	45,42,990	-	-	45,42,990
<b>Key management personnel</b>						
Mr. Anup K Srivastava – Whole time Director	30-Nov-13	-	-	-	-	-
	30-Nov-12	30,000	-	-	-	30,000

e) Remuneration to key managerial personnel

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
<b>Mr. Deepak Birje</b>		
Salary, VPI, Ex-Gratia, Performance Incentive and Bonus	35,79,400	33,19,514
<b>Mr. Anup Kumar Srivastava</b>		
Salary, VPI, Ex-Gratia, Performance Incentive and Bonus	29,69,800	27,47,704
<b>Total</b>	<b>65,49,200</b>	<b>60,67,218</b>

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.



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OMNOVA Solutions India Private Limited  
Notes to financial statements for the year ended 30 November 2013  
(All amounts are in Indian Rupees, unless otherwise stated)

27. Loss per share

The following reflects the loss and share data used in the basic and diluted loss per share computations

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
<b>Total operations for the year</b>		
Loss after tax	(5,95,60,237)	(4,05,02,739)
Net loss for calculation of basic EPS	(5,95,60,237)	(4,05,02,739)
Net loss as above	(5,95,60,237)	(4,05,02,739)
Add: interest on debentures convertible into equity shares (net of tax)	-	-
Net loss for calculation of diluted EPS	(5,95,60,237)	(4,05,02,739)
	No.	No.
Weighted average number of equity shares in calculating basic EPS	97,08,650	10,000
Weighted average number of equity shares in calculating diluted EPS	97,08,650	10,000

28. Gratuity

The company operates gratuity plan, wherein every employee who has completed at least five years of service gets a gratuity on departure at the rate of 15 days of last drawn salary for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement or separation or death or permanent disablement in terms of the provisions of the Payment of Gratuity Act, 1972.

The following tables summarize the components of net benefit recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Current service cost	14,51,307	9,80,891
Interest cost on benefit obligation	14,40,636	9,25,553
Expected return on plan assets	(9,27,331)	(7,11,155)
Net actuarial (gain) / loss recognized in the year	(2,81,052)	61,39,813
Past service cost	-	-
Net benefit expense	16,83,560	73,34,902
Actual return on plan assets	-	-

Balance sheet

Benefit asset/ (liability)

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Present value of defined benefit obligation	(2,15,67,368)	(1,90,34,877)
Fair value of plan assets	1,18,96,717	1,00,43,087
Plan asset / (liability)	(96,70,651)	(89,91,790)

Changes in the present value of the defined benefit obligation are as follows:

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Opening defined benefit obligation	1,90,34,876	1,08,39,163
Current service cost	14,51,307	9,80,891
Interest cost	14,40,636	9,25,553
Benefits paid	(4,83,521)	(17,083)
Actuarial (gains) / losses on obligation	1,24,070	63,06,552
Closing defined benefit obligation	2,15,67,368	1,90,34,876

Changes in the fair value of plan assets are as follows:

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Opening fair value of plan assets	1,00,43,087	82,86,461
Expected return	9,27,331	7,11,155
Contributions by employer	10,04,694	8,95,815
Benefits paid	(4,83,521)	(17,083)
Actuarial gains / (losses)	4,05,121	1,66,739
Closing fair value of plan assets	1,18,96,717	1,00,43,087

The company expects to contribute Rs. 1,050,000 to gratuity in the next year (30 November 2012: Rs. 1,000,000)



28. Gratuity (Continued)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	30 November 2013	30 November 2012
Investments with insurer	100%	100%

The principal assumptions used in determining gratuity benefit obligations for the company's plans are shown below:

	30 November 2013	30 November 2012
Discount rate	9.00%	8.25%
Expected rate of return on assets	9.00%	9.00%
Future salary increase	15% for first 2 years and 8% thereafter	15% for first 2 years and 8% thereafter
Employee turnover	15% for all ages	12% at younger ages and reducing to 2% at older age

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

Amounts for the current and previous four periods are as follows:

	30 November 2013 Rs.	30 November 2012 Rs.	31 December 2011 Rs.	31 December 2010 Rs.	31 December 2009 Rs.
Gratuity					
Defined benefit obligation	2,15,67,368	1,90,34,877	1,08,39,163	1,03,66,718	89,98,699
Plan assets	1,18,96,717	1,00,43,087	82,86,461	79,76,971	75,76,466
Surplus / (deficit)	96,70,651	89,91,790	25,52,702	23,89,747	14,22,233
Experience adjustments on plan liabilities	8,41,844	10,92,577	10,99,981	(12,92,097)	1,24,838
Experience adjustments on plan assets	4,05,121	1,66,739	(2,631)	6,43,998	(3,26,912)

29. Leases

Operating leases: company as lessee

The company has entered into commercial leases on office premises, IT equipments and Vehicles. These leases have an average life of three to five years. Renewal option exists only for leases on office premises. There are no restrictions placed upon the company by entering into these leases. There is an escalation clause of 20% on lease rentals and deposits after 3 years for office premises and diminishing clause of average 50% on IT equipments. There are no subleases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
Within one year		
After one year but not more than five years	56,10,147	67,19,140
More than five years	1,59,99,921	40,02,498
	1,96,10,068	1,07,21,638

30. Segment information

a) Segment information for primary reporting (by business segment)

Since the Company has only one reportable business segment of synthetic rubber, hence information for Primary business segment is not applicable.

b) Segment information for secondary segment reporting (by geographical segment)

The Company has two reportable geographical segments based on location of customers

- Revenue from customers within India
- Revenue from customers outside India



OMNOVA Solutions India Private Limited  
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**Geographical Segments**

The company's secondary segments are the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by the location of the assets. The following table shows the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced.

**Sales Revenue by Geographical Market**

	30 November 2013 (Rs.)	30 November 2012 (Rs.)
India (domestic)	2,01,23,22,214	2,39,82,65,940
Outside India (exports)	16,74,14,889	21,28,41,266
	<b>2,17,97,37,103</b>	<b>2,61,11,07,206</b>

**Total assets and additions to tangible and intangible fixed assets by geographical area:**

The following table shows the carrying amount of segment assets and addition to segment assets by geographical area in which assets are located

	Carrying amount of segment assets and intangible assets		Addition to fixed assets and intangible assets	
	30 November 2013	30 November 2012	30 November 2013	30 November 2012
India	1,77,40,50,595	1,80,61,21,012	82,77,242	88,29,937
Outside India	1,92,58,584	1,91,73,887	-	-
	<b>1,79,32,89,179</b>	<b>1,82,55,94,899</b>	<b>82,77,242</b>	<b>88,29,937</b>

**31. Derivative instruments and un-hedged foreign currency exposure**

**a) Derivatives outstanding as at the reporting date**

Particulars	Nature of contract
Forward contract to buy US\$ 500,000 (30 November)	Hedge of export/import foreign currency exposures

**b) Particulars of un-hedged foreign currency exposure as at the reporting date**

Particulars	Amount
Trade Payables:	US\$ 23,043 @ Closing rate of 1 \$= Rs. 62.92 (30 November 2012: US\$ 1,586,022) Rs. 1,449,866 (30 November 2012: Rs. 87,326,371) GBP 1,162 @ closing rate of 1 GBP = Rs. 103.43 (30 November 2012: US\$ 0) Rs. 120,134 (30 November 2012: Nil)
Advances recoverable in cash or kind - Advance to suppliers	US\$ 96,901 @ Closing rate of 1 \$= Rs. 62.92 (30 November 2012: Nil) Rs. 6,097,011 (30 November 2012: Nil)
Short Term Borrowings - Secured and Unsecured Loan	€ 150,000 @ Closing rate of 1 \$= Rs. 86.08 (30 November 2012: € 150,000) Rs. 12,912,000 (30 November 2012: Rs. 10,789,500) US\$ 591,837 @ Closing rate of 1 \$= Rs. 62.92 (30 November 2012: Nil) Rs. 37,238,366 (30 November 2012: Rs. Nil)
Trade Receivables - (US\$)	US\$ 308,806 @ Closing rate of 1 \$= Rs. 62.30 (30 November 2012: \$366,917) Rs. 19,238,584 (30 November 2012: Rs. 20,202,450)
Other current Liabilities - Interest payable to HO (US\$)-Interest on I.C., Interest on unpaid Excom charges	US\$ 712,912 @ Closing rate of 1 \$= Rs. 62.92 (30 November 2012: US\$ 670,503) Rs. 46,743,999 (30 November 2012: Rs. 30,917,907)
Other current Liabilities - Interest payable on - Temporary advance (Euro €)	€ 30,458 @ Closing rate of 1 € = Rs. 86.08 (30 November 2012: € 29,370) Rs. 2,621,808 (30 November 2012: Rs. 2,112,620)
Other Current Liabilities - Overhead Charges Reimbursable to Parent- Excom charges, Coface & Environmental Insurance, Bank Fees and WAN Service Charges	US\$ 2,039,104 @ Closing rate of 1 \$= Rs. 62.92 (30 November 2012: US\$ 1,965,676) Rs. 128,300,426 (30 November 2012: Rs. 108,230,153) € 30,393 @ Closing rate of 1 € = Rs. 86.08, (30 November 2012: Nil) Rs. 2,616,229 (30 November 2012: Rs. Nil)



**32. Details\* of dues to micro and small enterprises as defined under the MSMED Act, 2006**

With the promulgation of the Micro, Small and Medium Enterprises Development Act, 2006, the Company is required to identify Micro, Small and Medium Suppliers and pay them interest on overdue amounts outstanding beyond the specified period irrespective of the terms with the suppliers. The Company had circulated confirmation letters to all Suppliers seeking their status. Response from the suppliers is still awaited. In view of this, the liability of interest, if any, cannot be reliably estimated nor the required disclosures made. Accounting in this regard will be carried out after the process is completed and reliable estimate made in this regard. However, management is of the opinion that liability in any case will be insignificant having regard to the supplier profile. The Company has also till date not received any claims in this regard from any of its suppliers.

	30 November 2013	30 November 2012
	(Rs.)	(Rs.)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	1,31,80,707	83,58,057
- Interest due on above	-	-
	<u>1,31,80,707</u>	<u>83,58,057</u>
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	-	-

\* The information above is as certified by the management.

**33. Value of imports calculated on CIF basis**

	30 November 2013	30 November 2012
	(Rs.)	(Rs.)
Raw materials	23,96,48,359	7,55,04,701
Components and spare parts	9,31,832	1,00,95,314
Capital goods (refer note 26)	12,16,503	-
	<u>24,17,96,694</u>	<u>8,56,00,015</u>

**34. Expenditure in foreign currency (accrual basis)**

	30 November 2013	30 November 2012
	(Rs.)	(Rs.)
Interest	45,70,608	1,10,56,455
Service charges	3,96,07,632	3,02,18,724
Repair and maintenance - Plant and machinery	7,64,384	67,78,175
Discounts and sales commission	27,976	14,66,402
Traveling and conveyance	25,56,134	20,77,631
	<u>4,75,26,714</u>	<u>5,15,77,387</u>

**35. Imported and indigenous raw materials, components and spare parts consumed**

	% of total consumption	Value (Rs.)	% of total consumption	Value (Rs.)
	30-Nov-13	30-Nov-13	30-Nov-12	30-Nov-12
<b>Raw Materials</b>				
Imported	26	39,43,32,260	13	23,77,96,598
Indigenously obtained	74	1,10,16,31,811	87	1,62,04,29,960
	<u>100</u>	<u>1,49,59,74,101</u>	<u>100</u>	<u>1,85,82,26,558</u>
<b>Spare parts</b>				
Imported	6	14,31,426	19	65,58,213
Indigenously obtained	94	2,41,24,321	81	5,09,59,736
	<u>100</u>	<u>2,55,55,750</u>	<u>100</u>	<u>5,75,17,979</u>



36. Earnings in foreign currency (accrual basis)

	30 November 2013	30 November 2012
	(Rs.)	(Rs.)
Exports at F.O.B Value	16,74,14,889	21,28,41,266
	<u>16,74,14,889</u>	<u>21,28,41,266</u>

37. Deferred Taxes

	30 November 2013	30 November 2012
	(Rs.)	(Rs.)
<b>Deferred tax liability</b>		
Fixed assets: Impact of differences between tax depreciation and depreciation/amortization charged for the financial reporting	4,95,38,232	5,40,83,352
<b>Gross deferred tax liabilities (A)</b>	<u>4,95,38,232</u>	<u>5,40,83,352</u>
<b>Deferred tax asset</b>		
Carried forward loss and unabsorbed depreciation	12,97,94,104	11,23,94,343
Provision for doubtful debts	23,64,640	18,15,637
Provision for gratuity	31,37,643	29,17,386
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	53,40,705	47,11,182
<b>Gross deferred tax assets (B)</b>	<u>14,06,37,092</u>	<u>12,18,38,548</u>
Restricted to deferred tax liability	<u>4,95,38,232</u>	<u>5,40,83,352</u>
<b>Net deferred tax asset / (liability)</b>	<u>-</u>	<u>-</u>

The Company follows Accounting Standard (AS-22) "Accounting for taxes on Income", as notified by Companies Accounting Standards Rules, 2006. Due to losses, the Company has deferred tax asset with loss and unabsorbed depreciation as a major component. However, deferred tax asset has been considered nil and has been recognized only to the extent of deferred tax liability since there is no convincing evidence which demonstrates virtual certainty of realization of such deferred tax asset in the near future.

38. Capital and other commitments

- As at 30 November 2013, the company has capital commitments of Rs. 9,350,000 (30 November 2012: Rs. 100,750) relating to Plant and Machinery.

- As at 30 November 2013, the company has unutilised amount under letter of credits issued by bank against purchase of raw material of Rs. 114,591,041 (30 November 2012: Rs. 6,863,778).

For commitments relating to lease arrangements, refer note 29.

39. Other compliances


With regard to section 383A of The Companies Act, 1956 the company has not appointed a full time company secretary. The board of directors are in the process of appointing the company secretary on full time basis.

40. Previous year figures

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year classification.

As per our report of even date

For SRBC & Co LLP  
 Firm registration number: 524982E  
 Chartered Accountants

  
 per Sandeep Sharma  
 Partner  
 Membership no: 93577

Place: Gurgaon  
 Date: March 21, 2014



  
 For and on behalf of the board of directors of  
 OMNOVA Solutions India Private Limited

  
 Anup Kumar Srivastava  
 Director



  
 Deepak Biju  
 Director