

54th Annual Report  
2014 - 2015



HINDUSTAN ORGANIC CHEMICALS LIMITED


**HINDUSTAN ORGANIC CHEMICALS LIMITED [CIN L99999MH1960GOI011895]**
**AUDITORS**

**Statutory Auditors**  
**M/s Ford Rhodes Parks & Company.,**  
 Chartered Accountants  
 Mumbai

**Branch Auditors – Kochi Unit**  
**M/s Ayyar & Cherian**  
 Chartered Accountants  
 Kochi

**COST AUDITORS**  
**M/s. V. J. Talati & Co.**  
 Mumbai

**M/s. Panicker & Company**  
 Kochi

**BANKERS**  
 State Bank of India

**REGISTRAR AND SHARE TRANSFER AGENTS**  
**M/s. SHAREPRO SERVICES (INDIA) PVT.LTD.**  
 Registered Office :  
 13AB, Samhita Warehousing Complex,  
 2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane,  
 Off. Andheri-Kurla Road, Sakinaka,  
 Mumbai – 400 072.  
 Tel : 022-67720400 / 67720401 / 67720402  
 Fax No. 022-28508927 / 022 – 67720416  
 Email: [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

**HINDUSTAN ORGANIC CHEMICALS LTD.**  
**REGISTERED OFFICE :**  
 At & Post - Rasayani,  
 Dist.Raigad, Maharashtra 410 207

**CORPORATE OFFICE**  
 2<sup>nd</sup> Floor, Neco Chambers, Plot No. 48,  
 Sector 11, CBD Belapur, Navi Mumbai 400 614

**MANUFACTURING FACILITIES**  
**Rasayani unit**  
 Dist.Raigad  
 Maharashtra 410 207

**Kochi Unit**  
 Ambalamugal, Dist. Ernakulam  
 Kochi 682 302

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**HINDUSTAN ORGANIC CHEMICALS LIMITED [CIN L99999MH1960GOI011895]**

**Regd.Office & Rasayani unit :**  
 Rasayani, Dist.Raigad,  
 Maharashtra, Pin - 410 207.  
 Tel : (02192) 258500-502  
 Fax : (02192) 258503  
 E-mail id : [rasayani.cs@hocl.gov.in](mailto:rasayani.cs@hocl.gov.in) [grievances@hocl.gov.in](mailto:grievances@hocl.gov.in)  
 Website : [hocl.gov.in](http://hocl.gov.in)

**KOCHI UNIT :**  
 Ambalamugal,  
 Dist. Ernakulam, Pin - 682 302.  
 Tel : (0484) 2720911 / 2720912 / 13  
 Fax : (0484) 2720893  
 E-mail : [hindustanorganic@bsnl.in](mailto:hindustanorganic@bsnl.in)

**REGIONAL & MARKETING OFFICES**  
**BARODA :**  
 3/A, Kirti Tower, Tilak Road,  
 Baroda - 390 001.  
 Telefax : (0265) 2438 122

**MUMBAI :**  
 2nd Floor, Neco Chambers, Plot No. 48,  
 Sector 11, CBD Belapur, Navi Mumbai 400 614  
 Tel : (022) 27562474/3563/2756/4873  
 Fax : (022) 27565188  
 E-mail id : [corporate.cs@hocl.gov.in](mailto:corporate.cs@hocl.gov.in) [grievances@hocl.gov.in](mailto:grievances@hocl.gov.in)

**DELHI :**  
 Core-6, Scope Complex,  
 1<sup>st</sup> Floor, Lodi Road,  
 New Delhi - 110 003.  
 Tel : (011) 24361610 / 24364690  
 Fax : (011) 24360698

**HYDERABAD :**  
 303, Babukhan Estate,  
 Bashir Bagh,  
 Hyderabad - 500 001.  
 Tel : (040) 23329850 (Dir.)  
 Tel.Fax: 23240058  
 Fax : (040) 23296455

**CHENNAI :**  
 D-1, Nelson Chambers,  
 115, Nelson Manickam Road,  
 Aminji Karai, Chennai - 600 029.  
 Tel : (044) 2374 1853

**Subsidiary Company**  
**HINDUSTAN FLUOROCARBONS LTD.**  
 303, Babukhan Estate, Bashirbagh, Hyderabad - 500 001  
 Tel : (040) 23241051 / 23237125. Fax : (040) 23296455  
 E-Mail : [hiflonptfe@yahoo.co.in](mailto:hiflonptfe@yahoo.co.in)


**BOARD OF DIRECTORS [as on 11-08-2015]**

SHRI V.B. RAMACHANDRAN NAIR	Chairman & Managing Director (w.e.f. 17/06/2013)
SHRI J. N. SURYAWANSHI	Director (Marketing)
SHRI SURESH KUMAR R.	Director (Finance)
SHRI S.B. BHIDE	Director (Technical)
SHRI RAJIV YADAV, SS&FA	Director (Govt. Nominee) (w.e.f. 23/06/2014)
SHRI V. K. SUBBURAJ, SS&FA	Director (Govt. Nominee) (upto 23/06/2014)
Dr. A.J.V. PRASAD, JS	Director (Govt. Nominee)
Dr. N.J. GAIKWAD	Non-Official Independent Director (upto 21/5/2015)
SMT. SUSHEELA S. KULKARNI	Company Secretary

**AUDIT COMMITTEE [A.C.] OF THE BOARD (from 05/08/2013 to 01/07/2014)**

SHRI V.K. SUBBURAJ, AS&FA (upto 23/06/2014)	Govt. Director & Chairman A.C.
Dr. N.J. GAIKWAD	NOID, Member, A.C.
SHRI J.N. SURYAWANSHI	Director (Mktg.), Invitee of A.C.
SHRI S.B. BHIDE	Director (Tech.), Invitee of A.C.
Dr. A.J.V. PRASAD, JS	Govt. Nominee Director, Member A.C.
SHRI V.B. RAMACHANDRAN NAIR	CMD, Invitee of A.C.
SHRI SURESH KUMAR R.	Director(Fin.), Invitee of A.C.
SMT. SUSHEELA S. KULKARNI, C.S.	Secretary to A.C.

**AUDIT COMMITTEE [A.C.] OF THE BOARD ( W.e.f. 02/07/2014)**

SHRI RAJIV YADAV, AS&FA	Govt. Director & Chairman A.C.
Dr. N.J. GAIKWAD	NOID, Member, A.C.
SHRI J.N. SURYAWANSHI	Director (Mktg.), Invitee of A.C.
SHRI S.B. BHIDE	Director (Tech.), Invitee of A.C.
Dr. A.J.V. PRASAD, JS	Govt. Nominee Director, Member A.C.
SHRI V.B. RAMACHANDRAN NAIR	CMD, Invitee of A.C.
SHRI SURESH KUMAR R.	Director(Fin.), Invitee of A.C.
SMT. SUSHEELA S. KULKARNI, C.S.	Secretary to A.C.

**SHARES/BONDS TRANSFER, SHAREHOLDERS' BONDS HOLDERS / INVESTORS' GRIEVANCE COMMITTEE**

SHRI V.B. RAMACHANDRAN NAIR	CMD, Chairman
SHRI J. N. SURYAWANSHI	Director (Mktg.), Member
SHRI SURESH KUMAR R.	Director (Fin.), Member
SHRI S.B. BHIDE	Director (Tech.), Member
SMT. SUSHEELA S. KULKARNI	CS, Member & Secretary

**CHAIRMAN'S STATEMENT****Dear Shareholders,**

My Colleagues on the Board and I extend warm welcome, and express gratitude, to all of you present here at this 54<sup>th</sup> Annual General Meeting of your Company. The Audited Annual Accounts together with the Directors' Report and Auditors' Report of the Company for the year 2014-15 and the AGM Notice to the Shareholders have been in your hands for some time and with your permission, I take them as read.

**PERFORMANCE :**

I must now share with you, in brief, the status of our Company's performance during the year 2014-15.

The production and sales attainments are contained in the Directors' Report before you and hence not repeated.

Your Company continued to enjoy support from all its valuable customers during the year 2014-15 due to excellent quality of its products manufactured at Kochi and Rasayani. During the year under review, your Company could achieve sales valuing Rs. 150.13 Crores (net of excise duty).

The Company had however taken the best possible measures both in cost reduction as well as in other areas. During the year, the operations of the Company, both at Kochi Unit and Rasayani Unit, suffered badly due to erosion of working capital. The Company could however successfully mobilise Rs.150 crore by issuing Redeemable, Non-convertible Unsecured Bonds with the Sovereign Guarantee issued by the Government of India in the month of September 2014 to clear the dues to raw material suppliers and other working capital payments. The company could once again restart the production at Kochi with BPCL resuming the raw material supplies.

As a result, your Company was under loss of Rs. 215.49 crore during the year.

I wish to inform you that with the consistent efforts put by the Management and with the help and support from various Ministries including Ministry of Chemicals & Fertilizers, Ministry of Finance, Ministry of Commerce & Industries, the anti-dumping duty on Phenol has been reintroduced with effect from April 2014.

It is expected that with the above action and continued efforts on improved operations and marketing, the performance and profitability of the Company would further improve.

The marketing strategy was mainly focused on domestic customers to maximize the market share by adopting flexible marketing strategies which helped in encountering the threat posed by the importers and the domestic competitors as well.

**FUTURE PLAN & REVIVAL / TURN AROUND PLAN:**

Future course of Action/Revival Plan

**Rasayani Unit**

With the working capital support from ISRO, the Rasayani Unit has been focusing on continuous running of Nitric Acid plant (C.N.A), whereby N<sub>2</sub>O<sub>4</sub> for ISRO could be produced by the Company. Efforts are being made to restart the Nitrobenzene and Aniline Plants depending on availability of working capital.

The management is also exploring ways and means of utilizing the idle capacity by Toll manufacturing for which Tendering procedure is in process with the approval of Board of Directors.

**Kochi Unit**

Even though the Kochi unit operations were restarted in the month of October 2014, after fully repaying the dues to BPCL for raw material supplies, the fall in crude prices set in a downward trend in Benzene prices and eroded the margins of the main Products Phenol and Acetone. This has affected the continuous operation of the Phenol Plant which is operated intermittently so that the loss on inventory could be minimized in case of downward trend in raw material prices.

The Hydrogen Peroxide Plant is being operated continuously.

The Company is referred to BIFR for restructuring due to 100% erosion of its net worth. Apart from BIFR appointing SBI as Operating agency with a directions to submit the revival plan, the company appointed new Consultant M/s. J P S Associates (P) Ltd., have prepared the revival plan and submitted their report to the Board which is under consideration.

**CORPORATE SOCIAL RESPONSIBILITY**

Company since its inception is very much aware about its social responsibility. For over five decades, as a socially responsible and sensitive corporate, your Company continues to remain committed to social thought and action to serve society through providing basic civic amenities to the neighboring villages, rendering assistance in different forms. Company has also undertaken tree plantation programme in the surrounding area.

As per Department of Public Enterprise (DPE) Guideline on Corporate Social

Responsibility (CSR), Company has constituted Board level Corporate Social Responsibility (CSR) and Sustainability Development (SD) Committee comprising of Independent Director & other two Directors from the Board of the Company. The terms of reference of the said CSR&SD Committee included among others, the set-up of the Committee with existence of the two tier organization structure with mandatory membership of an Independent Director on the Board level committee, frequency of meeting, range of decision, staff/stakeholder involvement etc.

**SAFETY, HEALTH AND ENVIRONMENT :**

In the areas of Health, Hygiene and Environment the company has undertaken periodic medical examination as well as statutory requirements of fitness check-up under form no. 23 for its employees. In our commitment to environment we have ensured that the level of pollutants from the factory and nearby surroundings were much below the permissible levels.

HOC Kochi unit received pollution control award among very large scale industries from Kerala State Pollution Control Board for substantial and sustained efforts in pollution control in 2012.

HOC Kochi unit received safety awards from Dept. of Factories & Boilers, Govt. of Kerala for outstanding performance in industrial safety for the year 2012.

**ISO CERTIFICATION :**

HOCL Kochi unit is having ISO 9001: 2008 (Quality Management System) and ISO 14001:2004 (Environmental Management System) certification. The existing certificate for ISO 9001 & ISO 14001 is valid up to 2017.

**INDUSTRIAL RELATIONS:**

The overall Industrial Relation situation continues to be peaceful and cordial during the year. There was no strike or lockout during the year.

**RESEARCH & DEVELOPMENT**

After initial trial runs on pilot scale the 'In-house' developed vapour phase continuous process for ISRO's specific grade of Kerosene (Isrosene) was fine tuned. The technology

is now ready for implementation in HOC's available commercial plant.

**CORPORATE GOVERNANCE :**

The Company has complied with the various requirement of Corporate Governance.

The details in this regard form part of this report in **Annexure VI**.

**HINDUSTAN FLUOROCARBONS LIMITED (HFL) - SUBSIDIARY :**

During the year, HFL has made Net loss of Rs.377.46 lacs from operations as against the net loss of Rs. 2482.47 lacs of the previous year. During the year, the sales turnover (net) was Rs.2915.07 lacs as against Rs.2788.92 lacs in the previous year. This is mainly due to employee benefits against wage revision, Decrease in sales realization of main product PTFE and discontinuation of CDM Project in international market. During the year under report production of PTFE was 107 Metric Tons as against 184 Metric Tons in the previous year. During the year, 726.58 Metric Tons of CFM-22 was sold in the market against 555.17 Metric Tons in the previous year and balance quantity was used as feed stock to manufacture various products including Fluoro Specialty Chemicals. Accordingly, during the year 45.80 Metric Tons of Tetra Fluoro Ethylene (TFE) was used to manufacture Telomere. Quality of all company's products continued to be well accepted by our customers. Company has achieved 88% capacity utilization as against 86% in the previous financial year. In spite of better physical performance, financial performance was badly affected due to the reasons mentioned above.

**ACKNOWLEDGEMENT:**

I place on record my appreciation and gratitude to all the employees and others who had extended their support and co-operation during the year. In particular, I am grateful to various officials of the Government, especially Department of Chemicals and Petrochemicals, Ministry of Chemicals & Fertilizers, Ministry of Finance, Ministry of Commerce & Industry, Banks particularly our Bankers State Bank of India, Central Bank of India, Board Members, Statutory/Govt. Auditors, Cost Auditors and all the agencies concerned. My gratitude is also to the Shareholders, Bondholders and Customers who have stood by us in the present phase of our demanding situation.

We on our part would continue our efforts to take your Company into the future by meeting the challenges, grabbing the opportunities in our endeavor in the path towards turnaround. We look forward to your continued support in this ongoing process.

In conclusion, I am optimistic that the Company would attain a turnaround in the near future.

**(V.B. RAMACHANDRAN NAIR)**  
**CHAIRMAN & MANAGING DIRECTOR**



## DIRECTORS' REPORT

To the Members of

### HINDUSTAN ORGANIC CHEMICALS LIMITED

Dear Shareholders

Your Directors are pleased to present the 54<sup>th</sup> Annual Report and the Audited Annual Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2015.

**The financial performance of the Company for the year ended March 31, 2015 is summarized below:**

(Rs.inLacs)

	Year ended 31/03/2015	Year ended 31/03/2014
Sales	16719.40	23679.73
Operating Profit/(Loss)	(11460.02)	(11498.14)
Less: Interest	5217.14	4261.94
Depreciation	879.61	1841.33
Profit/(Loss) before tax	(17466.77)	(17601.41)
Less: Provision for taxation	-	-
Less: Prior Period adjustments & Exceptional Items	4081.99	83.37
Profit/(Loss) after tax & Prior period adjustments, Provisions and Exceptional Items	(21548.76)	(13798.91)

[Note: Previous year's figures have been regrouped wherever necessary in the Current year]

In view of continuous incurring of losses during the current year as well as in the previous years, the Board of Directors did not recommend any Dividend for the current year under review.

#### Status of the Company at BIFR under SIC(SP)Act, 1985 :-

As per BIFR Summary Record of Proceedings of the Hearing of HOCL Case No.501/2014 Held on 22-07-2015 before the Bench, BIFR declared the Company as Sick under Section 3(1)(o) of the Act and appointed State Bank of India as the Operating Agency with directions to prepare a viability study report and revival scheme for the Company, if feasible, keeping in view the provisions of Section 18 of the Act and the guidelines given. BIFR also directed the Company to submit the Draft Rehabilitation Proposal (DRP) with in period of 8 weeks considering the Cut Off Date(COD) as 31-3-2015. BIFR directions also include among other directions, that OA to submit its report thereof before the next date of the hearing (on 4-11-2015) and to examine the DRP on its receipt from the Company etc., [Previous year, as on 31<sup>st</sup> March, 2015, we have already reported the fact of HOCL as a Sick Unit to BIFR and the company has been registered as a sick company vide BIFR Order No. Case No.501/2014 dated 30.9.2014].

#### RESULTS OF OPERATIONS :

During the year under review the Company has suffered **Net loss of Rs. 215.49 crore**, as against the Net Loss of the previous year of Rs. 176.85 crore .

As regards the unit wise performance, the **Net Loss of Kochi Unit was Rs.72.58 crore** as compared to the previous year's Loss of Rs.69.15 crore. The **Rasayani Unit recorded a Net Loss of Rs. 142.90 crore** as compared with the previous year's loss of Rs. 107.70 crore.

#### OPERATIONS :

During the year under report your company achieved a sales turnover of Rs. 16709.40 lacs as against Rs.23679.73 lacs of the previous year.

The high labour cost and high incidence of cost on closed plants at Rasayani Unit are the major concerns. Company decided to operate those plants, which were giving contribution. Your company has continued its cost cutting measures to counter these problems and in order to be competitive and improve performance and profitability.

Due to cash losses, the Company was not able to make payments to raw material suppliers of both the units which resulted in stoppage of raw material supplies and therefore the operations were affected. The Company could however successfully mobilise Rs.150 crore by issuing Redeemable, Non-convertible Unsecured Bonds with the Sovereign Guarantee issued by the Government of India in the month of September 2014 to clear the dues to raw material suppliers and other working capital payments. The company could once again restart the production at Kochi with BPCL resuming the raw material supplies.

#### PRODUCTION :

##### Kochi Unit:

During the year your company's Kochi unit could achieve 46476 MTs of production as against the previous year production of 51253 MTs. The capacity utilization for the year was 29.40 % [Installed capacity-158090]

##### Rasayani Unit:

During the year your company's Rasayani unit could achieve 1227 MTs of production as against the previous year production of 2564 MTs. The capacity utilization for the year was 0.88 %. Capacity utilization is affected due to high fixed cost & finance constrains. [Installed Capacity- 138725]

#### MARKETING :

The chemical market for various basic chemicals are volatile in the domestic market and in the international market.. There is stiff competition for HOC main products from domestic manufacturers as well importers. During the year 2014-15, the company has achieved the sales turnover of Rs. 150.13 crore ( net of excise duty) only as against Rs. 211.16 crores (net of excise duty) of the previous year(2013-14) and the sales volume during the year 2014-15 was 26474 MTs as against 32184 MTs for the previous year 2013-14.

The projected Sale Turnover & Sale Volume could not be achieved, because of shortage of working capital, easy availability of imported material at cheaper rate, increased price for major raw materials and less margin in selling prices. Even though the company could clear the raw material supplier's dues in the month of October 2014 and restart the operation of Plant at Kochi, due to drastic fall in international crude prices which resulted in sharp decline in the finished product prices as well as main raw material prices, company recovered only contribution on selling of high cost material. This has resulted the stoppage of Kochi Unit operations. This has resulted the loss on the value of inventory holdings as the stock had to be disposed of at market prices.

#### CURRENT / PRESENT SCENARIO.

The Kochi unit of the Company which was making profits continuously, year after year up to 2011-12 , but during the current year under review, for the third time (in the span of 10 years), the Kochi Unit has incurred a loss to the tune of Rs.72.58 Crores (during the current year). The main reason for the loss suffered by the unit was due to shortage of working capital and withdrawal of Anti-Dumping Duty on the Phenol and Acetone manufactured at Kochi unit, resulting in large scale import of /dumping of those imported products and forcing the company to reduce the prices to match the imported price of Phenol and Acetone. The company has filed review petition & fresh application for Anti-Dumping Duty to the concerned Authority, which will help to improve and better realisation. Due to the pursuance of the Company and also due to change in international scenario, anti-dumping duty has been imposed by GOI.

#### STATUS OF FUTURE PLANS & TURNAROUND / REVIVAL PLAN

##### Future Course of Action / Revival Plan:

The Company is declared as sick unit by BIFR in Company's reference and registration with BIFR under Case No. 501/2014. due to 100% erosion of its net worth.

Further, apart from BIFR appointing SBI as Operating Agency with directions to submit the revival plan , the appointed new Consultant M/s. J P S Associates (P) Ltd., have prepared the revival plan and submitted their report to the Board which is under consideration.



HOCL Plans to replace the catalyst of Cumene plant from SPA to Zeolite which will bring down the cost of production.

#### ENERGY CONSERVATION/TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Installed energy efficient H T motor of Siemens in place of old, rewound NGEF makes motor of the same capacity in H<sub>2</sub>O<sub>2</sub> plant. Energy saved due to this modification is 18KW.

#### Future Plans:

Installation of online BOD, COD & TSS analyser in treated effluent discharge line and transmission of these data to Kerala State Pollution Control Board / Central Pollution Control Board server.

Information in accordance with the provisions required to be disclosed under Section 217(2)(e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, Technology Absorption and Foreign Exchange Earning and outgo, are given at **Annexure II** to this Report.

#### RESEARCH & DEVELOPMENT

After initial trial runs on pilot scale the 'In-house' developed vapour phase continuous process for ISRO's specific grade of Kerosene (Isrosene) was fine tuned. A model developed on laboratory scale was also verified on pilot plant scale. Regular runs with optimized parameters in 'scaled down version' of HOC's commercial plant were successfully completed. The product quality from these runs has been re-affirmed and the capacity of the plant has also been established, based on these runs. The technology is now ready for implementation in HOC's available commercial plant. In this regard meeting with ISRO was held. The detailed proposal was sent to ISRO. Company's further contribution in IPR field is maintained and grant of three nos. of Indian patents has been obtained during this year.

#### HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS:

The Company has recognized the importance of Human Resource since its inception. The Company continues to recognize that human asset is very much valuable for the continual improvements in the performance of the Company, particularly in the context of competition all around. Since it is very vital resource, Company is upgrading the skills of their employees by systematically identifying training need of employees. The position relating to SC/ST/Women personnel in the Company is given in **Annexure – III** to the Directors' Report.

#### II. Training:

During the Financial Year 2014-15 at Kochi Unit, training was imparted to employees based on operational requirement/needs identifications with the allocated resources to enhance Soft Skills, Technical and Managerial Skills. Due importance was given and constant efforts were made to impart Health, Safety and Environment aspects considering the nature of hazards in our Unit. During the year under review, company has organized training programmes both Internal/External covering 505 mandays with the help of Internal/External Experts. Specific user training in functional module of ERP was also imparted to the employees so as to make the SAP system more users friendly. Regular refresher course in Safety and Environmental Management were organized.

Apart from employees training our Company has extended the facilities and resources to students coming from different Engineering Colleges, Management Institutions to enhance their practical knowledge/for experiential learning. Company also engages Graduate/Technical/Trade/Vocational Apprentices to undergo Apprenticeship Training in different discipline under the Apprentices Act 1961.

#### III. Industrial Relations :

Industrial Relation climate in HOC Kochi Unit during the year 2014-15 was satisfactory.

#### IV. Suggestion Scheme:

The Suggestion Scheme is in existence in HOCL, Kochi Unit. All employees and Company Trainees are eligible to participate in this scheme. The Suggestions received from the employees are evaluated by a Suggestion Committee and the selected suggestions are awarded with Cash Prizes ranging from Rs.100/- to Rs.5000/-.

#### PARTICULARS OF EMPLOYEES – INFORMATION REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 .

No employee of the Company has drawn the remuneration during the year 2014-15 or any part thereof, in excess of the limits specified under the Company's (Particulars of Employees) Rules 1975.

Accordingly particulars of employees' remuneration prescribed u/sec 217 (2A) of the Companies Act, 1956 are not furnished.

#### VIGILANCE

The Vigilance Department, headed by Chief Vigilance Officer, appointed by Government of India on deputation, has three main functional officers, one each at Rasayani (Raigad) in Maharashtra, and at Ambalamugal (Kochi) in Kerala and third at Corporate office, CBD Belapur, Navi Mumbai. Keeping in view of the Principles of Corporate Governance, the main focus of the Vigilance Department has been to help the sincere, dedicated and honest personnel working in the Organization to discharge their duties effectively and efficiently so that the target of optimum turnover and profitability are achieved in a transparent manner. More emphasis is given in improving the functioning of all sections and maintaining transparency.

The Vigilance department takes appropriate and timely action in respect of complaints received. There is a comprehensive complaint handling policy and prescribed punitive action is duly suggested, after conducting fair and impartial investigation/enquiry, where ever required. The Annual Property Returns of the officers are periodically scrutinized and inspection of departmental activities are undertaken to detect deviations, if any, and suggest corrective measures. Vigilance Awareness Programmes, as per guidelines issued by the CVC, are observed and awareness sessions are conducted for the personnel regarding vigilance related matters as well as in respect of CDA Rules, RTI Act, PIDPI (Whistle Blowers Act) etc. The vigilance department has been instrumental in updating the existing manuals and policies i.e. the Purchase Policy, the Works Policy, the Marketing Manual, the Vigilance manual etc., so that the laid down procedures, policies, rules, regulations etc., of the Company and that of Central Vigilance Commission are duly followed.

The Vigilance Department maintains close interaction with CVC, CBI and other Government agencies. The Vigilance wing has been sincerely and consistently helping all personnel of the Organization in improving their efficiency and effectiveness and, in turn, achieving the set goals of the Organization.

#### CORPORATE SOCIAL RESPONSIBILITY

Company right from its inception is conscious about its social responsibilities. To fulfill this, Company has provided basic civic amenities to the neighboring villages, rendering assistance to the neighborhood in different forms viz. financial assistance, drinking water supply, medicines etc.

To promote School Education, Company is giving scholarship to X and XII standard students. Company extends need based assistance to the deserving SC/ST students in the nearby villages for their graduate education.

Company also extends vocational training facilities to the wards of employees in nearby Engineering/ Management Colleges for enhancing their practical knowledge. Company also engages ICWA Trainees, CS Trainees and Vocational Trainees, as a part of their curriculum for imparting practical training.

#### HEALTH, ENVIRONMENT, FIRE & SAFETY

##### Health :

- Physical Check-up, the Special Certificate of Fitness in Form No. 23 and ascertaining Health Status in Form No. 7 of all employees have been carried out by the Certifying Surgeon for the year 2013.
- Periodic Medical Check-up and regular monitoring of health records of all employees was done. Various health awareness training programmes were carried out by specialist doctors for the benefit of employees.

**Environment:**

- Our Laboratory has participated in the Proficiency Testing conducted by CPCB for the laboratories recognized under E.P. Act and other laboratories.
- To ascertain that the level of pollutants are maintained within acceptable limits, ambient air quality monitoring, Stack emissions, Noise monitoring, workplace monitoring & analysis of inorganic and organic chemicals is being carried out at various locations in plants and in other locations.
- Testing of Flammable gases for issue of hot permit under safety policy especially for plants held for disposal under idle assets #1.

**Security System :**

Kochi Unit of HOCL has been classified as 'MAJOR ACCIDENT HAZARD INSTALLATION' by the Govt. of Kerala. The security requirements are met from the agencies sponsored by the Director General (re-settlement), Ministry of Defense, Govt. of India. Security Guards are posted in the identified areas inside the Factory premises and also in Township round the clock. At present the strength of the security personnel is as under:

Security Officer : 01; Security Supervisor : 03; Security Guards: 65

In view of the increased threat perception in Kochi, the Unit has been advised to take suitable measures for upgrading the security by the concerned authorities. Action is being taken to install CCTV Surveillance system.

**IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY .**

During the year under report, your Company continued its intensive and extensive efforts for progressive use of the official language. To promote Hindi as official language is day to day working in line with the Government policies. In Compliance with Section 3(3) of the Official Language Act, 1963 and Official Language Rules 1976 framed there under, Company has implemented various measures effectively given in annual program during the year under review. All documents coming under Section 3(3) like Resolutions, General Orders, Rules, Notifications, Reports Press Communiques, Contracts, Agreements, Licenses Permits, Tender Notices, Forms of Tender, Reports/Papers submitted to the Parliament & Company letters like Part-I Orders, Part-II Orders, Circulars, transfer etc. were issued bilingually. The all Hindi Letters received are being replied in Hindi to comply with Rule 5 of Official Language Rule 1976. All name plates, sign-boards, visiting cards, Demi Official letter heads etc. are prepared in bilingual form. Our Company participated in all the programs organized by Mumbai town Official Language Implementation Committee. Hindi Workshops were conducted in every quarter to impart training in the working knowledge of Hindi to Officers as well as employees. The Official Language implementation Committee Meetings were held at both the Units to review the progressive use of Hindi for the Official purpose. Hindi Fortnight was organized at both Rasayani and Kochi Units and in the Corporate Office. During this period various competitions were organized & large number of Employees participated in this competitions. The other activities of the Company which was organized through the medium of Official Language was Vigilance Week, Security Week and Environment Day during the year. For the progressive use of Information Technology through medium of Hindi all the Computers are being loaded with Unicode.

Kochi Unit received Second prize for the best implementation of Official Language from Kochi Town Official Language Implementation Committee.

- Web site of the Company is prepared to Hindi also [www.hocl.hindi.gov.in](http://www.hocl.hindi.gov.in)
- To improve the Hindi word power of the employees, every day one bilingual word being exhibited in the presto Board kept in the reception and the list of the same is being circulated in the end of the month.
- To comply with the Official Language Policy of the Government, Workshops on Official Language are regularly conducted for the employees who possesses working knowledge in Hindi so as to encourage them to use Hindi in their day to day office work. 7 Workshops were conducted during the period under the report.
- Out of the total amount spent for purchase of books for library, nearly 50% of the amount was spent for the purchase of Hindi Books. Hindi Newspaper and magazines are also subscribed in the Unit.

- The Official Language implementation Committee has been constituted for review of the OL implementation work in the Unit and the OLIC meets regularly.

Every year effort are made to fulfill the targets set in the Annual program issued by Department of Official Language Ministry of Home Affairs.

**ISO CERTIFICATION :**

HOCL Kochi unit is an ISO 9001: 2008 (Quality Management System) and ISO 14001: 2004 (Environmental Management System) certified company. The existing certificate for ISO 9001 & ISO 14001 is valid up to 2014.

BVCI Conducted routine surveillance audit periodically for both the systems.

**INSURANCE**

All properties and insurable interest of the Company including building, plant and machinery and goods are adequately insured. As required under Public liability Insurance Act, 1991 the company has taken necessary insurance cover.

**FIXED DEPOSITS**

With regard to Fixed Deposits, nothing is outstanding towards FDR for the Financial Year 2014-15.

**DEPOSITORY SYSTEM**

As the members are aware your company's shares are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the enormous advantages offered by the Depository system, Members are requested to avail the facility of dematerialisation of the Company's shares on either of the depositories as aforesaid. E-Voting facilities are available at the depositories and in respect of 54<sup>th</sup> AGM, Company has provided the e-voting facilities for the Shareholders of the Company at CDSL

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT.**

In accordance with the listing agreement, the Management Discussion and Analysis Report is annexed hereto in Annexure V and forms part of the Directors' Report.

**CORPORATE GOVERNANCE**

The Company has complied with the various requirements of Corporate Governance. The details in this regard form part of this report in Annexure VI.

**RESPONSIBILITY STATEMENT**

The Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the New Companies Act, 2013 & Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- that they have prepared the annual accounts on a going concern basis.

**Subsidiary Companies :**

**HINDUSTAN FLUOROCARBONS LIMITED [HFL] : (Subsidiary) .**

**OPERATION AND OVERALL PRODUCTION AND MARKETING PERFORMANCE:**

During the year, HFL has made Net loss of Rs.377.46 lacs from operations as against the net loss of Rs. 2482.47 lacs of the previous year. During the year, the sales turnover (net) was Rs.2915.07 lacs as against Rs.2788.92 lacs in the previous year. This is mainly due to employee benefits against wage revision, Decrease in sales realization of main product PTFE and discontinuation of CDM Project in international market. During the year under report production of PTFE was 107 Metric Tons as against 184 Metric Tons



in the previous year. During the year, 726.58 Metric Tons of CFM-22 was sold in the market against 555.17 Metric Tons in the previous year and balance quantity was used as feed stock to manufacture various products including Fluoro Specialty Chemicals. Accordingly, during the year 45.80 Metric Tons of Tetra Fluoro Etylene (TFE) was used to manufacture Telomere. Quality of all company's products continued to be well accepted by our customers. Company has achieved 88% capacity utilization as against 86% in the previous financial year. In spite of better physical performance, financial performance was badly affected due to the reasons mentioned above.

Considering the Company's financial health, during the year on the recommendations of the BODs, though your Company has put up its proposals to (its Subsidiary,) HFL, demanding for the repayment of part of secured loan amount fallen due for payment (to HOCL) out of the proceeds of land sale (HFL Land sold to CIEPET), HFL had expressed its inability to repay to HOCL amount overdue stating that the funds not available due to Capex Programme.

**CLEAN DEVELOPMENT MECHANISM (CDM) PROJECT:**

In absence of buyers from European Union, CER prices was drastically come down, hence company is not generating CERs.

**HOC CHEMATUR LTD. [Subsidiary JV]- Abandoned Project :**

The subsidiary Co. HOC Chematur Ltd. existing only on records as it was incorporated as a Public Ltd. Co. under the Companies ACT and is subject to audit both by the statutory auditors appointed by the C&AG, and by the Govt. Audit, The statement of Profit & Loss is approved and audited as prescribed under the provisions of Companies Act, 2013 and are e-filed to the MCA/ROA authorities.

The Statement Pursuant to Sec. 129(3) of the Companies Act, 1956 is given in Annexure I & Annexure IA in respect of HOC Chematur Ltd.

**Form AOC-I**

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 , Form AOC-I is given in Annexure IB

**AUDITORS**

In terms of provisions of Section 619(2) of the Companies Act,1956, the Comptroller & Auditor General of India, under its letter No.CA. V/COY/CENTRAL GOVT,HOCL(2)/225 dated 30/7/2014 has appointed M/s FORD RHODES PARKS & CO, Chartered Accountants, Mumbai as Auditors of the Company to audit the accounts of the Rasayani unit and to audit the consolidated accounts of the company. Vide CAG under its letter No.CA. V/COY/CENTRAL GOVT.HOCL (2)/225 dated 30/7/2014 has appointed M/s AYYAR & CHERIAN Chartered Accountants, Cochin as Branch Auditors to audit the accounts of Cochin unit for the year ended 31<sup>st</sup> March, 2015.

The remarks of the Board of Directors on the Auditors' Report to the members are furnished in Annexure IV.

The report of the Comptroller & Auditor General of India under section 619(4) of the Companies Act, 1956, on the Accounts of the Company for 2013-14 is annexed to the Statutory Auditors' Report in the Annual Report.

Pursuant to directions from the Ministry of Company Affairs for appointment of Cost Auditors, Board of Directors of the company appointed M/s V.J.Talati & Co. as the Cost Auditors of Rasayani Unit and also as Lead Auditors for the Year 2014-2015 for cost audit of Company's Sulphuric Acid, Aniline, Formaldehyde, Caustic Soda, Nitro Benzene products (of Rasayani unit) and M/s Panikar & Company as Cost Auditors of Kochi Unit for the year 2014-15 for Kochi Unit products viz. Phenol, Acetone & Polypropylene products.

**DIRECTORS**

During the Financial Year 2014-15, GOI has appointed also Shri. Rajiv Yadav, Additional Secretary & Financial Advisor in the Ministry of Chemicals & Fertilizers as part-time Government Nominee Director in place of Dr. V.K. Subburaj, SS&FA, on the Board of HOCL, vide GOI Order No. 51/11/95-Ch-III-(Vol.II) dated 23<sup>rd</sup> June, 2014.

During the year 2015, in the month of May, 2015 (21-5-2015, the tenure of one Independent Director, Dr. N.J. Gaikwad from Nagpur, ( Non official part time Director on the Board of HOCL ) on the Board of the Company was ended on 21<sup>st</sup> May, 2015.

**In terms of Article 76(4) of the Articles of the Association of the Company, as on date of this Report ( 11-8-2015) the Government Nominee Directors, viz. Shri Rajiv Yadav, Special Secretary & Financial Advisor and Dr. A.J.V.Prasad, Joint Secretary, will retire at this 54<sup>th</sup> AGM in 2015 and are eligible for reappointment. Company is awaiting the necessary orders of the Government regarding reappointment of the said two Govt. Nominee Directors.**

**ACKNOWLEDGMENT**

Your Directors gratefully acknowledge the valuable guidance, support and directions given by the Government of India. Your Directors also gratefully acknowledge the support and co-operation extended by the State Governments, by the valued and esteemed customers, shareholders, suppliers, bankers, Statutory/Internal/Cost and Tax Auditors, Bondholders, and Investors at large.

Your Directors place on record their appreciation for the whole hearted efforts and contribution from all the employees and also acknowledge the support and co-operation of the entire Workers' Unions and Employees' Unions and their members for the smooth functioning of the Company's operations.

**For and on behalf of the Board of Directors of Hindustan Organic Chemicals Limited**

Sd/-

**V.B. Ramachandran Nair**

**Chairman & Managing Director**

**Place : Mumbai**

**Date 11 / 08 / 2015**

**ANNEXURE – I**

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY : HINDUSTAN FLUOROCARBONS LTD.,**

**Rs.in lakhs**

Sr. No.	Particulars	
1.	In compliance with the requirement of Section 212(1) of the Companies Act, 1956, the audited accounts of the subsidiary are to be enclosed.	Attached.
2.	Statement of Company's interest in the subsidiary company under Section 212(1(e)) read with Section 212(3) of the Companies Act given below : Extent of holding in the subsidiary	1,10,60,000 Equity Shares of Rs.10/- each fully paid up. 56.43%
3.	Net aggregate amount of the subsidiary's Profit/(Loss) so far as it concerns members of the holding company & is not dealt with in the company's accounts : i) For 2014-2015 ii) For Previous financial year iii) Cumulative Total – (Loss)	Rs. (213.00) lacs Rs. (1400.85) lacs Rs. (4072.50) lacs
4.	Net aggregate amount of the profits of the subsidiary after deducting its losses or vice versa dealt with in the company's accounts :- For 2014-2015 For Previous financial year Cumulative Total	Nil Nil Nil

**ANNEXURE – I A**

**STATEMENT PURSUANT TO SECTION 113 OF THE COMPANIES ACT,1956 RELATING TO SUBSIDIARY COMPANY: HOC-CHEMATUR LTD.**

**Rs.in lakhs**

Sr. No.	Particulars	
1.	In compliance with the requirement of Section 113 of the Companies Act, 1956, the audited accounts of the Subsidiary are to be enclosed.	Attached
2.	Statement of Company's interest in the Subsidiary Company under Section 113 read with Section 212(3) of the Companies Act given below :	30050 Equity Shares of Rs.10/- each fully paid up.





	Extent of holding in the subsidiary	60%
3.	Net aggregate amount of the Subsidiary's Profit/(Loss) so far as it concerns members of the holding Company & is not dealt with in the Company's accounts :	
	i) For 2013-2014	Nil (60% of Profit/loss i.e. Nil)
	ii) For Previous financial year	Nil (60% of Profit/loss i.e. Nil)
	iii) Cumulative Total – (Loss)	Nil (60% of Profit/loss i.e. Nil)
4.	Net aggregate amount of the Profits of the Subsidiary after deducting its losses or vice versa dealt with in the Company's account :-	
	i) For 2014-2015	Nil
	ii) For Previous financial year	Nil
	iii) Cumulative Total	Nil

**ANNEXURE - IB**

**Form AOC-I**

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

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

**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs. In Lakhs)

- Sl. No. 1
- Name of the subsidiary : Hindustan Fluorocarbons Ltd.
- Reporting period for the subsidiary concerned, if different from the holding company's reporting period : No
- Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries : NA
- Share capital : 1961.46
- Reserves & surplus : (7216.90)
- Total assets : 4745.89
- Total Liabilities : 4745.89
- Investments : NIL
- Turnover : 3274.79
- Profit before taxation : (377.46)
- Provision for taxation : NIL
- Profit after taxation : (377.46)
- Proposed Dividend : NIL
- % of shareholding : 56.43

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations : NIL
- Names of subsidiaries which have been liquidated or sold during the year : NIL  

V.B.Ramachandran Nair	J.N. Suryawanshi	R. Suresh Kumar	S.B. Bhide
Chairman & Managing Director	Director (Marketing)	Director (Finance)	Director (Technical)

**Part "B": Associates and Joint Ventures**

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

	Name of Associates/Joint Ventures :	HOC Chematur Ltd
1.	Latest audited Balance Sheet Date :	2013-14
2.	Shares of Associate/Joint Ventures held by the company on the year end No. :	30050
	Amount of Investment in Associates/Joint Venture :	300500
	Extend of Holding % :	60
3.	Description of how there is significant influence :	NA

4.	Reason why the associate/joint venture is not consolidated :	The company has become defunct and being exited.
5.	Networth attributable to Shareholding as per latest audited Balance Sheet:	NIL
6.	Profit / Loss for the year :	NIL ( Project abandoned)
	i. Considered in Consolidation :	No
	ii. Not Considered in Consolidation :	Yes

- Names of associates or joint ventures which are yet to commence operations. HOC Chematur Ltd.
- Names of associates or joint ventures which have been liquidated or sold during the year. Under Liquidation.

Note : This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

V.B.Ramachandran Nair	J.N. Suryawanshi	R. Suresh Kumar	S.B. Bhide
Chairman & Managing Director	Director (Marketing)	Director (Finance)	Director (Technical)

**ANNEXURE II**

**Form- A : Rasayani + Kochi**

**Disclosure of Particulars with Respect to Conservation of Energy**

A.	Power and Fuel Consumption:	Current Year 2014-15	Previous Year 2013-14
1.	<b>Electricity</b>		
a)	Purchased (unit)	32470141	33670139
	Total amount (Rs.)	199871555	194623537
	Rate per unit (Rs.)	6.16	5.78
b)	Own generation		
	i) Through LSHS	NIL	35460
	ii) Units per Kg. of LSHS	NIL	4.65
	Cost per unit (Rs.)	NIL	9.51
	iii) Through steam generation	NIL	NIL
	Units per litre of fuel oil	-	-
	Cost per unit (Rs.)	-	-
a)	Purchased (unit)	32470141	33670139
	Total amount (Rs.)	199871555	194623537
	Rate per unit (Rs.)	6.16	5.78
b)	Own generation		
	i) Through LSHS	NIL	35460
	ii) Units per Kg. of LSHS	NIL	4.65
	Cost per unit (Rs.)	NIL	9.51
	iii) Through steam generation	NIL	NIL
	Units per litre of fuel oil	-	-
	Cost per unit (Rs.)	-	-
2.	<b>Coal</b>	NIL	NIL
3.	<b>a. Furnace Oil/ LSHS</b>		
	Quantity (MT)	6176	6823
	Total Amount (Rs.)	199619876	283879655
	Average rate (Rs.)	32322	41605
4.	<b>Others/ Internal Generation</b>	NIL	NIL
(a)	Others- Diesel (Litre)	NIL	NIL
(b)	Internal Generation	NIL	NIL

**Consumption per unit of Production**

Product	Standard power consumption (kwh/MT)	2014-15		2013-14	
		Prod. (MT)	power consumption (kwh/MT)	Prod. (MT)	power consumption (kwh/MT)
Nitrobenzene	56	1097	45	964	46
Hydrogen	570	Nil	Nil	12	862
Aniline	280	Nil	Nil	150	482
Sulphuric Acid	70	Nil	Nil	Nil	Nil
Formaldehyde	100	Nil	Nil	694	214
Nitrotoluene	170	Nil	Nil	Nil	Nil



Con.Nitric Acid	840	Nil	Nil	766	1886
Propylene	30	6590	45	7347	38
Phenol/Acetone	599	16111	873	17374	911
Hy. Peroxide - 50%	2711	8031	1573	9055	1250

**Annexure – III –**

**Consolidated report as on 31-03-2015 (SC/ST/WOMEN) Rasayani & Kochi Unit.**

Group	Total	SC	ST	Women
A	326	46	20	22
B	358	63	13	37
C	407	46	13	37
D	55	10	4	3
<b>Total</b>	<b>1146</b>	<b>165</b>	<b>50</b>	<b>99</b>

**Annexure IV**

Basis for Qualified Opinion	Management Reply
<p>A) No provisions have been made in the consolidated financial statements for the following amounts relating to Holding Company (refer respective notes in the notes to the financial statements);</p> <p>i) Penal interest of ₹ 1268.87 lakhs (Previous year ended 31<sup>st</sup> March 2014: ₹ 1062.51 lakhs) on overdue loan from Government of India (note no. 5A(vii)),</p> <p>ii) Loss on account of misappropriation of Company's fund amounting to ₹ 64.81 lakhs (Previous year ended 31<sup>st</sup> March 2014: ₹ 64.81 lakhs), pending final report from CBI and outcome of the civil suit (note no. 37),</p> <p>iii) Liability of wage revision for the period 1.1.1997 to 31.12.2000 ₹ 1887.79 lakhs (Previous year ended 31<sup>st</sup> March 2014: ₹ 1887.79 lakhs) at Rasayani unit (note no. 33A),</p> <p>iv) Liability of wage revision for the period 1.1.2007 to 31.3.2008 ₹ 161.55 lakhs (Previous year ended 31<sup>st</sup> March 2014: ₹ 161.55 lakhs) to Officers and ₹ 148.26 lakhs (Previous year ended 31<sup>st</sup> March 2014: ₹ 148.26 lakhs) to Staff at Rasayani unit (note no. 33B and 33C).</p>	<p>A)(i). The company has made provision for the liability for interest on loan taken from the Government of India at the rate at the rate stipulated in the Sanction letter of Government. As per the terms of sanction, Government of India (GOI) reserves the right to charge additional (Penal) rate of Interest in case of default in Payment of Principal/Interest on due dates. In the absence of any intimation/demand from GOI for payment of additional (penal) interest, no provision was made in the accounts towards the same. The amount has been included under contingent liability and disclosed in the Annual Accounts.</p> <p>(ii). During 2001-02 a case of mis-appropriation of Company's funds to the tune of Rs.64.81 lacs by one official of the company was detected. The case is under investigation of CBI. In the meantime based on the report of Vigilance Department, a civil suit has been filed for recovery of the amount from the concerned employee who was dismissed from the service of the company. Since in the opinion of the Management the value of assets seized by CBI is sufficient to cover the losses occurred on account of fraud, no provision in the accounts is made and the amount is shown as recoverable.</p> <p>(iii). No provision has been made for liability towards wage revision of employees of Rasayani Unit for the period from 01/01/1997 to 31/12/2000 amounting to Rs. 1887.79 lacs, since the arrears are payable when the company generate adequate surplus with the prior approval of administrative Ministry. Accordingly no provision for the arrears payable as above was made in the Accounts. However, during the year 2011-12 the Board of Directors with the concurrence of the Administrative Ministry have decided to settle the dues of employees of Rasayani Unit during the next 4 years time period. Necessary accounting of the arrears payable will be made in the Accounts depending on the release of dues to the employees.</p> <p>(iv). In respect of revision of wages with effect from 01.01.2007, the Board in its 327<sup>th</sup> Meeting held on 9.8.2010 decided to release arrears subject to the condition that the Company generates adequate cash surplus. Accordingly, no provision has been made for arrears payable for the period 01.01.2007 to 31.03.2008 amounting to Rs. 161.55 lacs in respect of officers and Rs. 148.26 lacs to staff of Rasayani Unit. Necessary accounting will be made in subsequent years as and when the above dues are paid to the employees.</p>

For and on behalf of the Board of Directors of Hindustan Organic Chemicals Limited

Place : Mumbai  
Date : 11/08/2015

Sd/-  
V.B. Ramchandran Nair  
Chairman & Managing Director

**Annexure – V**

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**(Annexure V to Directors' Report)**

The Management of Hindustan Organic Chemicals Ltd (HOCL) presents its Analysis Report covering the Performance and Outlook of the Company. The Report contains business perspective and

prospects based on the current environment and strategic options to steer the Company through unforeseen and uncontrollable external factors.

The petroleum feed stock prices in India are significantly higher as compared to major exporting countries. The capability of manufacturing units to earn a reasonable return has been largely affected by global competition and tightening of parameters like rationalized duty structure and strict quality controls. Moreover, the capacity in the Indian Industry is small as compared to the competitors abroad, in effect the Indian Industry is in a disadvantageous position with regard to overhead costs.

In order to prevent dumping and to reform the sector to enable it to meet global competition, active follow ups is made with the Govt. for continuation of/levy of anti-dumping duties as per WTO Guidelines.

**KEY OPPORTUNITIES INCLUDE**

- Growth in certain sectors such as phenolic resins, laminates, plastics, rubber chemicals etc. in the overall markets of the country.
- High quality standard and wide spread marketing network to remain preferred supplier to large consumer all over the country.
- Growth in production/promotion of chemical industry .
- Potential to develop Rasayani into a Petrochemical hub with the interest shown by Petroleum Companies like BPCL / HPCL and GAIL for investment in land infrastructure.
- Company has filed review petition & fresh application for Anti-Dumping Duty to the concerned Authorities.

**KEY THREATS INCLUDE**

- Tough competition in Petro sector along with downward movement in prices.
- Availability of cheaper imported chemicals
- BIFR has declared the company Sick Company under the provisions of SICA (Special Provisions) Act .
- Availability of Anti-dumping support for Phenol and Acetone manufactures at Kochi unit.
- The Company is facing acute working capital shortage which has affected the operations and payment obligations.

**SEGMENTWISE PERFORMANCE**

The Company is primarily in the business of manufacture and sale of chemicals.

Product Segment	Year ended 31/03/2015			Year ended 31/3/2014		
	Target MT	Actual MT	Percentage Achieved	Target MT	Actual MT	Percentage Achieved
Chemicals	215234	48159	22.38%	190163	53817	28.30%

**PRODUCT WISE PERFORMANCE (Production of Main Products)**

Sr.No.	Name of Product	F.Y. 2014-15		F.Y. 2013-14
		Target	Actual	Actual
1.	Nitrobenzene	17808	1097	964
2.	Aniline	6500	0	150
3.	Formaldehyde	30000	0	694
4.	Sulphuric Acid	-	-	-
5.	Phenol	36000	9944	10687
6.	Acetone	22200	6167	6687
7.	H2O2	11000	8031	9055

**OUTLOOK AND INITIATIVES FOR THE CURRENT YEAR**

Both the units of the company have taken initiatives to improve the efficiency of the operating plants by implementing certain schemes like;

Retrofitting of Conc. Nitric acid plant (C.N.A), where N2O4 is produced has been completed, with the commissioning of Nox Blower.

HOCL is in discussion with HPCL, BPCL to lease our Land at Rasayani to generate resources and improve the operations. GAIL has shown interest in acquiring land for setting up a Petrochemical Complex

**SOME RISKS & CONCERNS.**

- The man power cost per ton of finished product remains high.



- Old depreciated plants, requires high maintenance cost.
- Huge investments required for revamp/replacement/modernization of the old plants.
- In view of the fact that as on 31.03.2015 as the Company's Accumulated Losses have exceeded the networth the Company has been referred to BIFR
- During the year ended 31-03-2013 as the entire net worth of the Company has been eroded, Company is taking necessary steps under SIC (SP)Act,1985, as to reporting to BIFR as a sick unit etc.
- Dumping of cheap imports chemical products to the detriment of domestic chemical industry.
- Volatility in the raw material prices mainly Benzene prices.

**INTERNAL CONTROL SYSTEMS & THE ADEQUACY**

Internal controls are supported by Internal Audit and Management Reviews. Company ensures existence of adequate internal control through documented policy and procedures to be followed by the executives at various levels. The Management is keen on these issues and initiated various measures such as upgrading IT infrastructure, evaluating & implementing ERP software, web based application and establishing connectivity amongst manufacturing units and branch offices for effective & proactive services and business benefits.

With the objective of improving the systems and removing bottlenecks, systems review is carried out and policies and procedure manuals are amended. Kochi unit has been certified under ISO-9001:2000 standards through Bureau Veritas Certification India Pvt. Ltd. (BCI). Environment Management System (EMS) of Kochi unit has been certified under ISO-14001:2004 standards through BVQI, Rasayani unit has been re-certified in January 2008 and Kochi unit has been re-certified in June 2008 under ISO-9001:2000 standards. The existing certificate for ISO 9001 & 14001 is valid up to 2014.

As part of good Corporate Governance the Audit Committee re-constituted by the Board periodically reviews the internal controls, Audit Programmes, Financial Results, Recommendations of the Auditors and Management's Replies to those Recommendations.

**REVIEW OF FINANCIAL PERFORMANCE :**

The financial statements have been prepared in accordance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles.

The financial performance highlights are as follows:-

The sales turnover was of the order of Rs. 167.19 crores against Rs. 236.79 crores for the previous year showing a decrease of 29.39%. There was an Operating Loss before interest and depreciation of Rs. 114.61 crores against the Operating loss of Rs 114.98 crores for the previous year. Company incurred an Interest expenditure of Rs. 51.27 crores against Rs. 42.61 crores of the previous year.

The Company is in the process of submitting a Revival Plan to the Ministry. The Report prepared by the Consultants is under consideration of the Management. The main focus of revival of the company is with the financial assistance from Government and monetizing of land infrastructure with potential for joint venture investment.

**Information Technology – 2014-15**

Company has effective information systems for core business areas. However, company has envisaged a plan to meet changing demands keeping in view the technological changes and the way information & communication technology offering innovative services suiting to every business needs. Company has successfully rolled out SAP at their manufacturing unit at Kochi and all branch offices.

Management ensures continual effort in the ever changing technological environment, for improving and meeting with requirement like data security, information available, transparency and accuracy. Company is using open tendering / e-Tendering solution being provided by National Informatics Centre (NIC).

**CAUTIONARY STATEMENT**

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the chemical industry - global or domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, manpower cost, exchange rate fluctuations, interest and other costs.

For and on behalf of the Board of  
Hindustan Organic Chemicals Ltd.  
Sd/-  
(V.B. Ramachandran Nair)  
Chairman & Managing Director

Place : Navi Mumbai

Date : 11/08/2015

**ANNEXURE VI****Report on Corporate Governance****(As on 31-03-2015)**

The Directors present the Company's Report on Corporate Governance.

**1. Corporate Philosophy / Main Objective on Code of Governance:**

As per the Code of Governance propounded by the Government, Corporate Governance involves a set of relationships between a Company's Management, its Board, its shareholders, and other stakeholders. Corporate Governance provides a principled process and structure through which the objectives of the Company, the means of attaining the objectives and systems of monitoring performance are set. Corporate Governance is a set of accepted principles by management of the inalienable rights of the shareholders as a true owner of the corporation and of their own rule as trustees on behalf of the shareholders. It is about commitment to values, ethical business conduct, and transparency and makes a distinction between personal and corporate funds in the management of a Company.

Hindustan Organic Chemicals Limited (HOCL) trusts on the conduct of its business activities and enhance the value of all those who are associated with the Company viz. shareholders, customers, suppliers, creditors, Government of India, Ministry of Chemicals and Fertilizers, Department of Public Enterprises, Various State Governments, other Governmental agencies / departments and the society at large. Essentially, it involves practicing good Corporate Governance and HOCL believes in transparency, accountability, and attaining maximum level of enrichment of the enterprise. HOCL also price the global recognition by ensuring the integrity, value addition to its domestic as also the international customers in its product commitments.

**2. Board of Directors**

The Board of Directors oversees all major actions proposed to be taken by the Company. The Board also reviews and approves the strategic and business plans including monitoring corporate performance.

**a) Composition of the Board :**

In accordance with the provisions of the Articles of Association of the Company (as amended from time to time), the number of Directors of the Company shall be neither less than three nor more than fifteen. The Directors shall not require to hold any qualification shares.

As on 31-03-2015 the Board of HOCL consisted of Seven members with 4 Executive Directors, 2 Government Nominee Directors and 1 Non-Executive Director, who are acknowledged as leading professionals in their respective fields.

Company-[HOCL] is a Govt. of India Undertaking (a CPSU) and as per Company's Articles of Association, the power to appoint all the Directors on the Board of our Company vests with the Govt. of India. Therefore, as on 31-03-2015, the Composition of HOCL Board then comprised only one [1] no. Independent Director (i.e. Dr. N.J. Gaikwad), as against the requirement of 6 No.s of Independent Directors (as the Chairman is an Executive Director, 50% of the Board's Composition (i.e.4 Nos.) should comprise of Independent Directors.). Further, the tenure of Dr. N.J.Gaikwad was ended on 21-5-2015.

With the above position of the Composition of the Board of Directors, the Company is partially complying with the provisions of Clause 49 of the Listing Agreement with Stock Exchanges, as on 31.03.2015.

**The constitution of the Board is given below :**Details of the Board of Directors during the year 2014-15 were as under:- **(As on 31-03-2015)**

Sr. No.	Name of the Director	Category Of Director (ED, NED, NEID)	No. of Other Director Ships	Member Ship in Other Board Committees	Chairman Ship in Board / Committee
1.	Shri V. B. Ramachandran Nair	(ED) CMD	3	2	2
2.	Shri J.N.Suryawanshi,	(ED) Dir.(Mktg.)	2	1	-



3.	Shri Suresh Kumar R.	(ED) Dir.(Fin)	3	6	-
4.	Shri S.B. Bhide	(ED) Dir. (Technical)	2	1	-
5.	Shri. Rajiv Yadav	NED Govt. (Nominee) Director	2	1	1
6.	Dr. A.J.V.Prasad	NED Govt. (Nominee) Director	2	2	1
7.	Dr. N.J. Gaikwad	NEID	2	1	1

ED-Executive Director; NED-Non-Executive Director

NEID – Non-Executive Independent Director / Non Official Independent Director.

Note : The information in the table relates to Indian Public Limited Companies only.

**Changes in the Board of Directors** - During the year: None.

b) **Brief resume of Directors appointed, their other Directorship, Membership/Chairmanship in other Committees etc.**-

During the year- 2014-15: **Not Applicable**.

c) **Meetings of the Board :**

The Board meets statutorily as also as many times as may be warranted, at its Corporate Office, Registered Office and other locations, as convenient to the Directors. The Company Secretary serves as Secretary to the Board and its Committees.

**Board Agenda and Material:**

The Board believes that a carefully planned agenda is important for effective Board Meetings. All major issues included in the Agenda are backed by comprehensive background information to enable the Board to take decisions. The Agenda is flexible enough to accommodate unexpected development (s), which require Board's attention and its decision. Agenda papers are generally circulated well in advance to the members of the Board. The Board Members, in consultation with the Chairman may bring up any relevant matter for the consideration of the Board.

The Board of the Company met 8 times during the financial year 2014-15 on the following dates:

29/4/2014, 29/5/2014, 2/7/2014, 13/8/2014, 24/09/2014, 14/11/2014, 13/1/2015 & 12/02/2015.

The Company placed before the Board, the Budgets, annual operating plans, performance of the business and various other information, including those specified in Annexure 1 of the Clause 49 of the Listing Agreement, from time to time.

d) **Attendance of Directors at Board Meetings and Annual General Meetings:**

The attendance of the Board Meetings and Annual General Meetings were as under:

For the year 2014-15.

DIRECTORS	NO. OF BOARD MEETINGS ATTENDED	ATTENDANCE AT THE LAST AGM
Shri. V. B. Ramachandran Nair	8	Yes
Shri J.N.Suryawanshi	8	Yes
Shri Suresh Kumar R.	8	Yes
Shri S. B. Bhide	8	Yes
Shri Rajiv Yadav	6	No
Dr. A.J.V.Prasad	7	No
Dr. N.J. Gaikwad	8	Yes

e) **Information supplied to the Board:**

Among others, information supplied to the Board includes :

- Annual operating plans and budgets, capital budget, updates,
- Quarterly results for the Company and its operating divisions or business segments,
- Minutes of meetings of Audit Committee and other Committees,
- Important show cause, prosecution and demand notices,
- Any materially relevant default in financial obligations to and by the Company,
- Significant labour Issues,

- Compliance of any regulatory, statutory nature or listing requirements and shareholder service such as payment of dividend and share transfer.

**3. Remuneration of the Directors**

Details of remuneration paid / payable to the Directors for the year ended March 31, 2015 are as follows :

Amt. in ₹

DETAILS OF REMUNERATION PAID TO THE DIRECTORS FOR THE YEAR 2014-15					
Name Directors	Salary including Perks (₹)	Arrears	Retirement benefits	Sitting Fees & OPE	Total ₹
Shri. V. B. Ramachandran Nair, CMD	1697793.00	-	239518.00	N.A.	1937311.00
Shri J.N.Suryawanshi DM	1822077.00	-	220236.00	N.A.	2042313.00
Shri Suresh Kumar R., DF	1756909.00	-	213810.00	N.A.	1970719.00
Shri. S.B. Bhide, DT	1759617.00	-	213810.00	N.A.	1973427.00
Shri Rajiv Yadav, SS&FA	N.A.	-	Nil	Nil	Nil
Dr. A.J.V.Prasad, JS	N.A.	-	Nil	Nil	Nil
Dr. N.J. Gaikwad, NOID	N.A.	-	Nil	60,000.00	60,000.00

The Executive Directors have been appointed by the President of India for a period of five years or till attaining the age of superannuation, whichever is earlier. The appointment may be terminated even during this period by either side on three months' notice or on payment of three months' salary in lieu thereof.

\* The Company has not given any stock options.

\* Non-executive Directors: The Company does not pay any remuneration to its non- executive Directors.

**4. Board Committees :**

The following Committees have been constituted with its own specific charter of Responsibilities. In these Committees, the Committee members play an important role in deliberations of the Meetings and visualize the enrichment of the Company through their respective expertise and Public Policy.

Presently there are 3 Committees constituted by the Board of Directors - Viz. Audit Committee of Directors, Share/Bonds Transfer /Shareholders' Bond holders'/Investors' Grievance Committee and Corporate Social Responsibility & Sustainability Committee.

**I. Audit Committee of the Directors :**

Board at its Meeting held on 02/07/2014 has reconstituted the Audit Committee comprises of (1) Shri Rajiv Yadav, AS&FA, Chairman of the Audit Committee (2) Dr. A.J. V.Prasad, J.S., Member of the AC (3) Dr. N.J. Gaikwad, NOID, Member of the AC (4) Shri V.B.Ramachandran Nair, CMD as Invitee (5) Shri J.N. Suryawanshi, D(M), as Invitee (6) Shri Suresh Kumar R., DF, as invitee, (7) Shri. S.B. Bhide, DT as invitee and (8) Mrs. Susheela S. Kulkarni, Company Secretary and Secretary of the Audit Committee. The other terms & reference of the said Committee remains same and unchanged.

The Committee met 4 times during the year ended 31-3-2015 on the following dates :

2/7/2014, 13/08/2014 ; 14/11/2014 ; 12/02/2015

DIRECTORS	NO. OF AUDIT COMMITTEE MEETINGS ATTENDED
Shri Rajiv Yadav	3
Dr. A.J.V.Prasad	4
Dr. N.J. Gaikwad	4

(i) **Terms of Reference:**

Apart from all the matters provided in Clause 49 of the Listing Agreement and Section 292(A) of the Companies (Amendment) Act, 2002, the Committee reviewed reports of the Internal Auditors, met Statutory Auditors periodically and discussed their findings, suggestions, internal control systems, compliance with the accounting standard, scope of audit, observations of the Auditors and other related matters. The Committee also reviewed the major accounting policies followed by the Company. The Committee invited senior executives as it considers appropriate at its meetings. CMD, Head of Internal Audit attend the meetings of Audit Committee as special invitees. The representatives of the Statutory Auditors are also invited to attend the meetings. The Company Secretary is Secretary to the Committee.

**II. Share/Bonds Transfer / Shareholders' Bond holders' / Investor' Grievance Committee.****Terms of Reference:**

As required under the Companies Act, 1956, the Company already has a Share Transfer Committee comprising of Shri V. B. Ramachandran Nair, CMD as Chairman (w.e.f. 17/06/2013), Shri J.N.Suryawanshi, Director (Marketing), Shri Suresh Kumar R., Director (Finance), Shri S. B. Bhide, Director (Technical) and Mrs. S. S. Kulkarni, Company Secretary, as its members. The quorum of the committee is Two Directors. Mrs. Susheela S. Kulkarni, Company Secretary is designated as the Compliance Officer and acts as Secretary to the Committee.

**Share/Bonds Transfer System:**

The Company's Share/Bonds Transfer / Shareholders Grievance Committee is authorised to transfer securities as and when they are received and to redress the investor's grievances / complaints. The dematerialised shares are directly transferred to the beneficiaries by the depositories.

The Company seeks to ensure that all transfers are approved for registration within the stipulated period. With a view to expediting the approval process, the Committee meets regularly and approves all matters related to shares vis-à-vis transfers, deletion, transmission, dematerialisation and rematerialisation of shares. There was no pending complaints and requests for demat.

This Committee is vested with the requisite powers and authorities to specifically look into the redressal of shareholders and investors grievances.

The letters received from the Investors were attended/resolved to the satisfaction of the investors. The transfer of shares was effected within the stipulated time.

The Committee met 30 times during the year. The Details are as under:

04/04/2014; 08/04/2014; 15/05/2014; 03/06/2014; 11/06/2014; 27/06/2014;  
02/07/2014; 8/07/2014; 18/07/2014; 24/7/2014; 30/7/2014; 04/08/2014;  
13/08/2014; 20/08/2014; 28/8/2014; 24/09/2014; 01/10/2014; 20/10/2014;  
30/10/2014; 10/11/2014; 18/11/2014; 27/11/2014; 03/12/2014; 15/12/2014;  
22/12/2014; 01/01/2015; 05/01/2015; 13/1/2015; 29/01/2015; 03/02/2015;  
18/02/2015; 25/2/2015; 2/03/2015; 10/03/2015; 18/03/2015; 25/03/2015;  
30/03/2015;

**Summarised information on complaints received and resolved during 1<sup>st</sup> April 2014 to 31<sup>st</sup> March, 2015**

Sr.No.	Nature of Complaint	Received	Redressed	Pending as on 31/3/2015
<b>DIRECT:</b>				
1.	Non receipt of dividends/ Warrants	-	-	-
2.	Non receipt of share Certificates	-	-	-
3.	Miscellaneous	-	-	-
<b>SEBI :</b>				
4.	Non receipt of dividend warrants	-	-	-
5.	Non receipt of share certificates	-	-	-
6.	Miscellaneous	-	-	-

**No. of Pending Share Transfers**

As on 31<sup>st</sup> March, 2015 there are Nil Share transfer cases pending.

**III. Remuneration Committee.**

In view of the existence of only 1 Independent Directors on the Board, The Board pursuant to the provisions under the Articles of Association of the Company could not constitute the Remuneration Committee of the Board, during the year, 2014-15.

The Terms of Reference of the previous year's Remuneration Committee among other things included issues relating to the fixing of Remuneration of the Employees, wage related negotiations with the Employees Unions, and fixation of Remuneration of the Employees as per Govt./ DPE Guidelines , Orders etc. to put up the same to the Board for its consideration.

The Non-Executive Directors are not paid any remuneration except sittings fees for attending the meetings of the Board or Committees thereof. However, Government Nominee Directors are not paid any Sitting Fees.

**IV. CSR &SD Committee.& CSR Ppolicy**

During the year 2014, in compliance with the Department of Public Enterprise (DPE) Guideline on Corporate Social Responsibility (CSR), Company has constituted Board level Corporate Social Responsibility (CSR) and Sustainability (SD) Committee comprising of Independent Director & other two Directors from the Board of the Company. The terms of reference of the said CSR&SD Committee included among others set up of the Committee with existence of the two tier organization structure with mandatory membership of an Independent Director on the Board level committee, frequency of meeting, range of decision, staff/ stakeholder involvement etc.

**5. Annual General Meetings.(to be changed)**

The last three Annual General Meetings of the Company were held as under:

Particulars	FY 2011-2012	FY 2012-2013	FY 2013-2014
Date and Time	28-09-2012 3.00 p.m.	27-09-2013 3.00 p.m.	24-09-2014 3.00 p.m.
Venue	Rasarang Hall Dr.Kasbekar Park At PO: Rasayani, Dist.Raigad Pin - 410 207	Rasarang Hall Dr.Kasbekar Park At PO: Rasayani, Dist.Raigad Pin - 410 207	Rasarang Hall Dr.Kasbekar Park At PO: Rasayani, Dist.Raigad Pin - 410 207

No Special resolutions were passed through postal ballot at the last Annual General Meeting (AGM).

No special resolutions are proposed through postal ballot at the forthcoming Annual General Meeting.

The last Extra-Ordinary General Meeting of the Company were held as under:

Particulars	FY 2014-2015
Date and Time	30-05-2014
Venue	3.00 p.m. Rasarang Hall, Dr.Kasbekar Park, At PO :Rasayani, Dist.Raigad, Pin - 410 207

The following Special Resolutions were passed through Voting by Poll and E-Voting at the last Extra-Ordinary General Meeting (EGM).

- To consider and to approve the proposal for Issue of Rs. 150 crore expected Govt. Guarantee, Unsecured, Redeemable Bonds on Private Placement basis.
- To consider and to approve the long lease (maximum period of 90years) of Company's land at Rasayani, Maharashtra to other PSUs AND to consider and approve the proposal to sell and dispose off the Company's land at Panvel, Maharashtra.

**6. Disclosures:**

- There was no materially significant related party transaction with its Directors/or the Management or Subsidiary or relatives that may have potential conflict with the interests of Company at large;
- There was no case of Non-compliance by the Company of Statutory Provisions of the Companies Act, 2013 [except Section177 (Section 292A of Companies Act, 1956) Reg: Provisions on Audit Committee] or SEBI Regulations or provisions of Listing Agreement (except Clause 49II) or any other Statutory Authority. Further, these authorities have never passed any strictures or imposed any penalties on the Company on any matter related to capital markets, during the last three years ;
- It is affirmed that no personnel has been denied access to the audit committee;
- Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause - are provided in this report;

**7. Means of Communication**

The quarterly, half-yearly reviewed and annual audited financial results are regularly posted by the Company on its website <http://hocl.gov.in> .

- These Quarterly, half-yearly reviewed and annual audited financial results of the Company are also submitted to the Stock Exchanges immediately after they are approved by the Board.
- The results are published in Regional Language (Navashakti) and English National Daily (The Free Press Journal) as per the requirements of the Listing Agreement with the Stock Exchanges.
- Management Discussion and Analysis Report forms part of this Annual Report.



- Whenever a Director is appointed or re-appointed, Stock Exchanges are intimated through Fax/ Speed Post/Courier Service.

**8. General Shareholders' Information**

**Compliance Officer**

Smt. Susheela S. Kulkarni, Company Secretary is the Compliance Officer of the Company under Clause 47 of the Listing Agreement.

**Registered Office:** At & Post: Rasayani, Dist. Raigad, Maharashtra 410 207.

**a) Annual General Meeting :**

Date & Time : 29<sup>th</sup> September, 2015 at 3.00 p.m. (Tentatively)

Venue : At Rasarang Hall, Dr.Kasbekar Park, Rasayani, Dist.Raigad 410207.

**b) Financial Calender :**

The Company follows April - March as its Financial Year. The Results for every quarter beginning from April, are normally declared in the month following the quarter except for the last quarter for which the results are declared by May as permitted under the Listing Agreement.

**c) Dates of Book Closure (Proposed) :** (For the Purpose of Annual General Meeting)

From 22<sup>nd</sup> September, 2015 to 29<sup>th</sup> September, 2015 (both days inclusive)

**d) Dividend payment date :** Not Applicable

**e) Listing on Stock Exchanges :**

Presently the shares of the Company are listed on The Bombay Stock Exchange Ltd., Mumbai, National Stock Exchange of India Ltd., Mumbai.

\* Though the Company's shares are listed at Calcutta Stock Exchange Ltd., Company has already submitted application along with all the details for delisting of its Equity Shares from this Stock Exchange. However, the Company is still awaiting the confirmation from the said Stock Exchange.

**f) Stock Code at BSE :** 500449

**g) Registrar & Share Transfer Agents :**

M/s Sharepro Services (India) Pvt. Ltd  
13 AB, Samhita Warehousing Complex  
2<sup>nd</sup> Floor, Near Sakinaka Telephone e, Exchange,  
Andheri - Kurla Road, Sakinaka,  
Andheri (E), Mumbai - 400 072

**h) Demat ISIN at NSDL /CDSL :** INE048A01011

**i) Market Price Data**

**a) High/Low of market price of the equity shares traded on the National Stock Exchange of India Ltd., Mumbai for the year 2013-2014 was as follows. (subject to confirmation)**

Month	Monthly Highest	Monthly Lowest
April, 2014	13.65	11.35
May, 2014	24.20	12.15
June, 2014	23.30	18.00
July, 2014	22.40	16.30
August, 2014	19.20	14.65
September, 2014	30.80	16.25
October, 2014	29.95	23.20
November, 2014	27.20	20.35
December, 2014	25.35	19.05
January, 2015	25.00	20.05
February, 2015	21.40	16.90
March, 2015	18.40	12.70

**(1) High/Low of market price of the equity shares traded on the Bombay Stock Exchange Ltd., Mumbai for the year 2014-2015 was as follows: (subject to confirmation)**

Month	Monthly Highest	Monthly Lowest
April, 2014	13.75	11.41
May, 2014	24.35	12.23
June, 2014	23.45	17.80
July, 2014	22.55	16.35

August, 2014	19.20	14.75
September, 2014	30.75	16.20
October, 2014	30.00	23.30
November, 2014	27.25	20.50
December, 2014	25.25	19.30
January, 2015	25.00	19.70
February, 2015	21.55	17.00
March, 2015	18.60	12.60

**j) Distribution of Shareholding (subject to confirmation)**

The distribution of holdings as on March 31, 2015 was as follows :

Description	Share Holders		Holdings	
	Folios	%	Shares	%
-1	-2	-3	-4	-5
Upto 500	48664	87.33	7505489	11.17
501 1000	3611	6.48	3112355	4.63
1001 2000	1714	3.08	2744040	4.09
2001 3000	560	1.00	1463697	2.18
3001 4000	277	0.50	1007574	1.50
4001 5000	281	0.50	1345408	2.00
5001 10000	360	0.65	2685818	4.00
10001 AND ABOVE	256	0.46	47308719	70.43
TOTAL	55723	100.00	67173100	100.00

**J-i) Share Holding Pattern as on 31-03-2015 : ( subject to confirmation)**

Particulars	No. of Shares	% of shareholding
Promoters	39481500	58.78
FII	1800	00.00
NRIs/OCB/Non Domestic Companies	847433	01.26
Mutual Funds,Banks,Fls, Insurance Co	11900	00.02
Private Corporate Bodies	3568727	5.31
Individuals/Others	23261740	34.63
<b>Total Paid up Capital</b>	<b>67173100</b>	<b>100.00</b>

**k) Shareholding Pattern as on 31<sup>st</sup> March, 2015 was as under: (subject to confirmation)**

Category	No. of Share held	Percentage of shareholding
<b>A PRESIDENT OF INDIA &amp; NOMINEES</b>	39481500	58.78
<b>B NON-RESIDENT</b>		
1 Foreign Collaborators	0	0.00
2 Non-Domestic Companies	1100	0.00
3 Overseas Corporate Bodies	0	0.00
4 Foreign Institutional Investors	1800	0.00
5 Individual (Repatriation)	765369	1.14
6 Individual (Non-Repatriation)	80964	0.12
<b>C RESIDENT</b>		
1 Financial Institutions	1000	0.00
2 Nationalised Banks	300	0.00
3 Mutual Funds	10600	0.02
4 Bodies Corporates	3568727	5.31
5 NSDL Shares in Transit	0	0.00
6 Others	23261740	34.63
<b>TOTAL</b>	<b>67173100</b>	<b>100.00</b>

**l) Dematerialisation of Shares and Liquidity**

The shares of the Company are compulsorily traded in dematerialised mode. To facilitate the shareholders to dematerialise the shares, the Company has signed agreements with both the depositories i.e. National Securities Depository Limited and Central Depositories Services (India) Ltd. 96.67% of the share capital of the Company has been dematerialised as on 31<sup>st</sup> March, 2015 – total Accounts dematerialised is 36627 involving 64967315 35115 shares ( which constitutes 96.72% of the share capital)

**m) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date & likely impact in equity - NONE/NIL**

**n) Plant Locations**

Sr.No.	Location	Main Product
1.	Rasayani	Nitro Aromatic Complex
2.	Cochin	Phenol Complex

**o) Address for correspondence :-**

(a) Regd.office address of the Company : P.O. Rasayani, Dist.Raigad, Maharashtra PIN -410207

(b) R&amp;T Agents address :

M/s Sharepro Services (India) Pvt. Ltd 13 A/B, Samhita Warehousing Complex 2 <sup>nd</sup> Floor, behind Sakinaka Telephone e, Exchange, Andheri – Kurla Road, Sakinaka, Andheri (E), Mumbai - 400 072 Tel : 022-67720400 / 67720401 / 67720402 Fax No. 022-28508927 / 022 – 67720416 Email: <a href="mailto:sharepro@shareproservices.com">sharepro@shareproservices.com</a>	M/s Sharepro Services (India) Pvt. Ltd Investor Relation Centre,912, Raheja Centre, Free Press Journal Road Nariman Point, Mumbai 400 021. Tel : 022 - 67720700
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**9. CFO Certification of the Company****Shri Suresh Kumar R.**, Director Finance/CFO, certifies that as on 31-3-2015 :

(a) We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief :

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

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

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

(d) We have indicated to the Auditors and the Audit Committee :

(i) Significant changes in internal control during the year;

(ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

**10. Secretary's Responsibility Statement****Mrs. Susheela S. Kulkarni** Company Secretary and Compliance Officer certifies that as on 31-3-2015 :

On the basis of CFO Certification (as above), the Company Secretary confirms that as of 31/03/2015, the Company has :

(a) Maintained all the Statutory Registers required to be maintained under the Companies Act, 1956 ("the Act") and the Rules made there under.

(b) Filed all forms and returns and furnished necessary particulars in time to the Registrar of Companies (ROC) and/or Authorities as required under the Act.

(c) Issued all notices as required to be given for convening the meeting of the Board of Directors and General Meetings of the shareholders within the time limit prescribed by the Law.

(d) Conducted the meetings of the Board of Directors and Annual General Meeting as per the provisions of the Act.

(e) Complied with all the requirements relating to the minutes of the proceedings of the meeting of the Directors and the shareholders.

(f) Made due disclosures under the requirements of the Act including the requirements in pursuance to the disclosures made by the directors.

(g) Obtained necessary approvals of the directors, shareholders, Central Government and other authorities as per the statutory requirements.

(h) Given loans and made investments in accordance with the requirements of the Act, not exceeded the borrowing powers of the Company.

(i) Registered all the particulars relating to the creation, modification, and satisfaction of the charges with the ROC.

(j) Effected share transfers and dispatched the certificates within the time limit prescribed under the Act and rules made thereunder.

(k) Complied with all the Provisions under Companies Act 1956, (except Section 292A Reg: Provisions on Audit Committee); complied with all the requirements of the Listing Agreement entered into with the Stock Exchanges.[ except Cl. 49 (I) &amp; 49(II) ] .

The Company has also complied with the requirements prescribed by Securities and Exchange Board of India (SEBI) and other Statutory Authorities and also the requirements under the Act and related statutes in force.

**11. Compliance Certificate of the Auditors**

The Statutory Auditors are required to audit and certify that the Company has complied / not complied – with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is required to be annexed hereto to the Directors' Report .

The said Certificate of the Statutory Auditors to form as Annexure VII to Directors' Report.

**12. Re-appointment of Directors**Two Non-executive Govt. Nominee Directors viz. Shri Rajiv Yadav, SS&FA and Dr. A.J.V.Prasad, JS are due for retirement by rotation at the ensuing 54<sup>th</sup> Annual General Meeting of the Company and are eligible for re-appointment as per the directions of the Govt. of India.**For and on behalf of Board of  
Hindustan Organic Chemicals Ltd.**

Sd/-

**[Mrs. Susheela S. Kulkarni]****Company Secretary****Date: 11/08/2015****ANNEXURE VII****AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE REPORT****To the Members of****Hindustan Organic Chemicals Limited**

1. We have examined the compliance of conditions of Corporate Governance by Hindustan Organic Chemicals Limited for the year ended 31<sup>st</sup> March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. The Company has not fully complied with the provisions of Clause 49I of the Listing Agreement relating to the composition of the Board of Directors.
4. The Company has not fully complied with the provisions of Clause 49II of the Listing Agreement and Section 177 of the Companies Act, 2013, relating to the composition of the Audit Committee.
5. In our opinion and to the best of our information and according to the explanation given to us, we certify that apart from the above mentioned, the Company has complied with the other conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.
6. We further state that, such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Ford, Rhodes, Parks & Co.  
Chartered Accountants****Firm's Registration No. 102860W**

Sd/-

**Shrikant Prabhu****Partner****Membership No. 35296****Mumbai : 11<sup>th</sup> August, 2015**

**INDEPENDENT AUDITOR'S REPORT****To the Members of Hindustan Organic Chemicals Limited****Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Hindustan Organic Chemicals Limited ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's Unit at Kochi.

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

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

**Auditor's Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**Basis for Qualified Opinion**

- A) No provisions have been made in the standalone financial statements for the following amounts (refer respective notes in the notes to the financial statements):
- Penal interest of ₹ 1268.87 lakhs (Previous year ended 31<sup>st</sup> March 2014: ₹ 1062.51 lakhs) on overdue loan from Government of India (note no. 5A(vi)),
  - Loss on account of misappropriation of Company's fund amounting to ₹ 64.81 lakhs (Previous year ended 31<sup>st</sup> March 2014: ₹ 64.81 lakhs), pending final report from CBI and outcome of the civil suit (note no. 37),
  - Liability of wage revision for the period 1.1.1997 to 31.12.2000 ₹ 1887.79 lakhs (Previous year ended 31<sup>st</sup> March 2014: ₹ 1887.79 lakhs) at Rasayani unit (note no. 33A),

- Liability of wage revision for the period 1.1.2007 to 31.3.2008 ₹ 161.55 lakhs (Previous year ended 31<sup>st</sup> March 2014: ₹ 161.55 lakhs) to Officers and ₹ 148.26 lakhs (Previous year ended 31<sup>st</sup> March 2014: ₹ 148.26 lakhs) to Staff at Rasayani unit (note no. 33B and 33C).

The above four matters were also qualified in our report on the financial statements for the year ended 31<sup>st</sup> March, 2014.

Had the effects of the items mentioned in the paragraphs A) i) to A) iv) above been considered, the loss for the year would have been higher by ₹ 3531.28 lakhs (Previous year ended 31<sup>st</sup> March 2014: ₹ 3324.92 lakhs).

- The balances of trade receivables, trade payables, loans and advances and other current assets and other debit / credit balances are pending for confirmations and reconciliation (note no. 42). The effect of the same on the loss for the year is not ascertainable.

This matter was also qualified in our report on the financial statements for the year ended 31<sup>st</sup> March, 2014.

**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 matters described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its loss and its cash flows for the year ended on that date.

**Emphasis of Matter**

Attention is drawn to note 47 to the standalone financial statements which states that the company has made an application for reference to Board for Industrial and Financial Reconstruction (BIFR). The net worth of the Company is fully eroded. The Company has incurred a cash loss in the current and in previous years. The Company's current liabilities exceeds its current assets as at the balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said note. Our opinion is not modified in respect of this matter.

**Other Matter**

We did not audit the financial statements/information of Kochi Unit included in the standalone financial statements of the Company whose financial statements / financial information reflect total assets of ₹ 78675.65 lakhs as at 31<sup>st</sup> March, 2015 and total revenues of ₹ 13880.84 lakhs for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of this unit has been audited by the branch auditors whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this unit, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

- As required by the Companies (Auditor's Report) Order, 2015 issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- As required by the directions and sub-directions issued by the Office of the Comptroller and Auditor General of India under Section 143(5) of the Act, we give in Annexure II, a statement on the matters referred to in those directions.
- As required by Section 143(3) of the Act, we report that:
  - We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - 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.
  - The report on the accounts of the branch office of the Company audited under section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
  - The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - In our opinion, the aforesaid standalone financial statements comply





- with the Accounting Standards referred to in section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f) The matters described in the Basis for Qualified Opinion paragraph above, and the going concern matter described in the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- g) The conditions specified in section 164(2) of the Act in respect of qualifications of directors is not applicable to the Company being a government company.
- h) 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:
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer note 43 to the financial statements).
  - The Kochi Unit of the Company has entered into long term supply contract with Gas Authority of India (GAIL) for supply of Liquefied Natural Gas in 2011 for a period of 15 years ending in 2026. Material foreseeable losses on this contract is not quantifiable in the current scenario. Other than this, the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For **Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm's Registration No. 102860W

Sd/-  
**Shrikant Prabhu**  
Partner  
Membership No.35296

Place : Mumbai  
Date : 28<sup>th</sup> May, 2015

The loan to Hindustan Fluorocarbon Ltd. is interest free to the extent of ₹ 2744.06 lakhs and has varying interest rates of 10.25% to 14.5% on amount of ₹ 453.01 lakhs. Both the principal amount and interest on this loan has not been received by the Company as per stipulation.

In both the above cases, besides writing follow-up letters, the Company has not taken any other steps for recovery of the dues.

- In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have neither been informed nor have we observed any continuing failure to correct major weaknesses in internal control system.
- The Company has not accepted any deposits from the public within the meaning of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder.
- We have broadly reviewed the books of accounts maintained by the Company in pursuance to the rules made by the Central Government for the maintenance of cost records under sub section (1) of section 148 of the Act, for certain products of the Company and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- a) According to the information and explanations given to us by the management and on the basis of examination of the books of accounts carried out by us, the Company has been regular in depositing undisputed statutory dues including Employees' State Insurance, Sales-tax, Wealth-Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other statutory dues, as applicable, with the appropriate authorities. The Company has not been regular in depositing Provident Fund dues and tax deducted at source with the appropriate authorities during the year. There were no undisputed arrears of statutory dues outstanding as at 31<sup>st</sup> March, 2015 for a period of more than six months from the date they became payable except for as stated below:

#### Rasayani Unit :

Sr. No.	Name of Statute	Nature of Dues	Outstanding Amount (₹ in lakhs)
1	The Employees' Provident Funds And Miscellaneous Provisions Act, 1952	Employees Provident Fund contribution	1467.67
2	The Employees' Provident Funds And Miscellaneous Provisions Act, 1952	Employees Pension Fund contribution	26.18
3	MVAT Act, 2002 w.e.f 2005	Works Contract Tax	0.48
4	Income Tax Act, 1961	Tax deducted at source	67.94
5	Gram Panchayat	Gram Panchayat Tax	42.49
		<b>Total</b>	<b>1604.76</b>

#### Kochi Unit:

Sr. No.	Name of Statute	Nature of Dues	Outstanding Amount (₹ in lakhs)
1	The Employees' Provident Funds And Miscellaneous Provisions Act, 1952	Employees Provident Fund contribution	221.67
2	Income Tax Act, 1961	TDS – Salary	16.76

- b) According to the information and explanations given to us by management and the records of the Company examined by us, there were no disputed dues in respect of Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as at 31<sup>st</sup> March, 2015 other than those shown below :

## Annexure I to the Independent Auditor's Report

### To the Members of Hindustan Organic Chemicals Limited

As referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in our Auditors' report of even date and as required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government in terms of sub section (11) of section 143 of the Companies Act, 2013 ('the Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that: -

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals except at Kochi unit where the frequency of verification needs to be improved. As explained to us, no material discrepancies were noticed on such verification.
- (a) The inventory has been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion, 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, except for inventory in storage tanks at Kochi unit which does not have a system of taking dip measurements. Instead, reliance is placed on the electronic reading reported by the Distribution Control System.
- (c) The Company has maintained proper records of inventory. As explained to us, the discrepancies between the physical inventory and the book records noticed on physical verification were not material.
- As explained to us, the Company has granted secured loan to its subsidiary - Hindustan Fluorocarbons Ltd. and unsecured advance in the nature of loan to its joint venture subsidiary company - HOC-Chematur Ltd. covered in the register maintained under section 189 of the Act.

The advance to HOC - Chematur Ltd. of ₹ 1067.46 lakhs is interest free and there is no stipulation as to the repayment of the principal. The advance has been fully provided for as it is doubtful of recovery.

**Rasayani Unit:**

Sr. No.	Name of Statute	Nature of Dues	Period to which the dispute relates	Amount of Dispute (₹ in lakhs)	Forum where dispute is pending
1	Central Excise Act, 1944	Molten Sulphur Classification	Feb-97 to Jun-98	15.53	Customs, Excise and Service Tax Appellate Tribunal
2	Central Excise Act, 1944	Molten Sulphur Classification	Sept-94 to Jan-97	22.76	Customs, Excise and Service Tax Appellate Tribunal
3	Central Excise Act, 1944	Molten Sulphur Classification	1999-00	7.62	Commissionerate
4	Central Excise Act, 1944	Shortage of Inputs		13.64	Commissionerate
5	Central Excise Act, 1944	Shortage of Inputs	1998-01	18.66	High Court
6	Central Excise Act, 1944	Shortage of Inputs	Jul-01 to Sept-02	5.85	High Court
7	Central Excise Act, 1944	ARO Case (Aniline Valuation)	Jul-03 to May-06	19.29	Customs, Excise and Service Tax Appellate Tribunal
8	Central Excise Act, 1944	Clearance of SSA to fertilizer manufacturing units	Sept-96 to Mar-00	112.78	High Court
9	Central Excise Act, 1944	Reversal of Cenvat Credit availed on inputs lost in flood	2006-07	18.66	Commissionerate
10	Central Excise Act, 1944	N2O4 Exemption	Jan-06 to Feb-08	104.63	Customs, Excise and Service Tax Appellate Tribunal
11	Central Excise Act, 1944	Duty on Clearance of Molten Sulphur	Nov-98 to Dec-98	5.05	Deputy Commissioner Central Excise
12	Central Excise Act, 1944	Duty on Clearance of Molten Sulphur	Jan-99	2.59	Deputy Commissioner Central Excise
13	Finance Act, 1994	Wrong credit availed on Angels, bars and HR coils and plates	May-07 to Jul-10	1.44	Assistant Commissioner Central Excise
14	Finance Act, 1994	Cleaning, gardening and Rent-a-cab services	Oct-09 to Nov-11	8.88	Deputy Commissioner Central Excise
15	Finance Act, 1994	Service Tax on canteen services	Feb-07 to Mar-11	66.96	Commissioner of Central Excise, Custom and Service Tax
16	Finance Act, 1994	Capital Goods Bill of Entry wrong address	27/11/2013 to 18/12/2014	17.58	Commissioner of Central Excise Appeals, Mumbai – II
17	Finance Act, 1994	Flood Case	Jan 07	9.34	Appeal to be filed in CESTAT
18	Finance Act, 1994	Reversal Penalty and Interest payment	Oct 13 to Mar 15	10.95	Assistant Commissioner of Central Excise and Superintendent Service tax of central Excise
			<b>Total</b>	<b>462.21</b>	
19	Income Tax Act, 1961	Penalty u/s 271(1)(c)	A.Y 1999-00	91.07	Bombay High Court

Sr. No.	Name of Statute	Nature of Dues	Period to which the dispute relates	Amount of Dispute (₹ in lakhs)	Forum where dispute is pending
20	Income Tax Act, 1961	Penalty u/s 271(1)(c)	A.Y 1999-00	57.55	Bombay High Court
21	Income Tax Act, 1961	Penalty u/s 271(1)(c)	A.Y 2003-04	607.25	Bombay High Court
22	Income Tax Act, 1961	Penalty u/s 271(1)(c)	A.Y 2004-05	63.23	Bombay High Court
			<b>Total</b>	<b>819.10</b>	

**Kochi Unit:**

Sr. No.	Name of Statute	Nature of Dues	Period to which the dispute relates	Amount of Dispute (₹ in lakhs)	Forum where dispute is pending
1	ESI Corporation	ESI contribution of employees	1.04.92 to 31.10.92	2.17	Employees Insurance Court (Industrial)
			<b>Total</b>	<b>2.17</b>	
2	Finance Act 1994	Availing of CEVAT credit on service tax on transportation of final products to Rasayani Depot	04/03 to 12/06	39.57	CESTAT, Bangalore
3	Finance Act 1994	Insurance renewal/Tyre retrading charge	07/11 to 05/12	3.17	CESTAT, Bangalore
4	Finance Act 1994	Bus, Car transportation to employees	11/11 to 06/12	1.10	Commissioner of Central Excise Appeals, Ernakulam
5	Finance Act 1994	Insurance renewal/Tyre retrading charge	04/11 to 03/13	10.96	Commissioner of Central Excise Appeals, Ernakulam
6	Finance Act 1994	Outdoor Catering/ Insurance renewal & Tyre retrading charge	04/06 to 01/13	77.06	Department filed appeal to CESTAT, Bangalore
			<b>Total</b>	<b>131.86</b>	
7	Employees Provident Fund	Employees Family Pension Scheme- Damage for default payment	1995 to 1997	18.05	Appeal filed before High Court, Kerala
			<b>Total</b>	<b>18.05</b>	
8	Central Sales Tax Act, 1956	Trade Discount given through credit notes disallowed- CST	2005-06	53.71	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam
9	Central Sales Tax Act, 1956	Turnover assessed @ 12.50% against 4%- CST	2005-06	0.33	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam
10	KVAT Act, 2003	Turnover assessed at higher rate and miscellaneous income assessed to tax – KVAT	2005-06	2.06	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam
11	Central Sales Tax Act, 1956	Turnover assessed @ 12.50% against 10%- CST	2005-06	0.07	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam



Sr. No.	Name of Statute	Nature of Dues	Period to which the dispute relates	Amount of Dispute (₹ in lakhs)	Forum where dispute is pending
12	Central Sales Tax Act, 1956	Levy of interest-CST	2005-06	155.23	Tribunal Dept. of Commercial Taxes, Ernakulam
13	KVAT Act, 2003	Levy of interest-KVAT	2005-06	152.63	Tribunal Dept. of Commercial Taxes, Ernakulam
14	Central Sales Tax Act, 1956	Trade Discount given through credit notes disallowed- CST	2006-07	79.68	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam
15	Central Sales Tax Act, 1956	Levy of interest-CST	2006-07	11.87	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam
16	Central Sales Tax Act, 1956	Trade Discount given through credit notes disallowed- CST	2007-08	6.70	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam
17	KVAT Act, 2003	Disallowance of input tax credit	2008-09	1.28	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam
18	KVAT Act, 2003	Disallowance of input tax credit	2009-10	0.90	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam
19	KVAT Act, 2003	Input Tax Refund due from October, 11 to March, 12	2011-12	104.66	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam
20	Central Sales Tax Act, 1956	Input Tax due from April, 12 to March, 13	2012-13	73.36	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam
			<b>Total</b>	<b>642.48</b>	

**Annexure II to the Independent Auditor's Report**

**To the Members of Hindustan Organic Chemicals Limited**

As referred to in Paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in our Auditors' report of even date and as required by the directions and sub-directions issued by the Office of the Comptroller and Auditor General of India under Section 143(5) of the Companies Act, 2013, we give below our comments on the matters referred therein.

- If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.**

As informed to us, the process of disinvestment of the Company by the Government of India to the extent of 32.78 % out of the total holding of 58.78 % was initiated in the year 1999-00 and reached the stage where the Government of India was to invite price bids from the prospective strategic partners in February 2004. The matter has not progressed further.

- Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.**

Rasayani Unit:

The following amount has been written off as it is not recoverable based on Board approval:

Sr No.	Name of the Parties	Amount to be written off (₹ in lakhs )
1	M/s. Dragon Drugs Pvt. Ltd.	12.49
	<b>Total</b>	<b>12.49</b>

Kochi Unit:

The Board in its 357<sup>th</sup> meeting held on 12.02.2015 approved an out of court settlement with M/s Shubham chemicals & Solvents whereby out of a total disputed amount of ₹93.30 lakhs due from the party an amount of ₹ 60.66 lakhs was to be received and balance ₹ 32.66 lakhs was to be written off. Pending finalization of the out of court settlement, provision has been made in the books of the unit for the amount of ₹ 32.66 lakhs as on 31<sup>st</sup> March, 2015.

- Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.**

As informed to us, there are no inventories lying with third parties and there are no assets received as gift from Govt. or other authorities during the year.

- A report on age-wise analysis of pending legal/ arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.**

Based on the information and explanation provided to us, a report on the age-wise analysis of pending legal/arbitration cases including the reason for pendency are attached herewith. The Company has in existence an effective monitoring mechanism for the expense incurred on all legal cases.

Rasayani Unit:

For details of pending legal / arbitration cases refer Statement No. 1 attached.

Kochi Unit:

For details of pending legal / arbitration cases refer Statement No. 2 attached.

**Sub-directions u/s 143(5) of the Companies Act, 2013**

- Whether the company has clear title/ lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/ lease deeds are not available**

The Company has clear title deeds for freehold and leasehold land except the Company's leased land at Kharghar. The commencement of construction certificate issued by CIDCO for construction on leasehold land was valid upto 29/12/2012. Further, the Company paid a premium of ₹ 15.41 lakhs and got extension for commencement of construction upto 25/05/2013. For further extension for a period of one year upto 25/05/2014, the agreement provides for an additional premium payment of ₹ 30.81 lakhs

- (c) 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 Act and the rules made thereunder
- The accumulated losses of the Company at the year-ended exceed its paid-up capital and reserves and its net worth is fully eroded. The Company has incurred cash losses during the year and also in the immediately preceding financial year.
  - In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions and debenture holders (bond holders) during the year.
  - According to the information and explanations given to us, the Company has given guarantee of ₹ 1103 lakhs for loan taken by subsidiary – Hindustan Fluorocarbons Ltd., from bank. Based on the explanations given to us, in our opinion, the terms and conditions of this guarantee are not prejudicial to the interest of the Company.
  - In our opinion, the term loans have been generally applied for the purposes for which they were obtained by the Company. However, we have noticed deviations in the amounts applied for individual purposes.
  - According to the information and explanations given to us, no material fraud on or by the Company has been noticed during the course of our audit or reported during the year.

For **Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm's Registration No. 102860W

Sd/  
**Shrikant Prabhu**  
Partner  
Membership No. 35296

Place : Mumbai  
Date : 28<sup>th</sup> May, 2015



failing which CIDCO reserves the right for taking back the possession of the land. Since the Company was facing financial crunch the payment has not been made to CIDCO nor has the Company commenced any construction on the said land. So far CIDCO has not initiated any steps to take back the land. The Company has plans to construct buildings on the said land on the Public Private Partnership (PPP) model basis as per the decision of the Board in its meeting held on 14/11/2014. This will avoid cash outflow by the company for the construction purpose.

**2. State the area of land under encroachment and briefly explain the steps taken by the Company to remove the encroachment.**

**Rasayani Unit:**

As informed to us, in Rasayani Unit, 40 acres land is under encroachment. The management has not taken any effective action for eviction of the encroachers.

**Kochi Unit:**

In Kochi Unit, we are informed that there is no encroachment of land.

**3. (i) Whether the amount of (a) bank balances (b) Trade Receivable (c) Trade Payables (d) Loans & Advances for which third party confirmation was not made available has been reported.**

Confirmations/ Bank Statements for all bank balances have been received. In case of Kochi unit we have not received any direct confirmation from debtors and creditors. In case of Rasayani unit few creditors have confirmed balances to us.

**(ii) Where such balance has been confirmed by the respective parties, whether it varies widely from the amounts reflected under respective heads in the financial statements and if so differences to be disclosed.**

**Rasayani Unit:**

Out of the confirmations received on creditors/debtors reconciliation there were 6 parties where variations exceeded ₹ 1 lakh individually. These accounts are yet to be reconciled. They represent a small percentage as compared to the total amount of outstandings.

**Creditors:**

Sr. No.	Name of the party	Balance in books (₹ in lakhs)	Balance confirmed (₹ in lakhs)	Variations (₹ in lakhs)
1	Chemtrols Industries Ltd	1.85	4.59	2.74
2	Indian Compressors Ltd.	6.24	7.27	1.03
3	Navbharat Constructions	14.47	16.33	1.86
4	Prakash Engg. Works	3.37	6.95	3.58
5	IVP Ltd.	-	27.57	27.57
6	M/s Beta Maschinenfabrik Pvt. Ltd.	1.17	2.87	1.70

**Kochi Unit:**

**Trade Payables:**

S r. No.	Name of the party	Balance in books (₹ in lakhs)	Balance confirmed (₹ in lakhs)	Variations (₹ in lakhs)
1	M/s BPCL	5313.85	5448.12	134.27
2	M/s TCC Ltd	13.42	16.49	3.07
3	M/s Gee Gee Kay Ltd	4.84	6.33	1.49
4	M/s Associated Chemicals Limited	7.49	9.99	2.5

**Trade Receivables:**

Sr. No.	Name of the party	Balance in books (₹ in lakhs)	Balance confirmed (₹ in lakhs)	Variations (₹ in lakhs)
1	M/s Ordnance Factory, Bhandara	28.01	18.90	9.11

**4. Independent verification may be made, of information / inputs furnished to actuary viz, number of employees, average salary, retirement age etc. and assumptions made by the actuary regarding the discount rates, future cost increase, mortality rate etc. for arriving at the provisions for liability of retirement benefits viz., gratuity, leave encashment, post-retirement medical benefits etc.**

The particulars furnished to the actuary and the assumption made by the actuary for arriving at the provisions for liability of retirement benefits have prima facie been verified by us.

**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm's Registration No. 102860W

Sd/-  
**Shrikant Prabhu**  
Partner

Membership No. 35296

Place : Mumbai  
Date : 28<sup>th</sup> May, 2015

**Statement No. 1**

**Details of Pending Legal / Arbitration Cases - Rasayani Unit**

Status of legal cases filed by the Company as on 31/03/2015				
Sl. No.	Reference /Year	Estimated Original Claim Amount (₹ in lakhs)	Judicial Authority	Present Status
1	C.S. No. 502 of 2001 against Vinod Kumar Kale. (Criminal Case u/s 420 of IPC)	0.25	Panvel Court	Criminal case u/s 420 of IPC. Accused is Absconding. Notice issued to surety.
2	R.C. No. 18 of 2012 against J.K. Bhoir	2.43	Khalapur Court (Civil Suit)	Suit is filed in civil court, Panvel on 13/09/04 for non-payment of Rent, Water & Electricity Charges. Now, the suit has been transferred to Khalapur Court.
3	C.S.No.09 of 2005 against S.B.Shaikh	0.82	Civil Court, Panvel	Suit filed in Civil Court on 15/01/05 for non-payment towards Rent, Elect.& Water charges.
4	C.S.No.89 of 2000 against Jaisingpur Chemical Industries	0.25	Jaisingpur Court, Kolhapur	The matter is related with recovery of amount towards supply of Oleum. The Company have insisted for ex-party decree. The matter is pending in Jaisingpur Court, Dist: Kolhapur.
5	First Appeal No.1554/2009 against A.P.Shah (Narendra Const.)	---	High Court, Mumbai	The Company has filed First Appeal before HC against order passed by Panvel Court in SCS No.120/1999
6	First Appeal No.1555/2009 against A.P.Shah (Narendra Const.)	---	High Court, Mumbai	The Company has filed First Appeal before HC against order passed by Panvel Court in SCS No.121/1999
7	R.C.No. 121 of 2011 against Deepak Narayan Joshi	---	Khalapur Court	Forging of signature. Next date is 14/05/2015.
8	Criminal Revision Application No.32 of 2013 against Deepak Narayan Joshi	---	District Court, Alibag	We have filed CRA for challenging the process issued by Panvel Court in R.C. No.468 of 2012 on 15/12/2012.CRA rejected.
9	Criminal Writ Petition No.3370 of 2013 filed for challenging the Order passed by the session court, Alibaug in CR. R.A.No. 32 of 2013 in case of Deepak Narayan Joshi	---	High Court, Mumbai	High court stayed the matter



Status of legal cases filed by the Company as on 31/03/2015				
Sl. No.	Reference /Year	Estimated Original Claim Amount (₹ in lakhs)	Judicial Authority	Present Status
10	Sanjay Chemicals Year - 1989	11.79	Supreme Court	The amount is outstanding since 1990. The argument for the said case has been completed and waiting for the final judgment.
11	Colour Chem Ltd. (Clariant Chem (I) Ltd.) Year - 2011	10.71	Mumbai Court	Cases transferred to City Civil court. The next hearing is on 11/08/2015
12	Neo Spectra Polymers & Chem Ltd.	11.01	Mumbai Court	The Case has been transferred from High Court, Bombay to City Civil court. We have appointed M/s S.K. Legal Associated to represent our case in City Civil court. The next hearing is on 17/06/2015.
13	Chemox labs ltd. Legal action initiated by suit no. 2426/2003.	215.73	High Court, Mumbai	The hon'ble heard the matter and passed the judgment on 10/12/2013 for ex-parte decree. Necessary follow-ups are made with our legal council for execution of decree.
14	Chemox Chemical Industry. Legal action initiated by suit No. 3437/2002	16.96	High Court, Mumbai	The hon'ble high court have asked the status of official liquidator appointed in this case. They are awaiting the reply of official liquidator for further course of action. The next hearing is on 30/05/2015
15	ICI India Ltd. Legal action initiated by suit No. 3079/2006.	38.51	High Court, Mumbai	Affidavit in reply prepared by our advocate and same submitted in the High court, Mumbai. On 19/08/2011 and will now come up in the regular course for the purpose of hearing accordingly. M/s KMC Legal venture is our legal solicitor in the case the matter is yet to be listed on the Board.
16	SOL Pharmaceuticals Ltd.	17.52	High Court, AP	Outstanding amount of ₹ 17.52 lakhs since 1998 MM, Delhi office and CMG (MKD) attended the Court on 28/05/2012. BIFR has passed an order No. 236/1998 dated 02/12/2013 and directed to file law suit in Hon'ble Court of Andhra Pradesh all related documents were sent to Hyderabad office on 23/12/2013. Hyderabad office consulted the Advocate and a note was received from Hyderabad office on 02/01/2014 wherein DGM(MKD) has mentioned that as per the opinion of advocate we can file the suit claim once official liquidator is appointed by the Govt. on behalf of AP High Court. Thereafter, Hyderabad office will take the necessary action and file the suit claim for recovery of outstanding claim.

Status of legal cases filed against the Company as on 31/03/2015				
Sl. No.	Reference /Year	Estimated Original Claim Amount (₹ in lakhs)	Judicial Authority	Present Status
1	T.E. & S.No.122/154/2000 by Mohit Harchandrai & Ors.	10 lakhs as mense profit p.m. from 1/06/2000 till realization	Small Causes Court, Mumbai	The Suit is decreed with costs. The Court has directed Company to hand over vacant possession of the Corporate office to Landlords. Company has challenged the said order in Appellate Court.
2	Mense Profit Appl. No.970 of 2010 by Mohit Harchandrai & Ors.	4378.41 lakhs as mense profit from June, 2000 to March, 2015	Small Causes Court, Mumbai	Land Lords have filed Mense Profit Appl. For the period From June, 2000 till disposal of Application and calculated as demanded by landlords in their Mense Profit application. Cross examination of Shri Mohit Harchandrai is going on and the matter is posted on 30 <sup>th</sup> June, 2014 for remaining cross exam.
3	W.P. No. 1284/2004 by Shri. A. B. Patil & Ors.	---	High Court, Mumbai	The matter is related with retrenchment of teaching staff of school & pending in High Court, Mumbai.
4	W.P. No. 1457/2004 by Smt. A. A. Patil & Ors.	---	High Court, Mumbai	The matter is related with retrenchment of teaching staff of school & pending in High Court, Mumbai.
5	W.P.No.1283/2004 by Smt. N.P. Kulkarni & Ors.	---	High Court, Mumbai	The matter is related with retrenchment of teaching staff of school & pending in High Court, Mumbai.
6	W.P.No.1656/2004 by Shri. S. G. Kamble & Ors.	---	High Court, Mumbai	The matter is related with Retrenchment of teaching staff of school & pending in High Court, Mumbai.
7	W.P.No.7237/2005 by Shri. A. A. Darkunde	---	High Court, Mumbai	The matter is related with Retrenchment of Sri Darkunde, Asst. Tech. & pending in High Court, Mumbai.
8	W.P.No.7240/2005 by Shri. S. G. Pujari	---	High Court, Mumbai	The matter is related with Retrenchment of Sri Pujari, Asst. Tech. & pending in High Court, Mumbai.
9	W.P.No.7241/2005 by Smt. K.K. Thakur	---	High Court, Mumbai	The matter is related with Retrenchment of Smt. K. K. Thakur, Asst. Tech. & pending in High Court, Mumbai.
10	W.P.No.7242/2005 by Smt. V.V. Bapat	---	High Court, Mumbai	The matter is related with Retrenchment of Smt. V. V. Bapat, Asst. Tech. & pending in High Court, Mumbai.
11	W.P.No.467/2006 by Smt. A. R. Walmiki	---	High Court, Mumbai	The matter is related with Retrenchment of Smt. A. R. Walmiki, Aiya & pending in High Court, Mumbai.

12	W.P.No.468/2006 by Smt. K. R. Walmiki	---	High Court, Mumbai	The matter is related with Retrenchment of Smt. K. R. Walmiki, Aiya & pending in High Court, Mumbai.				
13	Suit No.729 / 2005 by Shetusha Engg. & Const. Pvt. Ltd.	₹113.35 Lakhs + 16% interest of ₹38.69 Lakhs from 03/01/2005 to date of realization	High Court, Mumbai	The Company had filed written detailed statement / affidavit-in-reply in the Court and suit is pending for final hearing in the Court.				
14	R.C.No.468 of 2012 filed by Deepak Narayan Joshi against Shri. R.N.Madangiri,CMD & Others	---	High Court, Mumbai	For forging of signature. The said matter has been stayed by the Hon'ble High Court, Mumbai				
15	STCC No.703/2014 filed in Alibaug Court against Occupier Shri C M Deshpande	---	Alibaug Court	For fatal accident to place on 17/09/2014				
16	W. P. No. 331 / 2008 by Smt. Usha Deshpande  C.A.No.2857 of 2012 St.No.4302 / 2012 in W.P. No. 331 / 2008 by Smt. Usha Deshpande & Others	---	High Court, Mumbai	The matter is related to Payment of Gratuity to the ex-teachers of HOC School.  The matter is related to Payment of Gratuity to the ex-teachers of HOC School.				
17	Ref.(IT) Appln. No. 12/98 HOC Ltd., and It's workmen in the matter of charter of demands	All the service conditions have been referred for adjudication. Hence, the liability may be to the extent of 6% of the scales of pay. The total financial implication will be around ₹ 200.00 lakhs	Before Industrial Court, Thane	Hon'ble Industrial Tribunal decided the issue of appropriate Govt. as State Govt. to this company. The said award was challenged by the Company in the High court in W.P. No.10751 of 2004. On 10/10/2008 High Court also decided State Govt. as Appropriate Govt. Against the order of LD Single Judge, Company filed letters of Patent Appeal which has been admitted by the High Court and issued order dtd.24/04/09. In the said order Division Bench directed Industrial Tribunal Thane to go ahead with Part II Award. In view of this, proceedings in the reference matter will start in Industrial Tribunal Thane.				
18	Misc.Appn. (ID) No.52/2000 Shri B. P. Peshattiwari V/s. HOC Ltd.,	₹ 1.5 lacs (₹ 16785*9 Months) ( From May 2000 to Jan 2001)	Before Industrial Court, Thane	The matter is pending for evidence				
19	Complaint(ULP) No.478 of 2001 HOC Employees' Union V/s. HOC Ltd	-	Before Industrial Court, Thane	The matter is pending for evidence				
20	CGIT-02/56 of 2012 HOC Ltd & their workman in the matter of charter of Demand	Fitment benefits 15% Increment: 04 Nos. HRA 30% to Rasayani Unit instead of 10%	Before The Central Govt. Industrial Tribunal Mumbai	Two Union have signed the settlement on 13/10/2011 the same have been accepted by 532 Workmen out of 538 workmen by giving individual Undertaking. The same have been implemented to them				
21	CGIT-01 of 2013 HOCL V/s their Workmen (N.R.Gawand)	-	Before The Central Govt. Industrial Tribunal Mumbai	The proceeding is going on in CGIT.				
22	Writ Petition No.10751 of 2004 HOC Ltd. V/S HOCL Employees' Union. (HOC Ltd. Challenged the order of Industrial Court of deciding Appropriate Govt. as State Govt. to the Company.	-	Before Industrial Court, Thane	Hon'ble Industrial Tribunal decided the issue of appropriate Govt. as State Govt. to this company. The said award was challenged by the Company in the High Court in W.P. No.10751 of 2004. On 10/10/2008 High court also decided State Govt. as Appropriate Govt. Against the order of L D Single Judge, Company filed letters of Patent Appeal which has been admitted by the High Court and issued order Division Bench directed Industrial Tribunal Thane to go ahead with Part II Award. In View of this, proceedings in the reference matter will Start in Industrial Tribunal Thane.				
23	Writ Petition No.1991 of 2007 HOC Officers' Association V/s Union of India & Ors. (HOC Officers' Association prayed for arrears on account wages revision for the period from 1/1/1997 to 31/12/2000)	2308	High Court	The matter is pending for hearing.				
24	Writ Petition No.722/2009 HOC Ltd V/s Konkan Shramik Sangh	-	High Court	Pending the hearing and final disposal of the Writ Petition, the petitioners shall deposit monthly dues in the bank account of the respective workmen. However, it is clarified that such deposit by the petitioners will be without prejudice to all rights and contentions of the petitioners and that the respondents shall in view of such deposit not claim that any right/ interest/ equities are created in their favour. In the compliance of the High Court order, company is releasing the monthly payment to the respective bank accounts of the contract workers, without prejudice to its right and contentions of the Company.				
25	Writ Petition No.2192/2007 Anil Manohar Deshpande V/s HOCL	-	High Court	Matter is going on in High Court				



Status of JNPT Arbitration Matter as on 31/03/2015

Status of arbitration filed against the Company as on 31/03/2015				
Sl. No.	Nature of Claim	Estimated Original Claim Amount (₹ in lakhs)	Judicial Authority	Present Status
a)	Minimum guaranteed throughput charges	1612.50	High Court, Bombay	As per lease agreement, JNPT had the obligation to provide suitable infrastructure facilities such as approach road, common manifold etc. within the specified time. JNPT failed to provide the said facilities which resulted in non-commissioning of the tank terminal. The matter was under arbitration. The arbitrators have since given the award on 21/05/2012 wherein the arguments of the tank terminal users association has been accepted in respect of MGTP and Way leave Charges and ruled in favour of the tank terminal users association. The Board of Trustees of JNPT have gone on appeal against the Arbitration Award in respect of MGTP and way leave charges in the High Court of Bombay vide Ordinary Original Civil Jurisdiction Arbitration Petition No.517 of 2013. The matter will come up for Hearing and Final Disposal U/S 34 on 07.07.2015.
b)	Way leave charges	297.10	High Court, Bombay	----- do -----
c)	Lease rental escalation on leased land	1590.01	Arbitrator	Matter Pending before the Arbitrator and the amount has been fully provided in the books.
d)	Water charges	0.65	Arbitrator	Matter Pending before the Arbitrator and the amount has been fully provided in the books.

Statement No. 2

Sl. No.	Reference /Year	Estimated Original Claim Amount (₹ in lakhs)	Judicial Authority	Present Status
1	E.P.No.356/98 LAR 173 /82 Year -1982	3.09	Sub Court, North Parur	The cases are against the Company filed by the land owners for enhancement of compensation. The court ordered for enhancement of the compensation as in other similar cases. The parties have filed Execution Petitions disputing the amount deposited in the court by the Company. The Sub Court ordered for depositing additional amount in the Court. Company filed CRP in the High Court and Court has directed the sub Court to decide the case afresh after obtaining calculation statement from the parties based on the principles settled by the Apex Court Kerala High Court in this subject.
2	LAR 101/82 Year -1982	1.03	Sub Court, North Parur	The case is against the Company Filed by the landowners for enhancement of compensation. The court ordered for enhancement of the compensation as in other similar cases. The parties have filed Execution Petition disputing the amount deposited in the court by the Company
3	WP( c )No: 1441 of 2006 - filed by Mr. K.S. Prakasan before the High Court of Kerala challenging the status of Asst. Officers. Year -2006	-	High Court of Kerala	HOC filed Counter Affidavit.
4	W.P.(C) No. 25142 of 2006 filed by Mr. T.K. Vidyasagaran, Master Technician (Electrical) challenging the status of Asst. Officers. Year -2006	-	High Court of Kerala	HOC filed Counter Affidavit.
5	O.P. No 796 /94 – State of Kerala Vs. HOCL and 6 others before the MACT, Thrissur. Year - 1994	33.50	High Court of Kerala	Filed for compensation due to an accident of a Phenol tanker near Trichur in 1993. The court has stayed the operation of the award of the MAC Tribunal for a period of 3 months.



Sl. No.	Reference /Year	Estimated Original Claim Amount (₹ in lakhs)	Judicial Authority	Present Status
6	OS No.422/2001-Sub – Court filed by company against M/S Prestige Bombay Dyeing Year -2001	2.69 (Claim by HOC)	Sub Court, Ernakulam	Action taken for attachment. Party filed appeal before High Court.
7	HRM P.No.2490 Of 2001 Filed Before Kerala Human Rights Commission by V.K. Venkitachalam vs. CEO HOCL Year -2001	-	Kerala State Human Rights Commission	For asking explanation from the respondents for the causes of a phenol tanker accident near Trichur on 06.08.2001.
8	Money Suit No. 45/1995 in the court of Assistant District Judge Tinsukia, Assam United India Insurance Company Limited and another M/s Todi Enterprises and another (HOCL as Defendant 2) Year -1995	4.79	Court of Asst. District Tinsukia, Assam	Suit filed for the recovery of the money for a transporter. HOCL is impleaded as defendant 2 only for proper adjudication and no relief is claimed HOCL.
9	IC No. 88 of 2004 HOCL Vs. ESI Corporation & another before employee Insurance Court (Industrial Tribunal) filed by HOCL challenging the Order of ESI corporation for payment of ESI contribution during the period from 01.04.1992 to 31.10.1992 amounting to ` 2,17,000 Year -2004	2.17	ESI Court Ernakulam	Stay is obtained
10	Employees family pension scheme – Damage for default payment Year -1995	18.05	High Court of Kerala	The EPF Tribunal dismissed the appeal filed by the company. Filed appeal before the High Court of Kerala challenging the award of the Tribunal
11	OA No.1093 filed by M P Paul, Ex-employee before CAT Ernakulam. Filed for granting the benefits of pay revision with and also to give gold coin etc. Year -2012	-	CAT Ernakulam	HOCL has paid the full benefits. However case is pending for disposal.
12	WPC No.2353. Case of regularisation of canteen contract workers Year -2012	-	High Court of Kerala	Filed by HOCL against the award of Industrial Tribunal In ID No. 16/2005.The High Court vide its Order dated 31.01.2012 has stayed the operation of the award. Case is pending.
13	WPC No.7268 of 2013. Filed by near by residents for acquisition of their land Year -2012	-	High Court of Kerala	Filed by V.K.Reghu and others,the residence of ayyankuzhi area praying acquisition of their land either by KRL or HOCL
14	Availing of Cenvat Credit on Service Tax on transportation of final products to Rasayani depot Year – 04/03 to 12/06	39.57	Appeal with Customs, Excise and Service Tax Appellate Tribunal, Bangalore.	Pending for hearing
15	Insurance renewal/Tyre retrading charge Year – 07/11 to 05/12	3.17	Appeal with Customs, Excise and Service Tax Appellate Tribunal, Bangalore.	Pending for hearing
16	Bus, Car Transportation to Employees Year – 11/11 to 06/12	1.10	Commissioner of C.EX Appeals. Ekm	Pending for hearing
17	Insurance renewal/Tyre retrading charge Year – 04/11 to 03/13	10.96	Commissioner of C.EX Appeals. Ekm	Pending for hearing
18	Outdoor Catering/ Insurance renewal & Tyre retrading charge Year – 04/06 to 01/13	77.06	Dept filed appeal to CESTAT, Bangalore	Pending for hearing
19	ESI Contribution of employees Year – 01/04/92 to 31/10/92	2.17	Employees Insurance Court (Industrial)	Stay is obtained
20	Trade discount given through credit notes disallowed-CST Year -2005-06	53.71	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
21	Turnover assessed @ 12.50% against 4%- CST Year -2005-06	0.33	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
22	Turnover assessed at higher rate and miscellaneous income assessed to tax – KVAT Year – 2005-06	2.06	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
23	Turnover assessed @ 12.50% against 10%- CST Year – 2005-06	0.07	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
24	Levy of interest-CST Year – 2005-06	155.23	Tribunal, Dept of Commercial Taxes, Ernakulam	Pending for hearing
25	Levy of interest-KVAT Year – 2005-06	152.63	Tribunal, Dept of Commercial Taxes, Ernakulam	Pending for hearing





Sl. No.	Reference /Year	Estimated Original Claim Amount (₹ in lakhs)	Judicial Authority	Present Status
26	Trade Discount given through credit notes disallowed- CST Year – 2006-07	79.68	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
27	Levy of interest- CST Year – 2006-07	11.87	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
28	Trade Discount given through credit notes disallowed- CST Year – 2007-08	6.7	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
29	Disallowance of input tax credit Year – 2008-09	1.28	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
30	Disallowance of input tax credit Year – 2009-10	0.90	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
31	Input Tax Refund due from October, 11 to March, 12 Year – 2011-12	104.66	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
32	Input Tax due from April, 12 to March, 13 Year – 2012-13	73.36	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
33	Kesar Petroproducts Ltd. Year - 2006	260.82	Mumbai Court	Amount is outstanding since 2006 when legal action initiated. The next date of hearing scheduled on 15.06.2015
34	Sanjay Chemicals Year - 1989	34.14	Supreme Court	The amount is outstanding since 1990. The argument for the said case has been completed and waiting for the final judgment.
35	Amit Enterprises Year - 1990	1.56	Mumbai Court	The case has been transferred to City Civil court, Mumbai. The argument for the said case has been completed and waiting for the final judgment.
36	Serene Industries Ltd. Year - 1997	18.49	Mumbai Court	A case has been filed against the party in the Mumbai High court by the Company. Next date is on 21.09.2015.
37	Apollo Trade Limited Year - 2002	112.00	Mumbai Court	The entire amount is shown as delayed payment charges. Suit filed in the Mumbai High court is pending. Next hearing is on 10/06/2015
38	Colour Chem Ltd. (Clariant Chem (I) Ltd.) Year - 2011	5.69	Mumbai Court	Cases transferred to City Civil court. The next hearing is on 11/08/2015

Sl. No.	Reference /Year	Estimated Original Claim Amount (₹ in lakhs)	Judicial Authority	Present Status
39	Pidilite Industries Ltd. Year - 2011	1.65	Mumbai Court	Management has given approval to withdraw the case from City Civil court as the legal charges are more than the outstanding receivable from the party. Accordingly, Advocate Mr. Nikhil Mehta has given application to withdraw the case. Court order is expected.
40	Shubham Chemicals & Solvents Ltd. Year - 2013	63.30	Delhi High Court	The party obtained stay from the Delhi High court against the enforcement of Bank guarantee. The next date of hearing is on 23/07/2015.
41	ID No. 17/2013	ID raised by the unions conciliation failed. Govt. referred the case for adjudication	Central Govt. Industrial Tribunal Cum Labour court Ernakulam	ID over the issue of deduction from the wages of Chemical operations for the days they were on the strike
42	Case No. 240/11/3/2012/ OC filed by Mr. P.C.James	Nil	National Human Rights Commission, New Delhi	Mr. P. C James, while working as General Workman in regular services in Electrical Dept. met with an accident. He did not join for duty after accident. He was paid compensation under Employees Compensation Act. He has made a representation to the national Commission.
43	Short payment of TDS A.Y 2008-09 & 2009-10	3.55	Commissioner of Income Tax	Pending for Hearing
44	Non submission of 'C' Form Year 2012-13	302.99	DC ( Appeals)	Appeal filed with DC (Appeals), Dept of Commercial Taxes, Ekm



## Standalone Balance Sheet as at 31st March, 2015

(₹ lacs)

	Notes	As at 31.03.2015	As at 31.03.2014
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholders' funds			
(a) Share capital	2	33726.96	33726.96
(b) Reserves and surplus	3	(87142.56)	(64728.36)
		(53415.60)	(31001.40)
(2) Deferred government grants	4	1595.96	1692.07
(3) Non-current liabilities			
(a) Long-term borrowings	5	27618.08	13752.01
(b) Other Long term liabilities	6	136.33	34.62
(c) Long-term provisions	7	8199.77	7618.82
		35954.18	21405.45
(4) Current liabilities			
(a) Short-term borrowings	8	5291.09	7241.56
(b) Trade payables	9	11433.45	12938.03
(c) Other current liabilities	10	26949.77	20415.43
(d) Short-term provisions	11	1296.67	1588.36
		44970.98	42183.38
<b>TOTAL</b>		<b>29105.52</b>	<b>34279.50</b>
<b>II. ASSETS</b>			
(1) Non-current assets			
(a) Fixed assets	12		
(i) Tangible assets		11589.94	13143.42
(ii) Intangible assets		89.06	170.68
(iii) Capital work-in-progress	13	1066.61	3698.34
(iv) Intangible assets under development		-	-
(b) Non-current investments	14	889.80	1111.00
(c) Long-term loans and advances	15	2860.79	2937.53
		16496.20	21060.97
(2) Current assets			
(a) Inventories	16	5196.77	5168.34
(b) Trade receivables	17	2198.51	909.97
(c) Cash and cash equivalents	18	184.67	2445.60
(d) Short-term loans and advances	19	4796.20	4380.61
(e) Other current assets	20	233.17	314.01
		12609.32	13218.53
<b>TOTAL</b>		<b>29105.52</b>	<b>34279.50</b>
Significant Accounting Policies	1		
Notes to the Standalone Financial Statements	2 to 49		

As per our report of even date attached

For Ford, Rhodes, Parks &amp; Co.

Chartered Accountants

Firm's Registration No. 102860W

For and on behalf of the Board of Directors

Sd/-  
**Shrikant Prabhu**  
 Partner  
 Membership No. 35296

Sd/-  
**V. B. Ramachandran Nair**  
 Chairman & Managing Director

Sd/-  
**J. N. Suryawanshi**  
 Director (Marketing)

Sd/-  
**R. Suresh Kumar**  
 Director (Finance)

Sd/-  
**S. B. Bhide**  
 Director (Technical)

Sd/-  
**Mrs. Susheela S. Kulkarni**  
 Company Secretary

Place: Mumbai  
 Date: 28/05/2015

Place: Mumbai  
 Date: 28/05/2015



### Standalone Statement of Profit and Loss for the year ended 31st March, 2015

	Notes	Year ended 31.03.2015	Year ended 31.03.2014
(₹ lacs)			
<b>REVENUE</b>			
Revenue from operations			
Sale of products	21	16719.40	23679.73
Other operating revenue		111.73	40.32
		<u>16831.13</u>	<u>23720.05</u>
Less : Excise duty		<u>1817.89</u>	<u>2604.02</u>
		15013.24	21116.03
Other income	22	833.03	931.77
<b>Total revenue</b>		<u><u>15846.27</u></u>	<u><u>22047.80</u></u>
<b>EXPENSES</b>			
Cost of materials consumed	23	9586.60	13402.62
Purchases - stock-in-trade	24	-	8.26
Changes in Inventories of finished goods and work in progress	25	(337.39)	517.56
Variation in excise duty on finished goods inventory		148.22	(101.83)
Employee benefits expenses	26	10904.14	11204.75
Finance costs	27	5127.14	4261.94
Depreciation and amortization expenses		879.62	1736.56
Provision for impairment loss on fixed assets		14.25	104.77
Other expenses	28	6990.47	8514.58
<b>Total expenses</b>		<u><u>33313.05</u></u>	<u><u>39649.21</u></u>
Profit / (Loss) before prior period adjustment, exceptional items and tax		(17466.78)	(17601.41)
Less: Prior Year Adjustment	29	3992.17	(30.26)
Profit / (Loss) before exceptional items and tax		(21458.95)	(17571.15)
Less: Exceptional items	30	89.82	114.13
Profit / (Loss) before tax		(21548.77)	(17685.28)
Tax expenses :			
Current tax		-	-
Deferred tax		-	-
<b>Profit / (Loss) for the year</b>		<u><u>(21548.77)</u></u>	<u><u>(17685.28)</u></u>
Earnings per equity share: (in ₹) (Face value ₹ 10 each)			
Basic and Diluted	38	(32.08)	(26.33)
Significant Accounting Policies	1		
Notes to the Standalone Financial Statements	2 to 49		

As per our report of even date attached

For Ford, Rhodes, Parks &amp; Co.

Chartered Accountants

Firm's Registration No. 102860W

For and on behalf of the Board of Directors

Sd/-  
**Shrikant Prabhu**  
 Partner  
 Membership No. 35296

Sd/-  
**V. B. Ramachandran Nair**  
 Chairman & Managing Director

Sd/-  
**J. N. Suryawanshi**  
 Director (Marketing)

Sd/-  
**R. Suresh Kumar**  
 Director (Finance)

Sd/-  
**S. B. Bhide**  
 Director (Technical)

Sd/-  
**Mrs. Susheela S. Kulkarni**  
 Company Secretary

Place: Mumbai  
 Date: 28/05/2015

Place: Mumbai  
 Date: 28/05/2015



### Standalone Cash Flow Statement for the year ended 31st March, 2015

(₹ lacs)

	2014-15	2013-14
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit/(Loss) before tax, prior year adjustments and exceptional items as per Statement of Profit and Loss	(17466.78)	(17601.41)
Adjusted for :		
Depreciation and amortization expenses	879.61	1736.56
Impairment loss (net of provision written back)	0.18	4.92
Provision for Impairment on CWIP	2634.54	-
Provision for Diminution of Investment-HFL.	221.20	-
Loss on sale/ discard of assets (net)	0.94	184.56
Profit on Sale of Assets	(202.40)	-
Fixed assets/Expenses written-off	-	2.00
Diminution of inventory	-	8.37
Govt grant transferred to income (Refer note 4)	(92.47)	(89.81)
Finance costs	5127.14	4261.94
Provision no longer required written back	(20.04)	(82.27)
Provision for wage arrears no longer required written back	-	-
Interest income from Subsidiary	(63.95)	(64.12)
Interest income	(80.82)	(228.67)
<b>Operating Profit/(Loss) Before Prior Year Adjustments and exceptional itmes</b>	<b>(9062.85)</b>	<b>(11867.91)</b>
Add :- Net prior year adjustments and exceptional items:	(4081.99)	(83.87)
<b>Operating Profit / (Loss) Before Working Capital Changes</b>	<b>(13144.84)</b>	<b>(11951.78)</b>
Adjusted for :		
Trade and other receivables	(1268.50)	2104.63
Inventory	(28.44)	748.00
Trade and other payables	3445.26	6732.26
Loans and advances	(258.01)	1073.05
<b>Cash Generated from Operations</b>	<b>(11254.53)</b>	<b>(1293.84)</b>
Taxes paid (net)	-	-
<b>Net Cash from Operating Activities : (A)</b>	<b>(11254.53)</b>	<b>(1293.84)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(63.64)	(305.89)
Sale of fixed assets	379.58	1263.08
Purchase of investments	-	-
Interest income	144.77	292.79
<b>Net Cash Used In Investing Activities : (B)</b>	<b>460.71</b>	<b>1249.98</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings (net of repayments)	12220.07	2676.77
Bond issue expenses	(227.43)	(201.04)
Interest paid	(3557.81)	(2680.88)
Grant from ISRO	98.07	192.21
<b>Net Cash from / Used In Financing Activites : (C)</b>	<b>8532.90</b>	<b>(12.94)</b>
<b>Net Increase In Cash and Cash Equivalents (A+B+C)</b>	<b>(2260.92)</b>	<b>(56.80)</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>2445.59</b>	<b>2502.40</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>184.67</b>	<b>2445.60</b>

Note : 1. Figures in brackets represent outflows.

2. Previous year's figures have been regrouped and readjusted wherever necessary and practicable.

**By order of the Board of Directors**

Sd/-  
**V. B. Ramachandran Nair**  
Chairman & Managing Director

Sd/-  
**J. N. Suryawanshi**  
Director (Marketing)

Sd/-  
**R. Suresh Kumar**  
Director (Finance)

Sd/-  
**S. B. Bhide**  
Director (Technical)

Sd/-  
**Mrs. Susheela S. Kulkarni**  
Company Secretary

Place: Mumbai  
Date: 28/05/2015

As per our report of even date attached

**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm's Registration No. 102860W

Sd/-  
**Shrikant Prabhu**  
Partner  
Membership No. 35296

Place: Mumbai  
Date: 28/05/2015

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
NOTE – 1****SIGNIFICANT ACCOUNTING POLICIES****A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared on accrual basis, unless stated otherwise, under the historical cost convention, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 2013.

**B. USE OF ESTIMATES**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported balances of assets and liabilities on the date of the financial statements and reported amount of income and expenses during the year. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**C. FIXED ASSETS**

- Fixed Assets are stated at historical cost less depreciation. Costs include all expenses incurred to bring the assets to its present location and condition.
- The constructed/fabricated capital assets are capitalized as and when the same are installed in the plants.
- Machinery spares which are procured for use in connection with particular machinery/equipment and stand by equipments which are identified to a particular item of fixed asset and having irregular use are capitalized and written off over the remaining useful life of the machinery/ equipment.
- In respect of Plant and Machinery, significant expenditure on repairs, renewals and replacement having a separate identity and is capable of being used after the existing assets are disposed off or which are certified by the concerned technical department to have resulted in technical improvement, increased capacity or increased useful life of the assets, is capitalised. The estimated residual value of the replaced parts, determined on technical assessment is charged to Statement of Profit and Loss as loss on scrapping of assets.
- Items of fixed assets that have been retired from active use and are held for disposal are valued at lower of their net book value or net realisable value.

**D. IMPAIRMENT OF ASSETS**

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**E. DEPRECIATION**

- Depreciation is provided during the year at the rates prescribed in Schedule II of the Companies Act, 2013 for all tangible assets.
- Assets are depreciated upto 95% of their cost and balance 5% is carried in the books as residual value except in case of intangible assets.
- Intangible Assets consisting of computer software and SAP license cost are amortised over a period of 5 years on straight line basis from the date of acquisition.
- Assets individually costing less than ₹ 5000 are fully depreciated in the year of acquisition.
- Lease premium paid on leasehold land is amortised over the life of lease.

**F. INVENTORIES**

- Inventories are valued at lower of cost and net realizable value except in case of;
  - Raw materials are valued at cost on weighted average basis.
  - Stores and spares, which are valued at cost, determined as per weighted average cost method,
  - By-products which are valued at estimated net realizable value, and
  - Intermediate products which are exclusively held for captive consumption are valued at cost.
- For the purpose of valuation of stock-in-process and stock of finished goods pending inspection, the same is converted into equivalent units of finished products held for captive consumption depending upon stage of completion.
- The cost of Catalyst is amortised over their estimated useful lives. Balance unamortised portion has been shown under the head "Stores and Spares".
- Provision for non-moving / obsolete stores and spares are made based on technical assessment.

**G. SUNDRY DEBTORS**

Provision for Doubtful debts/Loans/Advances: Full provision is made in the books, in respect of Sundry Debtors outstanding for more than 3 years except for in respect of receivables from Government departments/Companies.

In respect of other Debtors, Loans & Advances the provisions are made to the extent considered not recoverable by the management.

**H. REVENUE RECOGNITION**

- The "Sales" are stated on the basis of invoices net of sales tax and trade discounts.
- Revenue from sale of Scrap and obsolete stores is accounted for at the time of disposal.
- Delayed payment charges due from customers other than Government Companies/Departments are accrued as income where Management is certain about its recoverability.
- Interest income is recognized when no significant uncertainty as to its realization exists.

e) Benefit of Duty Credit are accounted on accrual basis.

**I. GOVERNMENT GRANTS**

The company is following income approach for accounting for the government grants in-respect of the depreciable assets as described in Accounting Standard 12 – 'Accounting for Government Grants'. The grants related to depreciable assets are treated as deferred income which is recognised in the statement of profit and loss on proportionate basis over the useful life of the assets and allocation to income is made in proportion in which the depreciation on related assets is charged.

**J. FOREIGN CURRENCY TRANSACTIONS**

Transactions in Foreign currency are recorded in the reporting currency by applying currency rate as at the date of transaction. Receivables and Payables involving foreign currency are translated at the rates of exchange prevalent on the Balance Sheet date. Exchange differences (gains or losses) are treated as Revenue and charged to the statement of profit and loss.

**K. BOND ISSUE EXPENSES**

Bond Issue Expenses are being charged off against Securities Premium Account as per the provisions of the Companies Act, 2013.

**L. RETIREMENT BENEFITS**

- Company's contribution to provident fund is accounted for on accrual basis.
- Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.
- Post employment and other long term employee benefits are recognized as an expense in the statement of profit and loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and loss in respect of post employment and other long term benefits are charged to the statement of profit and loss.
- Bonus is provided under the Payment of Bonus Act, 1965, on the basis of profitability of each Unit.

**M. INVESTMENTS**

- Long term investments are stated at cost less decline, if any, other than temporary in value on individual investment basis.
- Investments intended to be held for not more than one year from the date of acquisition are classified as current investments and are carried at lower of cost or fair value determined on individual investment basis.

**N. PRIOR PERIOD ADJUSTMENTS**

Items of income / expenses above ₹ 10000 in each case relating to previous years, are accounted as prior period adjustments.

**O. PREPAID EXPENSES**

Prepaid expenses are accounted for only where the amounts relate into unexpired period exceeds ₹ 10000 in each case.

**P. PROVISION FOR CURRENT AND DEFERRED TAX**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

**Q. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) 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. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(₹ lacs)

NOTE No.	As At 31.03.2015	As At 31.03.2014
(₹ lacs)		
<b>2 SHARE CAPITAL:</b>		
<b>AUTHORISED</b>		
100000000 (previous year 100000000) Equity Shares of ₹ 10 each	10000.00	10000.00
270000000 (previous year 270000000) 8% Non-cumulative Redeemable Preference Shares of ₹ 10 each.	27000.00	27000.00
	<u>37000.00</u>	<u>37000.00</u>
<b>ISSUED, SUBSCRIBED AND FULLY PAID-UP</b>		
<b>Equity Share Capital</b>		
67173100 (previous year 67173100) Equity Shares of ₹ 10 each	6717.31	6717.31
Add: Paid-up amount on shares forfeited	9.65	9.65
	<u>6726.96</u>	<u>6726.96</u>
<b>Preference Share Capital</b>		
270000000 (previous year 270000000) 8% Non-cumulative Redeemable Preference Shares of ₹ 10 each.	27000.00	27000.00
<b>TOTAL</b>	<u>33726.96</u>	<u>33726.96</u>
<b>2A</b> During the year 2010-11, the Company forfeited 193000 shares of ₹ 10 each (₹ 5 paid up) for non payment of allotment and call monies and the amount paid towards application money in respect of these forfeited shares has been transferred to "Share's Forfeiture Account".		
<b>2B</b> The Government of India had released in earlier year ₹ 27000 lacs (for financial restructuring ₹ 25000 lacs and Caustic Soda Plant recommissioning ₹ 2000 lacs) against allotment of 8% Non-Cumulative Redeemable Preference Shares, thereby broadening the capital base as per the revival scheme. The 8% Preference Shares were allotted to Government of India by the Board on 28th January, 2008, redeemable @ 20% commencing from 4th year with last redemption in the 8th year. The first, second, third & fourth installments of 20% i.e. ₹ 5400 lacs each was due for redemption in financial year 2011-12, 2012-13, 2013-14 and 2014-15 respectively. At the request of the Company, Government of India has extended the commencement of redemption from financial year 2011-12 to financial year 2015-16 @ 25% each year.		
<b>2C</b> The particulars of shareholders holding more than 5% equity shares. The Government of India Number of shares held Percentage of holding	39481500 58.78%	39481500 58.78%
<b>2D Terms/rights attached to equity shares</b> The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
<b>2E</b> The preference shareholders have no voting rights.		
<b>NOTE No.</b>	<b>As At 31.03.2015</b>	<b>As At 31.03.2014</b>
<b>3 RESERVES AND SURPLUS:</b>		
<b>Capital Reserve</b>		
Nominal value of Freehold land ₹ 1 (previous Year ₹ 1)	-	-
<b>Share Premium Account</b>	5840.32	6041.36
Less: Bond Issue Expenses	227.43	201.04
	<u>5612.89</u>	<u>5840.32</u>
<b>Surplus / (Deficit) in Statement of Profit and Loss</b>		
Balance as per last Balance Sheet	(70568.67)	(52883.40)
Profit / (Loss) for the year as per the Statement of Profit and Loss	(21548.77)	(17685.28)
Depreciation on assets where useful life is over as on 31.03.2014 (Refer note no.34C)	(638.01)	-
<b>TOTAL</b>	<u>(87142.56)</u>	<u>(64728.36)</u>
<b>4 DEFERRED GOVERNMENT GRANTS :</b>		
Amount received upto 01.04.2014	1834.27	1642.06
Add: Received during the year	98.07	192.21
	<u>1932.34</u>	<u>1834.27</u>
Less: Transferred (to) / from deposit	(136.33)	(34.62)
	<u>1796.01</u>	<u>1799.65</u>
Less: Transferred to Income upto 31.03.2014	(107.58)	(17.77)
Less: Transferred to Income during the year 2014-15	(92.47)	(89.81)
<b>TOTAL</b>	<u>1595.96</u>	<u>1692.07</u>

**4A** An amount of ₹ 1932.34 lacs (previous year ₹ 1834.27 lacs) has been received from ISRO (Government of India) towards Capital Grant for refurbishment of CNA Plant. Out of this, an amount of ₹ 1796.01 lacs (previous year ₹ 1772.03 lacs) has been spent upto 31st March, 2015 and balance unspent amount of ₹ 136.33 lacs (previous year 34.62) has been shown as deposit under the head - Other Long-term Liabilities As per AS - 12 - 'Accounting for Government Grants', income has been recognised from this grant of ₹ 92.47 lacs (previous year ₹ 89.81 lacs) to the extent of depreciation charged and 'is included in 'Miscellaneous Income'.

NOTE No.	As At 31.03.2015	As At 31.03.2014
<b>5 LONG-TERM BORROWINGS :</b>		
<b>Secured Loans</b>		
Term Loan from Bank	1800.00	2500.00
<b>Unsecured Loans</b>		
1000 (Previous year 1000) Non-convertible 10.57% Taxable Bonds of ₹ 1000000 each, redeemable on 28.08.2017	10000.00	10000.00
1500 (Previous year Nil) Non-convertible 9.36% Taxable Bonds of ₹ 1000000 each, redeemable on 28.09.2017	15000.00	-
Loans from Government of India	704.00	1116.00
Other Loans	114.08	136.01
<b>TOTAL</b>	<u>27618.08</u>	<u>13752.01</u>

- 5A i)** Term loan from bank is secured by equitable mortgage conveying first charge over all immovable assets at factory and township situated at Ambalamugal, Rasayani & Nestle Apartments (10 flats) at Mumbai.
- ii)** The Company has raised Bonds for ₹ 10000 lacs (series XX unsecured 10.57% p.a. redeemable bonds) on 28.08.2013 to redeem the bonds (series XIX unsecured 8.73% p.a. redeemable bond) matured on 28.08.2013.
- iii)** The Company has raised Bonds for ₹ 15000 lacs (series XXI unsecured 9.36% p.a. redeemable bonds) on 01.10.2014 for working capital requirement.
- iv)** In the absence of profit during the year and due to accumulated losses, Bond redemption reserve has not been created against the bonds raised during the year under series XXI for ₹ 15000.00 lacs.
- v)** There is a continuing default in repayment of loan from Government of India since the year 2002-03 and the overdue amount towards principal is ₹ 6388.00 lacs (previous year ₹ 5619.50 lacs) and for interest accrued is ₹ 6378.08 lacs (previous year ₹ 5429.07 lacs). These amounts are shown under 'Other Current Liabilities'. Further an amount of ₹ 412.00 lacs (previous year ₹ 768.50 lacs) maturing in next 12 months is shown under Other Current Liabilities as 'current maturity of long-term borrowings'.
- vi)** The Company has not made provision for penal interest payable amounting to ₹ 1268.87 lacs (previous year ₹ 1062.51 lacs) on overdue Government Loans upto 31st March, 2015 since the same is leviable at the discretion of Government of India. The Company has not received any demand from the Government of India for the same. The same has been disclosed under Contingent Liabilities.

**5B** The other loans shown above are loans taken from HDFC Ltd. and Canara Bank towards housing finance for employees. The loans from HDFC Ltd. is fully paid and the balance is ₹ Nil (previous year ₹ 7.22 lacs). The loans from Canara Bank ₹ 158.14 lacs (previous year ₹ 192.16 lacs) are secured by way of mortgage assignment of rights available to the Company on the housing properties. The amounts re-payable to Canara Bank within one year amounting to ₹ 44.06 lacs (previous year ₹ 40.68 lacs) is shown under other current liabilities as 'current maturity of long-term borrowings'.

NOTE No.	As At 31.03.2015	As At 31.03.2014
<b>6 OTHER LONG-TERM LIABILITIES :</b>		
Deposit from ISRO (Refer note - 4A)	136.33	34.62
<b>TOTAL</b>	<u>136.33</u>	<u>34.62</u>
<b>7 LONG-TERM PROVISIONS :</b>		
For Employee's Benefits (Refer note - 31)	8170.95	7582.02
For Others	-	7.98
M&R- Fixed Assets	-	7.98
Difference in Fixed Assets	10.77	10.77
Statutory Claims	18.05	18.05
<b>TOTAL</b>	<u>8199.77</u>	<u>7618.82</u>

NOTE No.	As At 31.03.2015	As At 31.03.2014
<b>8 SHORT-TERM BORROWINGS :</b>		
<b>Secured Loans</b>		
Loan from Central Bank of India	-	1975.00
Cash Credit from State Bank of India	5291.09	5266.56
<b>TOTAL</b>	<u>5291.09</u>	<u>7241.56</u>

**8A** Loan from Central Bank of India which was secured against pledge of Bank term deposit receipts is fully paid during the year and the term deposit receipt has been encashed.



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS**

(₹ lacs)

- 8B** Cash Credit from State Bank of India is secured by :
- Hypothecation of the Company's entire stock of raw materials, finished goods, stock-in-process, consumable stores and spares and book debts in favour of the bank.
  - Equitable mortgage conveying first charge over all immovable assets at factory and township situated at Ambalamugal, Dist : Ernakulam and over the immovable properties situated at village Deolali, Posari, Wasambe, Parade, Savale, Turade, Dapivali and Ambivali of Panvel and Khalapur talukas, District Raigad in the State of Maharashtra and plant and machinery, equipments, fixtures and fittings, movable machinery, spares, articles and things in the State of Maharashtra (excluding current assets).

**NOTE No.** As At 31.03.2015 As At 31.03.2014

**9 TRADE PAYABLES :**

**Sundry Creditors**

Dues to Micro, Small and Medium Enterprises **81.12** 75.31  
(Refer note - 32)

Dues to Others **11352.33** 12862.72

**TOTAL** **11433.45** 12938.03

Trade payables include amount payable to BPCL against which the company has created second and subservient charge for ₹ 12000.00 lacs (previous year ₹ 6000 lacs) on its property at Ambalamugal, Kochi unit.

**NOTE No.** As At 31.03.2015 As At 31.03.2014

**10 OTHER CURRENT LIABILITIES :**

**Current Maturity of Long Term Borrowings**

1) Loan from Government of India (Refer note - 5A(v)) **6800.00** 6388.00

2) Term Loan from Bank **450.00** 538.22

3) Other Loans - (Refer note - 5B) **44.06** 63.37

Interest accrued but not due **1688.90** 968.04

Interest accrued and due (Refer note - 5A(v)) **6379.90** 5531.47

Advances from customers **635.26** 983.23

Deposits from Vendors / Customers **413.47** 430.15

Statutory dues **796.28** 487.46

Employee related liabilities **8349.87** 3813.00

Payroll Recoveries Payable **302.74** 373.98

Other Liabilities **1089.29** 838.51

**TOTAL** **26949.77** 20415.43

**11 SHORT-TERM PROVISIONS :**

For Employee Benefits (Refer note - 31) **928.34** 1221.90

For Employees Remuneration (Refer note - 33) **143.10** 141.23

For Interest to others **225.23** 225.23

**TOTAL** **1296.67** 1588.36

**NOTE 12 - FIXED ASSETS**

(₹ lacs)

Item	Description	GROSS BLOCK				DEPRECIATION/AMORTISATION/IMPAIRMENT					NET BLOCK	
		As at 01.04.2014	Additions	Deletions	As at 31.03.2015	Up to 01.04.2014	Deletions	Provided during the year	Impairment during the year	Up to 31.03.2015	As on 31.03.2015	As on 31.03.2014
<b>TANGIBLE ASSETS</b>												
1.	Land and Land Development	669.56	-	-	669.56	-	-	-	-	-	669.56	669.56
2.	Leasehold Land	336.92	-	-	336.92	44.00	-	5.29	-	49.29	287.63	292.92
3.	Buildings	3617.03	-	-	3617.03	1706.80	-	514.88	-	2221.68	1395.35	1910.23
4.	Plant and Equipment	44353.05	60.82	0.05	44413.82	37481.44	0.05	726.07	2.08	38209.54	6204.28	6871.61
5.	Furniture and Fixtures	2158.73	-	1.47	2157.26	1952.89	1.20	38.31	0.68	1990.68	166.58	205.84
6.	Vehicles	201.19	-	13.32	187.87	105.64	12.66	42.77	0.92	136.67	51.20	95.55
7.	Office Equipment	699.69	-	0.04	699.65	402.92	0.04	108.66	0.23	511.77	187.88	296.77
8.	Library Books	77.45	-	-	77.45	74.18	-	0.02	-	74.20	3.25	3.27
9.	Railway Sidings	35.53	-	-	35.53	33.77	-	-	-	33.77	1.76	1.76
10.	Plants held for disposal	14200.92	-	2822.30	11378.62	11405.01	2659.18	-	10.34	8756.17	2622.45	2795.91
	Total	66350.07	60.82	2837.18	63573.71	53206.65	2673.13	1436.00	14.25	51983.77	11589.94	13143.42
	Previous year	73499.74	815.19	7964.86	66350.07	58088.75	6617.55	1655.62	79.36	53206.65	13143.42	
<b>INTANGIBLE ASSETS</b>												
11.	Computer Software	405.17	-	-	405.17	234.49	-	81.62	-	316.11	89.06	170.68
	Total	405.17	-	-	405.17	234.49	-	81.62	-	316.11	89.06	170.68
	Previous Year	421.32	0.07	16.22	405.17	169.29	16.21	81.41	-	234.49	170.68	

**Note :** For Fixed Assets, Capital Work In Progress, Assets held for disposal and provision for impairment of Assets refer Note No. 34.



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

NOTE No.	(₹ lacs)	
	As At 31.03.2015	As At 31.03.2014
<b>13 CAPITAL WORK-IN-PROGRESS :</b>		
1. J.N.P.T. Tank Terminals Project (Refer note - 34G)	2978.91	2,978.91
Less: Provision for impairment	2634.54	344.37
2. Captive Power Plant Project (Refer note - 34I)	25.41	25.41
Less: Provision for impairment	25.41	-
3. Refurbishment of CNA Plant (Refer note - 34H)	633.39	628.42
4. Khargar Project	83.20	83.20
5. Others	5.65	7.81
<b>TOTAL</b>	<b>1066.61</b>	<b>3698.34</b>

NOTE No.	(₹ lacs)	
	As At 31.03.2015	As At 31.03.2014
<b>14 NON CURRENT INVESTMENTS :</b>		
<b>TRADE INVESTMENTS (AT COST)</b>		
<b>Investments in Equity instruments in Subsidiary - Company - Quoted:</b>		
11060000 (previous year 11060000) Equity Shares of ₹ 10 each fully paid in Hindustan Fluorocarbons Ltd., (Refer note - 35(a))	1106.00	1106.00
Less: Provision for diminution of investment	221.20	884.80
<b>Investments in Equity instruments in Joint Venture</b>		
<b>Subsidiary - Unquoted:</b>		
30000 (previous year 30000) Equity Shares of ₹ 10 each fully paid in HOC-Chematur Ltd., (Refer note - 35(b))	3.00	3.00
Less: Provision for diminution of investment	3.00	-
<b>Investments in Unquoted Equity Shares of Kerala Enviro Infrastructure Ltd.</b>		
50000 (previous year 50000) Unquoted Equity Shares of ₹ 10	5.00	5.00
<b>TOTAL</b>	<b>889.80</b>	<b>1111.00</b>

NOTE No.	(₹ lacs)	
	As At 31.03.2015	As At 31.03.2014
<b>15 LONG-TERM LOANS AND ADVANCES :</b>		
<b>(Unsecured, considered good unless otherwise stated)</b>		
<b>Security Deposits</b>	109.75	174.53
Less : Provision for doubtful deposits	3.06	106.69
<b>Advance to Related Parties (Subsidiary Companies)</b>		
1. M/s. Hindustan Fluorocarbons Ltd., (Secured) (Refer note - 36(a))	2744.06	2744.06
2. HOC_Chematur Ltd. (Refer note - 36(b)) (Considered doubtful)	1067.46	1066.75
Less: Provision for doubtful advance	1067.46	-
Staff Loans (Secured)	10.04	22.00
<b>TOTAL</b>	<b>2860.79</b>	<b>2937.53</b>

NOTE No.	(₹ lacs)	
	As At 31.03.2015	As At 31.03.2014
<b>16 INVENTORIES :</b>		
<b>1. Raw Materials</b>	473.57	526.17
<b>Materials-in-transit</b>	-	-
	473.57	526.17
Less: Provision for obsolescence	26.31	447.26
<b>2. Work in Progress :</b>	814.97	1213.64
<b>3. Finished Products</b>		
i) For Captive Consumption	52.93	317.92
ii) Main Products for sale	1626.17	679.05
iii) By-Products	88.92	1768.02
<b>4. Stores and Spares</b>	2661.57	2813.04
Less: Provision for obsolescence	495.05	2166.52
<b>TOTAL</b>	<b>5196.77</b>	<b>5168.34</b>

**16A** Excise duty provided on goods manufactured but not removed ₹ 237.23 lacs (previous year ₹ 89.00 lacs).

**16B** Stores and spares include items not moved for more than five years ₹ 701.04 lacs (previous year ₹ 532.41 lacs) and obsolete items of ₹ Nil (previous year ₹ 5.84 lacs). An adhoc provision of ₹ 495.05 lacs (previous year ₹ 390.17 lacs) has been made for obsolescence. Further provision for obsolescence has been made for raw materials ₹ Nil (previous year ₹ 26.31 lacs).

NOTE No.	(₹ lacs)	
	As At 31.03.2015	As At 31.03.2014
<b>17 TRADE RECEIVABLES :</b>		
Debts overdue for a period exceeding six months	2658.61	2706.91
Other Debts	2095.25	758.29
	4753.86	3465.20
Less: Provision for Doubtful Debts	2555.35	2555.23
	2198.51	909.97

NOTE:	(₹ lacs)	
	As At 31.03.2015	As At 31.03.2014
Considered good, in respect of which Company holds Bank Guarantees/Letters of Credit	1003.45	120.19
Unsecured considered good	1195.06	789.78
Unsecured considered Doubtful	2555.35	2555.23
	4753.86	3465.20
Less: Provision for Doubtful Debts	2555.35	2555.23
	2198.51	909.97

NOTE No.	(₹ lacs)	
	As At 31.03.2015	As At 31.03.2014
<b>18 CASH AND BANK BALANCES :</b>		
<b>1. CASH AND CASH EQUIVALENTS :</b>		
<b>Balance with Banks</b>		
In Current Account	24.18	75.54
In Saving Bank Account	114.94	110.48
	139.12	186.02
Cheques/Drafts on hand	31.35	19.79
Cash in hand	2.51	0.33
	172.98	206.14

NOTE No.	(₹ lacs)	
	As At 31.03.2015	As At 31.03.2014
<b>2. OTHER BANK BALANCES</b>		
<b>In Term Deposit Account</b>		
With original maturity period not exceeding 12 months	11.69	2239.46
With original maturity period exceeding 12 months (The Term Deposits with the bank has been encashed during the year.)	-	11.69
<b>TOTAL</b>	<b>184.67</b>	<b>2445.60</b>

NOTE No.	(₹ lacs)	
	As At 31.03.2015	As At 31.03.2014
<b>19 SHORT-TERM LOANS AND ADVANCES:</b>		
<b>(Unsecured, Considered Good unless otherwise stated)</b>		
<b>Advances to related parties (Subsidiary Company)</b>		
M/s.Hindustan Fluorocarbon Ltd. (Secured)	453.01	456.43
Interest accrued but not received	616.20	1069.21
Loans to Public Sector Undertaking (Considered doubtful)		
Loans	171.08	171.08
Less: Provision for doubtful recovery	171.08	-
Balances / Deposits with Excise, Customs and Statutory Authorities	723.97	658.09
Less : Provision for Doubtful Deposits	2.90	721.07
Deposits (Considered Doubtful)	1.80	1.80
Less : Provision for Doubtful Deposits	1.80	-
<b>Other Loans and Advances</b>		
Advance to Suppliers (including ₹ 85.01 lacs, previous year ₹ 85.01 lacs, considered doubtful)	163.24	209.92
Loans and Advances to Employees	15.13	6.98
Claims Receivable from Employees	-	-
Duties and Taxes Receivable (includes doubtful advance ₹ 5.00 lacs, previous year ₹ 5.00 lacs)	2546.33	2256.30
Miscellaneous advance recoverable	83.52	75.48
Others Deposits	0.55	0.55
Prepaid Expenses	287.16	248.22
	3095.93	2797.45
Less : Provision for doubtful advances	90.01	90.01

<b>TOTAL</b>	<b>4796.20</b>	<b>4380.61</b>
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## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

NOTE No.	(₹ lacs)	
	As At 31.03.2015	As At 31.03.2014
<b>19A</b> Duties and Taxes Receivable includes an amount of ₹ 642.48 Lacs (previous year ₹ 872.11 Lacs) being VAT refund due from year 2005-06 to 2013-14 recovered from the input tax refunds by Commercial Taxes dept. This has been challenged by the company by filing appeals with Dy. Commissioner (Appeals). The said disputed VAT refund will have to be written off in the event of the company losing the appeal before the Appellate Authorities and hence the same has been shown under contingent liabilities.		
<b>20 OTHER CURRENT ASSETS :</b>		
Accrued Interest on Employee Advances	182.88	229.50
Accrued Interest on Bank deposit	-	30.58
Accrued Interest on Deposits	14.78	19.86
Accrued Income from Township	42.76	41.32
Less: Provision for Doubtful Recovery	7.25	34.07
<b>TOTAL</b>	<b>233.17</b>	<b>314.01</b>
<b>21 REVENUE FROM OPERATIONS</b>		
<b>1. Sale of Products (Manufactured)</b>		
Nitroproducts	651.97	664.28
Aniline Oil	-	189.90
Acids	32.41	19.23
Formaldehyde	0.21	171.73
Spent Acid	9.11	7.80
Dinitrogen Tetro Oxide	527.50	174.87
Phenol	6894.64	11135.13
Acetone	3970.79	5384.80
Hydrogen Peroxide	2202.72	2468.87
Heavy Ends of Cumene	438.29	549.19
Cumox Oil	173.87	292.72
Add: Excise Duty	1817.89	2604.02
	<b>16719.40</b>	<b>23662.54</b>
<b>2. Sale of Products - Traded</b>		
Toluene	-	17.19
<b>Gross Sales</b>	<b>16719.40</b>	<b>23679.73</b>
Other Operating Revenues	111.73	40.32
	<b>16831.13</b>	<b>23720.05</b>
Less : Excise Duty	1817.89	2604.02
<b>TOTAL</b>	<b>15013.24</b>	<b>21116.03</b>
<b>22 OTHER INCOME</b>		
<b>INTEREST:</b>		
On Call and Term Deposits (Gross)	80.82	228.67
On Advances and Deposits with MIDC, MSEB and others	5.69	16.74
On loan to Subsidiary Company	63.95	64.12
Delayed Payment and Finance Charges from Sundry Debtors	8.06	37.58
	<b>158.52</b>	<b>347.11</b>
<b>OTHER NON-OPERATING INCOME:</b>		
Estate Rent	160.97	167.91
Transport, Water, Electricity, etc. recoveries	63.79	76.05
Provision for doubtful debts no longer required written back (net)	20.04	82.27
Provision for Impairment written back	14.07	99.84
Miscellaneous Income	213.24	158.07
Gain on Foreign Exchange Fluctuation (net)	-	0.52
Profit on Sale of Assets	202.40	-
	<b>674.51</b>	<b>584.66</b>
<b>TOTAL</b>	<b>833.03</b>	<b>931.77</b>

NOTE No.	(₹ lacs)	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>23 COST OF MATERIALS CONSUMED</b>		
<b>A. RAW MATERIALS</b>		
Benzene	5983.24	8703.72
Methanol	0.04	67.08
Nitric acid	156.41	13.49
CNG	-	57.87
Ammonia	38.06	93.51
Liquified Petroleum Gas	2953.80	3683.95
Hydrogen	264.80	583.70
Caustic Soda Lye (100%)	47.24	46.37
Sulphuric Acid	50.04	39.87
Nitrogen	86.31	94.07
Other Raw Materials	6.66	18.99
<b>TOTAL</b>	<b>9586.60</b>	<b>13402.62</b>
<b>24 Purchases - Stock-in-Trade</b>		
Toluene	-	8.26
<b>TOTAL</b>	<b>-</b>	<b>8.26</b>
Above purchases includes opening stock of raw-materials transferred to stock-in-trade for sale.		
<b>25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>		
<b>OPENING STOCK</b>		
Stock-in-Process	1213.64	980.42
Stock for Captive Consumption	317.92	256.99
Finished Products (Main)	679.05	1461.05
By-Products	35.00	64.70
	<b>2245.61</b>	<b>2763.16</b>
<b>CLOSING STOCK</b>		
Stock-in-Process	814.97	1213.64
Stock for Captive Consumption	52.93	317.92
Finished Products (Main)	1626.17	679.05
By-Products	88.93	35.00
	<b>2583.00</b>	<b>2245.60</b>
Decrease / (Increase)	<b>(337.39)</b>	<b>517.56</b>
<b>25A Closing Inventory - Finished Goods</b>		
Nitroproducts	24.10	0.10
Acid	-	15.86
Formaldehyde	-	0.15
Other Chemicals	23.37	-
Phenol	1201.96	370.30
Acetone	282.91	194.41
Hydrogen Peroxide	93.83	114.08
Cumene	42.26	235.97
Lean Propylene	10.67	66.10
By-Products	88.92	35.00
	<b>1768.02</b>	<b>1031.97</b>
<b>Opening Inventory - Finished Goods</b>		
Nitroproducts	0.10	102.47
Aniline Oil	0.00	46.12
Acid	15.86	43.04
Formaldehyde	0.15	92.81
Other Chemicals	-	-
Phenol	370.30	931.43
Acetone	194.41	224.42
Hydrogen Peroxide	114.08	84.81
Cumene	235.97	130.21
Lean Propylene	66.10	62.74
By-Products	35.00	64.69
	<b>1031.97</b>	<b>1782.74</b>



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

NOTE No.	Year ended 31.03.2015	Year ended 31.03.2014	(₹ lacs)
<b>26 EMPLOYEE BENEFITS EXPENSES</b>			
Salary, Wages, Bonus, Incentives and Allowances (including wage revision arrears ₹ Nil previous year ₹ 44.58 lacs) (Refer Note - 33A, 33B and 33C)	7705.59	8222.72	
Company's contribution to Provident Fund	753.52	777.04	
Family Pension Fund and other Funds			
Gratuity payments including premium for Group Gratuity-cum-Life Insurance Scheme	753.52	767.80	
Provision for leave encashment	795.92	389.64	
<b>Staff Welfare Expenses</b>			
Medical Amenities	230.09	268.54	
Educational Amenities	71.43	75.02	
Canteen and Nutrition Amenities	516.25	589.95	
Other Welfare Expenses	77.82	114.04	1047.55
<b>TOTAL</b>	<b>10904.14</b>	<b>11204.75</b>	
<b>27 FINANCE COSTS</b>			
<b>Interest Expenses</b>			
On Fixed Loans	2753.09	1981.48	
On Other Loans	1050.57	1208.16	
Interest - Others	1244.69	1011.09	4200.73
Other Borrowing Cost	78.79	61.21	
<b>TOTAL</b>	<b>5127.14</b>	<b>4261.94</b>	
Interest - others is in respect of interest paid / payable on delayed payment towards provident fund, gratuity, credit society, electricity charges, water charges, income tax (TDS), MSMEs and other creditors against raw-material supplies.			
<b>28 OTHER EXPENSES:</b>			
Consumption of Stores and Spares (Including catalyst consumed)	387.12	702.92	
Stores & Spares Scrapped	-	128.98	
Less: Provision for Non-Moving & Obsolete Stock written back	-	128.98	-
Power and Fuel	3891.50	5037.32	
Water	181.75	159.87	
Repairs to Buildings	98.81	131.10	
Repairs to Machinery	101.54	269.24	
Repairs to Other Assets	137.90	215.62	
Rent	47.00	83.06	
Insurance	82.29	70.10	
Rates and Taxes	114.59	97.36	
Consultancy Charges	103.07	48.07	
<b>Payment to Auditors:</b>			
As Auditors	3.31	3.31	
For Taxation Matters	1.34	1.30	
For Other Services	2.30	2.40	
For Reimbursement of Expenses	0.34	0.30	
Power for Township	121.55	118.70	
Water for Township	121.30	138.32	
Security Expenses	215.01	246.99	
Advertisement Expenses-Tenders, Recruitment etc.	7.31	13.47	
Hire of Vehicles Expenses	63.34	97.71	
Loss on Exchange Rate Fluctuation	0.22	0.92	
Fixed Assets Written off	-	2.00	
Diminution in Value of Inventory	-	8.37	
Research and Development	-	0.12	
Loss on Sale / Disposal of Assets	0.94	184.56	
Miscellaneous Expenses	641.61	452.26	
Bad Debts Written-off	-	143.85	
Less: Provision for Doubtful Debts written back	-	143.85	-
Cash Discount	142.26	254.85	

NOTE No.	Year ended 31.03.2015	Year ended 31.03.2014	(₹ lacs)
Publicity Expenses	6.01	4.87	
Other Selling Expenses	8.15	18.24	
Provision for Doubtful Debts	32.66	0.01	
Provision for Doubtful Advances	0.70	58.22	
Provision for Diminution of investment - HFL	221.20	-	
Provision for Stock Obsolescence	104.88	93.00	
For Long term agreements	147.57	-	
For Provision for Statutory Claims	2.90	-	
<b>TOTAL</b>	<b>509.91</b>	<b>151.23</b>	
	<b>6990.47</b>	<b>8514.58</b>	

**28A** At Kochi unit, the SPA1 Catalyst of 76.330 MT valuing ₹ 333.41 lacs was charged into the reactor in the Cumene plant in the month of May 2013. The estimated life of the Catalyst is to achieve a production of 1100MT of Cumene per MT of catalyst under good operating conditions. During the period from May 2013 to March 2015 the Company has produced 26106 MT of Cumene. Due to intermittent shutdown of Cumene plant during the above period which affects the life of Catalyst, the Company may fall short of achieving guarantee norms.

**29 PRIOR YEAR ADJUSTMENTS:**

			(₹ lacs)
<b>INCOME</b>			
Others	-	5.04	
School Fees	-	4.13	
<b>EXPENDITURE</b>			
JNPT Rent Escalation	1351.08	-	
JNPT Tank Terminal Impairment	2634.54	-	
Salaries arrears, Incentives and Other benefits	-	10.02	
General Expenses	8.25	0.36	
Prior Year's Tax Adjustment	3.85	-	
Security Charges	-	2.31	
Service Tax	-	1.37	
Trade discount related to last year	5.83	-	
Depreciation	-	0.46	
Others DPC Reversal (2013-14)	0.90	7.50	
Consultancy Charges	-	0.77	
<b>Net Prior Period Expenditure</b>	<b>4004.45</b>	<b>13.62</b>	
<b>EXCESS PROVISION WRITTEN BACK</b>			
Provision for Repair & Maintenance written back	4.30	-	
Provision for Maharashtra Sales Tax written back	-	24.21	
Reversal of Provision for Incentive to Employees	7.98	19.67	
	12.28	43.88	
<b>NET PRIOR YEAR ADJUSTMENTS:</b>	<b>3992.17</b>	<b>(30.26)</b>	
<b>TOTAL</b>	<b>3992.17</b>	<b>(30.26)</b>	
<b>30 EXCEPTIONAL ITEM:</b>			
V R S Payment	89.82	114.13	
<b>TOTAL</b>	<b>89.82</b>	<b>114.13</b>	

**30A RASAYANI**

- The Company has introduced VRS Scheme on 12.09.2013 and was open for 1 month upto 12.10.2013 and further re-opened from 11.11.2013 to 18.11.2013. The Company received 151 applications in total out of which first 7 applicants were relieved on 10.10.2013 and the compensation amounting to ₹ 84.83 lacs has been paid and 1 applicant was relieved on 16.12.2013 and the compensation amounting to ₹ 29.30 lacs has been provided. During the year further 5 applicants were relieved on VRS and the compensation amounting to ₹ 89.82 lacs has been provided. Further 41 applicants (previous year 12) have superannuated in the normal course on attaining the retirement age. The balance 97 (previous year 131) applications are kept pending for want of funds and the VRS Compensation of ₹ 1202.00 lacs (previous year ₹ 1793.84 lacs) has been shown under Other Commitments. (refer note-43)
- The Board in its meeting held on 13.11.2013 had approved a Voluntary Separation Scheme (VSS) for the canteen workers of Rasayani Unit through the Canteen Contractor for curtailing the expenditure towards canteen facility. It is estimated that the amount payable to each canteen worker on account of this would be ₹ 5.50 lacs. The Company has not invited any application from the canteen workers through the contractors for the VSS. However, since the Board has approved such a scheme, an amount of ₹ 478.50 lacs (previous year ₹ 489.50 lacs) being the estimated amount of the compensation of VSS scheme payable on implementation of this scheme to 87 canteen workers (previous year 89) is shown under Other Commitments (refer note-43).



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

NOTE No.

31 EMPLOYEES BENEFIT PLAN:

31A Provision for leave encashment

The Company has made provision of ₹ 795.92 lacs (previous year ₹ 389.64 lacs) for leave encashment as per revised AS-15 issued by Institute of Chartered Accountants of India based on Actuarial Valuation and the unpaid amount of leave encashment claims submitted by the employees.

31B Employees receive benefits from the provident fund managed by the Company. The employee and employer each make monthly contributions to the Provident Fund/Pension Fund plan equal to 12% of the employees' salary/wages. Provident Fund is managed by a separate Exempted Trust.

31C Gratuity

The Employees' Gratuity Fund Scheme, which is a defined benefit plan, is managed by the Trust through an Annuity Scheme maintained with Life Insurance Corporation of India (LIC). The present value of obligation is determined based on actuarial valuation, of liability done by using Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The ceiling of gratuity has been enhanced from ₹ 3.50 lacs to ₹ 10 lacs with effect from 1<sup>st</sup> January, 2007. The gratuity liability as on 31<sup>st</sup> March, 2015 includes the provision towards arrears for the retired employees on above account amounting to ₹ 187.54 lacs. (previous year ₹ 189.31 lacs).

(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligations.

Particulars	₹ Lacs	
	2014-15	2013-14
Present value of obligation as at the beginning of the year	5016.98	4985.38
Interest Cost	451.53	398.83
Current Service Cost	165.47	132.99
Benefits paid	(412.56)	(270.55)
Actuarial (gain)/loss on obligations	(85.38)	(229.66)
Present value of obligations at the end of year	5136.04	5016.98
(ii) Reconciliation of opening and closing balances of fair value of the plan assets:		
Fair value of plan assets at beginning of year	36.41	291.62
Expected return on plan assets	2.91	7.27
Contributions	0	8.07
Benefits Paid	(3.50)	(270.55)
Actuarial gain/(loss) on plan assets	0.19	-
Fair value of plan assets at the end of year	36.01	36.41
(iii) Reconciliation of present value of obligations and fair value of plan assets:		
Fair value of Plan Asset at the end of the year	36.01	36.41
Present value of obligations at the end of year	5136.04	5016.98
Liability/(Asset) recognized in the Balance Sheet	5100.03	4980.58
(iv) Expenses recognized during the year:		
Current Service Cost	165.47	132.99
Interest cost	451.53	398.83
Expected return on plan assets	(2.91)	(7.27)
Actuarial (gain)/loss	(85.57)	(229.66)
Enhanced gratuity differential amount paid to left employees by the Company which is not paid by LIC of India		
Expenses Recognised in Profit & Loss Account	528.51	294.88
(v) Assumptions used to determine the defined benefit obligations		
Mortality Table (LIC) (1994-96 Ultimate)	7.80%	8%
Discount rate (p.a)		
Expected rate of increase in salary (p.a.)	7%	4%
Withdrawal rate	1% to 3% depending on age	

NOTE No.

32 Amount due to Micro, Small and Medium enterprises:

Particulars	₹ Lacs	
	2014-15	2013-14
a) i) Principal amount remaining unpaid as at the end of each accounting year	81.12	75.31
ii) Interest due thereon	5.94	8.78
b) The amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond appointed day.	Nil	Nil
c) 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 Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	14.72	8.78
e) 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 Micro, Small and Medium enterprises Development Act, 2006.	Nil	Nil

33 PROVISION FOR EMPLOYEE REMUNERATION RASAYANI

PROVISION FOR ARREARS OF WAGES

33A During the year, the Company has paid an amount of ₹ Nil (previous year ₹ 40.73 lacs) towards arrears on account of wage revision of employees pertaining to the period January 1, 1997 to December 31, 2000 and the same has been charged to statement of profit and loss and shown under employee benefit expenses. No provision has been made for the liability towards balance amount of ₹ 1887.79 lacs (previous year ₹ 1887.79 lacs) and it is shown under contingent liability.

33B Wage Settlement / Salary Revision w.e.f.1/1/2007 - Officer  
During the year, the Company has paid an amount of ₹ Nil (previous year ₹ 3.19 lacs) towards arrears on account of wage revision of employees pertaining to the period January 1, 2007 to March 31, 2008 and the same has been charged to statement of profit and loss and shown under employee benefit expenses. No provision has been made for the liability towards balance amount of ₹ 161.55 lacs (previous year ₹ 161.55 lacs) and it is shown under contingent liability.

33C Wage Settlement / Salary Revision w.e.f.1/1/2007 - Staff:  
During the year, the Company has paid an amount of ₹ Nil (previous year ₹ 0.67 lacs) towards arrears on account of wage revision of employees pertaining to the period January 1, 2007 to March 31, 2008 and the same has been charged to statement of profit and loss and shown under employee benefit expenses. No provision has been made for the liability towards balance amount of ₹ 148.26 lacs (previous year ₹ 148.26 lacs) and it is shown under contingent liability.

33D STAFF:

The arrears payable for the period from 1<sup>st</sup> April, 2008 up to 31<sup>st</sup> March, 2015 in case of 5 employees ₹ 1.88 lacs (previous year 6 employees amounting to ₹ 2.09 lacs) has been provided for and shown under Short-term provisions.

34 FIXED ASSETS

34A Land in possession of the Company at Rasayani admeasuring 455.69 hectares (previous year 455.69 hectares) has been given free of cost for use, by the Government of Maharashtra, against which a nominal value of ₹ 1 is included in "Land and Land development" by creating "Capital Reserve". Land at Panvel amounting to ₹ 0.80 lacs (previous year ₹ 0.80 lacs) included in "Land and Land development" has been given by the Government of Maharashtra for the business/residential purpose of the company.

34B Various plants NCB(X), NCB(CD), PNCB Separation, CHA, Pollution Control, Incinerator, Boiler No. MR-9618, Cooling Tower CT4, Old Weigh Bridges and other specific assets having wdv of ₹ 161.75 lacs has been sold during the year. The profit on sale of these assets amounting to ₹ 195.97 lacs (previous year ₹ Nil) has been booked and provision for impairment on these plants made in the earlier years of ₹ 14.07 lacs (previous year ₹ Nil) has been written back.

34C Upon implementation of Schedule II of Companies Act 2013, the useful life of the fixed assets has been revised by the Company in terms of the schedule. Accordingly the company has revised its depreciation rate so as to depreciate its assets over the balance useful life of the assets keeping the residual value at 5%. The depreciation charge during the year pertaining to assets whose revised useful life has expired prior to commencement of the financial year has been adjusted against retained earnings in terms of Schedule II. An amount of ₹ 638.01 lacs has been adjusted against the opening Retained Earnings as per the provisions of Schedule II. Due to the change in useful life of the assets, the depreciation charge during the year (including adjusted opening Retained Earnings) is higher by ₹ 340.64 lacs.

34D The Company appointed consultant/valuers during the year, for assessing the impairment of Fixed Assets as per the provisions of AS-28 'Impairment of Assets' for Rasayani Unit. As per the report of the consultant the loss on account of impairment has been worked out by comparing the fair market value as on date with the wdv as on 31<sup>st</sup> March, 2015 and an additional amount of ₹ 14.25 lacs (previous year ₹ 79.36 lacs) has been provided for during the year.

34E The Acetanilide, Sulphuric Acid, Nitro Toluene, Aniline-II and Hydrogen-II plants having wdv (net of impairment) ₹ 244.44 lacs (previous year ₹ 261.33 lacs) are in working condition but are not in operation due to uneconomical conditions.



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS**

**NOTE No.** (₹ Lacs)

**34F RASAYANI**

The Caustic Soda Plant having wdv of ₹ 2607.90 lacs (previous year ₹ 2632.81 lacs) net of impairment has been transferred to held for disposal as per the decision of the Board in the meeting held on 13th Nov 2013.

**KOCHI**

The Recycle column reboiler, Cumene column reboiler and Propane surge drum having wdv ₹ Nil (previous year ₹ 1.37 lacs) have been transferred to assets held for disposal during the year.

**34G i)** Capital Work-in-Progress and Expenditure during Construction includes ₹ 2978.91 lacs (previous year ₹ 2978.91 lacs) towards cost of JNPT Tank Terminal project wherein management had decided to suspend further construction. Even though the lease period has expired in June 2010, the Company has written to JNPT authorities for extension of the lease period and is hopeful of getting extension.

The company has gone into arbitration alongwith other Liquid Berth Users Association against JNPT for various issues including lease period issue.

Prior period expenses includes provision for impairment of JNPT Tank Terminal project which formed part of Auditors qualification in earlier years and have been provided during the current year on the basis of "recast of accounts" for FY 2012-13 as per SEBI circular and directives as directed by NSE vide letter dt.26.12.2014 and based on FRRB's opinion to restate the financial statements. The Company appointed consultant / valuers during the year for assessing the impairment of JNPT Tank Terminals Project as per the provisions of AS-28 'Impairment of Assets'. As per the report of the consultant the loss on account of impairment has been worked out by comparing the fair market value as on date with the project cost incurred to date and an amount of ₹ 2634.54 lacs (previous year Nil) has been provided for during the year as impairment under prior period expenditure. The report was placed before the Board and the same has been approved by the Board in its meeting held on 12.02.2015.

**ii)** As per Lease Agreement with JNPT, the Lease Rentals provide for escalation @ 10% on Lease Rent payable to JNPT. The Company had provided for Lease Rentals with old rates upto 31.03.2014 without considering the escalation @ 10% per annum as the matter is under arbitration. The amount accumulated on account of escalation upto 31.03.2014 amounting to ₹ 1351.08 lacs was disclosed as contingent liability.

Prior period expenses includes provision for Lease Rent on JNPT Land for earlier years which formed part of Auditors qualification in earlier years and have been provided on the basis of "recast of accounts" for FY 2012-13 as per SEBI circular and directives as directed by NSE vide letter dt.26.12.2014 and based on FRRB's opinion to restate the financial statements. During the current year provision has been made for the escalation amounting to ₹ 1351.08 lacs and has been charged to prior period expenditure and the same has been approved by the Board in its meeting held on 12.02.2015. The total lease rentals for current year has been accounted amounting to ₹ 289.58 lacs including escalation.

**34H** An amount of ₹ 2429.40 lacs (previous year ₹ 2400.46 lacs ) has been spent to date on Refurbishment of CNA Plant, which is funded by ISRO. During the year, an amount of ₹ 23.97 lacs (previous year ₹ 157.59 lacs) has been capitalised and the balance amount of ₹ 633.39 lacs (previous year ₹ 628.42 lacs) has been carried forward as Capital Work in progress in respect of works not completed.

**34I** An amount of ₹ 25.41 lacs (previous year ₹ 25.41 lacs) incurred towards feasibility study of captive power plant was carried forward as Capital WIP from the previous year. The project is on hold now due to high gas prices and may be taken up at a later date only. Full impairment provision has been recognised for the same in earlier year.

**34J** With respect to the Company's leased land at Kharghar, the commencement of construction certificate issued by CIDCO was valid upto 29.12.2012. Further the Company paid a premium of ₹ 15.41 lacs and got extension for commencement of construction upto 25.05.2013. For further extension for a period of one year upto 25.05.2014 the agreement provides for an additional premium payment of ₹ 30.81 lacs failing which CIDCO reserves the right for taking back the possession of the land. Since the Company was facing financial crunch the payment has not been made to CIDCO. So far CIDCO has not initiated any steps to take back the land.

The Company has plans to construct buildings on the said land on the Public Private Partnership (PPP) model basis as per the decision of the Board in its meeting held on 14.11.2014. This will avoid cash outflow by the company for the construction purpose.

**35 a)** The Company has an investment of ₹ 1106.00 lacs (previous year ₹ 1106.00 lacs) in the equity share of subsidiary company M/s. Hindustan Fluorocarbons Ltd. (HFL) which is under BIFR since 1994. HFL had made profits in the 4 financial years prior to financial year 2013-14. During the financial year 2013-14 HFL has incurred a loss. The shares are traded below nominal value since Dec 2012 and the net worth of the Company since Dec 2012 and the net worth of the Company based on its latest audited balance sheet as at 31st March, 2015 is negative. Hence provision has been made during the year towards diminution in the value of these investments amounting to ₹ 221.20 lacs.

**35 b)** The Company had invested ₹ 3.00 lacs in the Equity of M/s. HOC-Chematur Ltd. by way of joint venture as a co-promoter. The company holds 60% of the Paid-up Equity Capital of HOC-Chematur Ltd., hence HOC-Chematur is a subsidiary company of HOCL. HOC-Chematur Ltd., had initiated the process of implementing the project, however, abandoned subsequently due to inadequate support from financial institutions. In view of such uncertainties involved in implementing the project, the Company had fully provided for the losses against the investment. There is no change in the status of M/s HOC-Chematur Ltd., and the provision against the investment is continued.

**NOTE No.** (₹ Lacs)

**36 a)** During the year 2007-08, the Modified Draft Rehabilitation Scheme (MDRS) for revival of subsidiary - Hindustan Fluorocarbon Ltd. (HFL) was approved by BIFR for implementation. As part of implementation of MDRS, HOCL had waived interest of ₹ 2260.26 lacs accumulated on loan given to HFL and converted the unsecured loan amounting to ₹ 2744.06 lacs as Zero Coupon Loan (ZCL), into secured loan by creating first charge on HFL immovable property (land valued to the extent of ₹ 2900 lacs) in favour of HOCL. This loan was payable in 7 equal annual instalments commencing from 2010-11. HFL has not paid the instalments for the year 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 aggregating to ₹ 1960.05 lacs (previous year ₹ 1568.04 lacs). Further, the Company had given loans to HFL aggregating to ₹ 453.01 lacs (previous year ₹ 456.42 lacs) bearing interest ranging from 10.25% to 14.50% out of which ₹ 381.42 lacs (previous year ₹ 305.14 lacs) being the instalments due from financial year 2010-11 to 2014-15 remains unpaid.

**36 b)** Advances to joint venture Company M/s HOC-Chematur Ltd. includes advance paid to M/s Chematur Engg. A.B amounting to ₹ 664.71 lacs and expenses allocated in earlier years, aggregating to ₹ 1067.46 lacs (previous year ₹ 1066.75 lacs). In view of uncertainties involved in recovery/completion of the joint venture company project, a provision for doubtful advance of equivalent amount was made in earlier years. Since there is no improvement in the status of the joint venture project, the provision for doubtful advances is continued.

**37** During the year 2001-2002, a case of misappropriation of Company's funds to the tune of ₹ 64.81 lacs (net and to the extent identified) by an official of the Company, involving fraudulent / fake payments / withdrawals under various heads of accounts including sales tax, debtors etc. had been detected. The case is at present under investigation of CBI. In the meantime, based on the report of the Vigilance Department, a civil suit has been filed for recovery of the amount involved from the concerned employee who was dismissed from the services of the Company. Since in the opinion of the Management the value of assets seized by CBI is sufficient to cover the losses occurred on account of fraud, no provision in the accounts is made and the amount is shown as recoverable.

**38 EARNING PER SHARE** (₹ Lacs)

Earnings per share has been calculated as follows:	2014-15	2013-14
Net Profit/(Loss) after Tax	(21548.77)	(17685.28)
Weighted average number of equity shares	67173100	67173100
Nominal Value per equity share (₹)	10	10
Basic / Diluted Earning per equity share	(32.08)	(26.33)

**39 SEGMENT REPORTING.**

Since the company is manufacturing only Chemicals, there are no separate reportable primary and secondary segments and all the chemicals manufactured by the company are considered to have been representing as single reportable segment. The requirements of Accounting Standard 17 with regard to disclosure of segmental results are therefore considered not applicable to the company.

**40 RELATED PARTY DISCLOSURE AS PER AS-18**

a) The company is a State controlled enterprise therefore the disclosures as per Accounting Standard 18 are not considered applicable.

b) Key Management Personnel	2014-15	2013-14
	Remuneration	Remuneration
No. Name		
i) Sri V. B. Ramachandran Nair, Chairman and Managing Director	₹ 19.37 lacs	₹ 15.01 lacs
ii) Sri J. N. Suryawanshi, Director (Marketing)	₹ 20.42 lacs	₹ 21.68 lacs
iii) Sri R. Suresh Kumar, Director (Finance)	₹ 19.71 lacs	₹ 17.11 lacs
iv) Sri S.B. Bhide, Director (Technical)	₹ 19.73 lacs	₹ 20.60 lacs
v) Sri R. N. Madangeri, Chairman and Managing Director (upto 30.04.2013)	-	₹ 1.60 lacs

**41 DEFERRED TAXES**

The company had reviewed its net deferred tax assets as at 31<sup>st</sup> March, 2004 and decided not to carry forward such assets due to uncertainty of realizing this assets against future taxable income in view of the huge accumulated loss. This decision is followed this year also in view of Accounting Standard Interpretation issued by the Institute of Chartered Accountants of India.

**42 BALANCE CONFIRMATION**

Balances of trade receivables, trade payables, loans, advances, other current assets and borrowings are subject to confirmation/reconciliation and subsequent adjustments.

**43 Contingent Liabilities & Commitments** (₹ Lacs)

i) Contingent Liabilities	31.03.2015	31.03.2014
a) Claims against the Company not Acknowledged as debts:		
i) Differential tax on account of concessional forms in respect of concessional sales	381.28	301.31
ii) Income Tax Claims	819.10	822.65
iii) Sales Tax Claims	642.48	872.11
iv) Excise Claims	594.07	481.74
v) JNPT claims	-	1351.08
vi) Rental claim Harchandrai House	4378.41	3825.99



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

NOTE No.	(₹ Lacs)	
	31.03.2015	31.03.2014
vii) Wage revision employees (Refer note 33)	2197.60	2197.60
viii) Other Statutory Claims	2.17	2.17
ix) Delayed Payment Charges claimed by BPCL	1057.48	806.43
x) Other Claims	739.98	519.06
xi) Penal Interest on Government Loan	1268.87	1062.51
xii) Claims not acknowledge as debts by suppliers	49.33	-
b) Letters of Credit opened, cheques and bills of exchange discounted with the bankers and remaining outstanding	195.38	68.57
c) bankers and remaining outstanding Bank guarantee given	265.15	809.09
d) Guarantees given on behalf of the Subsidiary Company, Hindustan Fluoro-carbons Limited to Financial Institutions and Commercial Banks for securing loans and cash credit facilities.	1103.00	1103.00
e) Security Bond given to Commercial Taxes Dept., Govt. of Kerala	3053.30	4290.74
<b>ii) Commitments</b>		
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	246.81	262.93
ii) Other Commitments (Refer note - 30A)	1680.50	2283.34
<b>44 Value of Imports (on CIF basis)</b>	<b>2014 - 15</b>	<b>2013 - 14</b>
Component and Spare Parts	33.82	110.12
Raw Materials and Trading Goods	-	-
Capital Goods	-	20.57

NOTE No.	(₹ Lacs)			
	₹ lacs	Consumption %	₹ lacs	Consumption %
<b>45 Consumption of Indigenous/ Imported Materials</b>				
A) Raw Materials				
Imported	Nil	Nil	Nil	Nil
Indigenous	9586.60	100	13402.62	100
<b>TOTAL</b>	<b>9586.60</b>	<b>100</b>	<b>13402.62</b>	<b>100</b>
B) Component and Spare Parts				
Imported	84.09	21.72	103.25	14.69
Indigenous	303.03	78.28	599.67	85.31
<b>TOTAL</b>	<b>387.12</b>	<b>100</b>	<b>702.92</b>	<b>100</b>
	<b>2014 - 15</b>		<b>2013 - 14</b>	
46 Earnings in foreign currency	-	-	-	-
FOB value of goods exported	-	-	-	-
47 In the previous year, the Company has made an application for reference to Board for Industrial and Financial Reconstruction (BIFR) in terms of Sec-15(1) of the Sick Industrial Company's (Special Provisions Act, 1985) for declaring the Company as sick under the said Act. and it has been registered as per order dt. 30.09.2014.				
The Company has engaged a consultant for preparation of the revival plan for submission to the administrative ministry. The preparation of the revival plan is in progress. In view of this, the financial statements have been prepared on going concern basis although the net worth of the Company is fully eroded.				
48 The Company had entered into long term supply contract with Gas Authority of India (GAIL) at Kochi for supply of Liquefied Natural Gas in 2011 for a period of 15 years ending in 2016. Material foreseeable losses can not be identified in the current scenario.				
49 Previous year figures have been re-grouped / re-classified wherever necessary to make them comparable with those of the current year.				

As per our report of even date attached

**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm's Registration No. 102860W

Sd/-  
**Shrikant Prabhu**  
Partner  
Membership No. 35296

Sd/-  
**V. B. Ramachandran Nair**  
Chairman & Managing Director

For and on behalf of the Board of Directors

Sd/-  
**J. N. Suryawanshi**  
Director (Marketing)

Sd/-  
**R. Suresh Kumar**  
Director (Finance)

Sd/-  
**S. B. Bhide**  
Director (Technical)

Place: Mumbai  
Date: 28/05/2015

Sd/-  
**Mrs. Susheela S. Kulkarni**  
Company Secretary  
Place: Mumbai  
Date: 28/05/2015

**INDEPENDENT AUDITOR'S REPORT****To the Members of Hindustan Organic Chemicals Limited  
Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Hindustan Organic Chemicals Limited (hereinafter referred to as 'the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as 'the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of his report referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

**Basis for Qualified Opinion**

- A) No provisions have been made in the consolidated financial statements for the following amounts relating to Holding Company (refer respective notes in the notes to the financial statements);
- Penal interest of ₹ 1268.87 lakhs (Previous year ended 31<sup>st</sup> March 2014: ₹ 1062.51 lakhs) on overdue loan from Government of India (note no. 5A(vi)),
  - Loss on account of misappropriation of Company's fund amounting to ₹ 64.81 lakhs (Previous year ended 31<sup>st</sup> March 2014: ₹ 64.81 lakhs), pending final report from CBI and outcome of the civil suit (note no. 37),
  - Liability of wage revision for the period 1.1.1997 to 31.12.2000 ₹ 1887.79 lakhs (Previous year ended 31<sup>st</sup> March 2014: ₹ 1887.79 lakhs) at Rasayani unit (note no. 33A),
  - Liability of wage revision for the period 1.1.2007 to 31.3.2008 ₹ 161.55 lakhs (Previous year ended 31<sup>st</sup> March 2014: ₹ 161.55 lakhs) to Officers and ₹ 148.26 lakhs (Previous year ended 31<sup>st</sup> March 2014: ₹ 148.26 lakhs) to Staff at Rasayani unit (note no. 33B and 33C).

The above four matters were also qualified in our report on the consolidated financial statements for the year ended 31<sup>st</sup> March, 2014.

Had the effects of the items mentioned in the paragraphs A) i) to A) iv) above been considered, the loss for the year would have been higher by ₹ 3531.28 lakhs (Previous year ended 31<sup>st</sup> March 2014: ₹ 3324.92 lakhs).

- B) The balances of trade receivables, trade payables, loans and advances and other current assets and other debit / credit balances are pending for confirmations and reconciliation (note no. 42). The effect of the same on the loss for the year is not ascertainable.

This matter was also qualified in our report on the consolidated financial statements for the year ended 31<sup>st</sup> March, 2014.

- C) The financials of HOC – CHEMATUR Limited in which the Holding Company holds 60% of the equity has not been consolidated by the management in the consolidated financial statements for reasons stated in note no. 48 (b) to the consolidated financial statements. We have not been provided with the audited financial statements of this joint venture subsidiary as on 31<sup>st</sup> March, 2015. This subsidiary has not commenced business operations. The latest audited balance sheet of this subsidiary as on 31<sup>st</sup> March, 2014 shows total assets of ₹ 1132 lakhs.

**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 matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

**Emphasis of Matter**

Attention is drawn to note 49 to the consolidated financial statements which states that the Holding Company has made an application for reference to Board for Industrial and Financial Reconstruction (BIFR). The net worth of the Group is fully eroded. The Group has incurred a cash loss in the current and in previous years. The Group's current liabilities exceeds its current assets as at the balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. However, the financial statements of the Group have been prepared on a going concern basis for the reasons stated in the said note.

**Other Matters**

We did not audit the financial statements / financial information of the subsidiary, whose financial statements / financial information reflect total assets of ₹ 4745.89 lakhs as at 31<sup>st</sup> March, 2015, total revenues of ₹ 2970.15 lakhs and net cash inflows amounting to ₹ 1078.67 lakhs for the year ended on that date, as considered in the consolidated financial statements.

These financial statements / financial information have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

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

**Report on Other Legal and Regulatory Requirements**

- As required by the Companies (Auditor's Report) Order, 2015 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding Company and its subsidiary, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- As required by the directions and sub-directions issued by the Office of the Comptroller and Auditor General of India under Section 143(5) of the Act, we give in Annexure II, a statement on the matters referred to in those directions in respect of the Holding Company and in Annexure III in respect of Subsidiary Company as reported by the statutory auditors of the Subsidiary Company in their standalone audit report dated 10.06.2015.
- As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
  - We have sought and, except for the possible effect of the matter described in the sub paragraph (C) of the Basis for Qualified Opinion above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.



- (c) The report on the accounts of the branch office of the Holding Company, audited under section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with in preparing this report.
- (d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (e) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (f) The matters described in the Basis for Qualified Opinion and the going concern matter described in Emphasis of Matters paragraphs above, in our opinion, may have an adverse effect on the functioning of the Group.
- (g) The conditions specified in section 164(2) of the Act in respect of qualifications of directors is not applicable to the companies in the Group being a government companies.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group (Refer note 43 to the financial statements).
  - The Kochi Unit of the Holding Company has entered into long term supply contract with Gas Authority of India (GAIL) for supply of Liquefied Natural Gas in 2011 for a period of 15 years ending in 2026. Material foreseeable losses on this contract is not quantifiable in the current scenario. Other than this, the Holding Company did not have any long term contracts for which there were any material foreseeable losses.  
The subsidiary has made provision, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long term contracts. The Group neither entered into any derivative contracts during the year nor were there any outstanding derivative contracts at the end of the year.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the companies in the Group during the year.
- For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm's Registration No. 102860W

Sd/-

**Shrikant Prabhu**

Partner

Membership No. 35296

Place: Mumbai

Date: 28<sup>th</sup> May, 2015**Annexure to the Independent Auditor's Report****To the Members of Hindustan Organic Chemicals limited**

As referred in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in our Auditors' report of even date, the following statement is based on the comments in the Auditors' reports on the standalone financial statements of the Holding Company and its subsidiary incorporated in India (referred to as 'the Group').

- The Group has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
  - The fixed assets have been physically verified by the management at reasonable intervals except at Kochi unit of the Holding company where the frequency of verification needs to be improved. As explained to us, no material discrepancies were noticed on such verification.
- The inventory has been physically verified by the management at reasonable intervals during the year.
  - In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Group and the nature of its business, except for inventory in storage tanks at Kochi unit of the Holding Company which does not have a system of taking dip measurements. Instead, reliance is placed on the electronic reading reported by the Distribution Control System.
  - The Group has maintained proper records of inventory. As explained to us, the discrepancies between the physical inventory and the book records noticed on physical verification were not material.

- The Group has not granted any loans to the parties covered in the register maintained under Section 189 of the Act except for secured loan to its subsidiary - Hindustan Fluorocarbons Ltd. and unsecured advance in the nature of loan to its joint venture subsidiary company - HOC-Chematur Ltd.

The advance to HOC - Chematur Ltd. of ₹ 1067.46 lakhs is interest free and there is no stipulation as to the repayment of the principal. The advance has been fully provided for as it is doubtful of recovery.

The loan to Hindustan Fluorocarbon Ltd. is interest free to the extent of ₹ 2744.06 lakhs and has varying interest rates of 10.25% to 14.5% on amount of ₹ 453.01 lakhs. Both the principal amount and interest on this loan has not been received by the Company as per stipulation.

In both the above cases, besides writing follow-up letters, the Holding Company has not taken any other steps for recovery of the dues.

- In their opinion and according to the information and explanations obtained by the statutory auditors of the companies in the Group, there are adequate internal control systems commensurate with the size of the companies in the Group and the nature of their business for the purchase of fixed assets and for the sale of goods and services. During the course of their audit the statutory auditors of the companies in the Group, have neither been informed nor have they observed any continuing failure to correct major weaknesses in internal control systems.
- The Group has not accepted any deposits from the public within the meaning of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder.
- The statutory auditors of the companies in the Group have broadly reviewed the books of accounts maintained by the Group in pursuance to the rules made by the Central Government for the maintenance of cost records under sub section (1) of section 148 of the Act, for certain products of the Company and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. They have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- According to the information and explanations given to the statutory auditors of the companies in the Group and on the basis of examination of the books of accounts of the Group examined by them, the Group has been regular in depositing undisputed statutory dues including Employees' State Insurance, Sales-tax, Wealth-Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other statutory dues, as applicable, with the appropriate authorities. The Group has not been regular in depositing Provident Fund dues and tax deducted at source with the appropriate authorities during the year. There were no undisputed arrears of statutory dues outstanding as at 31<sup>st</sup> March, 2015 for a period of more than six months from the date they became payable except for as stated below.

**Holding Company:****Rasayani Unit :**

Sr. No.	Name of Statute	Nature of Dues	Outstanding Amount (₹ in lakhs)
1	The Employees' Provident Funds And Miscellaneous Provisions Act, 1952	Employees Provident Fund contribution	1467.67
2	The Employees' Provident Funds And Miscellaneous Provisions Act, 1952	Employees Pension Fund contribution	26.18
3	MVAT Act, 2002 w.e.f 2005	Works Contract Tax	0.48
4	Income Tax Act, 1961	Tax deducted at source	67.94
5	Gram Panchayat	Gram Panchayat Tax	42.49
		<b>Total</b>	<b>1604.76</b>

**Kochi Unit:**

Sr. No.	Name of Statute	Nature of Dues	Outstanding Amount (₹ in lakhs)
1	The Employees' Provident Funds And Miscellaneous Provisions Act, 1952	Employees Provident Fund contribution	221.67
2	Income Tax Act, 1961	TDS - Salary	16.76



**Subsidiary Company:**

**Hindustan Fluorocarbons Limited:**

Sr. No.	Name of Statute	Nature of Dues	Outstanding Amount (₹ in lakhs)
1	The Employees' Provident Funds And Miscellaneous Provisions Act, 1952	Employees Provident Fund contribution	73.68

b) According to the information and explanations given to the statutory auditors of the companies in the Group and on the basis of their examination of the records of the Group, there were no disputed dues in respect of Income-tax, Sales-tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as at 31<sup>st</sup> March, 2015 other than those shown below.

**Holding Company:**

**Rasayani Unit:**

Sr. No.	Name of Statute	Nature of Dues	Period to which the dispute relates	Amount of Dispute (₹ in lakhs)	Forum where dispute is pending
1	Central Excise Act, 1944	Molten Sulphur Classification	Feb-97 to Jun-98	15.53	Customs, Excise and Service Tax Appellate Tribunal
2	Central Excise Act, 1944	Molten Sulphur Classification	Sept-94 to Jan-97	22.76	Customs, Excise and Service Tax Appellate Tribunal
3	Central Excise Act, 1944	Molten Sulphur Classification	1999-00	7.62	Commissionerate
4	Central Excise Act, 1944	Shortage of Inputs		13.64	Commissionerate
5	Central Excise Act, 1944	Shortage of Inputs	1998-01	18.66	High Court
6	Central Excise Act, 1944	Shortage of Inputs	Jul-01 to Sept-02	5.85	High Court
7	Central Excise Act, 1944	ARO Case (Aniline Valuation)	Jul-03 to May-06	19.29	Customs, Excise and Service Tax Appellate Tribunal
8	Central Excise Act, 1944	Clearance of SSA to fertilizer manufacturing units	Sept-96 to Mar-2000	112.78	High Court
9	Central Excise Act, 1944	Reversal of Cenvat Credit availed on inputs lost in flood	2006-07	18.66	Commissionerate
10	Central Excise Act, 1944	N2O4 Exemption	Jan-06 to Feb-08	104.63	Customs, Excise and Service Tax Appellate Tribunal
11	Central Excise Act, 1944	Duty on Clearance of Molten Sulphur	Nov-98 to Dec-98	5.05	Deputy Commissioner Central Excise
12	Central Excise Act, 1944	Duty on Clearance of Molten Sulphur	Jan-99	2.59	Deputy Commissioner Central Excise
13	Finance Act, 1994	Wrong credit availed on Angels, bars and HR coils and plates	May-07 to Jul-10	1.44	Assistant Commissioner Central Excise
14	Finance Act, 1994	Cleaning, gardening and Rent-a-cab services	Oct-09 to Nov-11	8.88	Deputy Commissioner Central Excise
15	Finance Act, 1994	Service Tax on canteen services	Feb-07 to Mar-11	66.96	Commissioner of Central Excise, Custom and Service Tax

16	Finance Act, 1994	Capital Goods Bill of Entry wrong address	27/11/2013 to 18/12/2014	17.58	Commissioner of Central Excise Appeals, Mumbai – II
17	Finance Act, 1994	Flood Case	Jan 07	9.34	Appeal to be filed in CESTAT
18	Finance Act, 1994	Reversal Penalty and Interest payment	Oct 13 to Mar 15	10.95	Assistant Commissioner of Central Excise and Superintendent Service tax of central Excise
<b>Total</b>				<b>462.21</b>	
19	Income Tax Act, 1961	Penalty u/s 271(1)(c)	A.Y 1999-2000	91.07	Bombay High Court
20	Income Tax Act, 1961	Penalty u/s 271(1)(c)	A.Y 1999-2000	57.55	Bombay High Court
21	Income Tax Act, 1961	Penalty u/s 271(1)(c)	A.Y 2003-04	607.25	Bombay High Court
22	Income Tax Act, 1961	Penalty u/s 271(1)(c)	A.Y 2004-05	63.23	Bombay High Court
<b>Total</b>				<b>819.10</b>	

**Kochi Unit:**

Sr. No.	Name of Statute	Nature of Dues	Period to which the dispute relates	Amount of Dispute (₹ in lakhs)	Forum where dispute is pending
1	ESI Corporation	ESI contribution of employees	1.04.92 to 31.10.92	2.17	Employees Insurance Court (Industrial)
<b>Total</b>				<b>2.17</b>	
2	Finance Act 1994	Availing of CENVAT credit on service tax on transportation of final products to Rasayani Depot	04/03 to 12/06	39.57	CESTAT, Bangalore
3	Finance Act 1994	Insurance renewal/Tyre retrading charge	07/11 to 05/12	3.17	CESTAT, Bangalore
4	Finance Act 1994	Bus, Car transportation to employees	11/11 to 06/12	1.10	Commissioner of Central Excise Appeals, Ernakulam
5	Finance Act 1994	Insurance renewal/Tyre retrading charge	04/11 to 03/13	10.96	Commissioner of Central Excise Appeals, Ernakulam
6	Finance Act 1994	Outdoor Catering/ Insurance renewal & Tyre retrading charge	04/06 to 01/13	77.06	Department filed appeal to CESTAT, Bangalore
<b>Total</b>				<b>131.86</b>	
7	Employees Provident Fund	Employees Family Pension Scheme- Damage for default payment	1995 to 1997	18.05	Appeal filed before High Court, Kerala
<b>Total</b>				<b>18.05</b>	
8	Central Sales Tax Act, 1956	Trade Discount given through credit notes disallowed- CST	2005-06	53.71	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam





9	Central Sales Tax Act, 1956	Turnover assessed @ 12.50% against 4%- CST	2005-06	0.33	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam
10	KVAT Act, 2003	Turnover assessed at higher rate and miscellaneous income assessed to tax – KVAT	2005-06	2.06	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam
11	Central Sales Tax Act, 1956	Turnover assessed @ 12.50% against 10%- CST	2005-06	0.07	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam
12	Central Sales Tax Act, 1956	Levy of interest- CST	2005-06	155.23	Tribunal Dept. of Commercial Taxes, Ernakulam
13	KVAT Act, 2003	Levy of interest- KVAT	2005-06	152.63	Tribunal Dept. of Commercial Taxes, Ernakulam
14	Central Sales Tax Act, 1956	Trade Discount given through credit notes disallowed- CST	2006-07	79.68	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam
15	Central Sales Tax Act, 1956	Levy of interest- CST	2006-07	11.87	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam
16	Central Sales Tax Act, 1956	Trade Discount given through credit notes disallowed- CST	2007-08	6.70	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam
17	KVAT Act, 2003	Disallowance of input tax credit	2008-09	1.28	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam
18	KVAT Act, 2003	Disallowance of input tax credit	2009-10	0.90	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam
19	KVAT Act, 2003	Input Tax Refund due from October, 11 to March, 12	2011-12	104.66	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam
20	Central Sales Tax Act, 1956	Input Tax due from April, 12 to March, 13	2012-13	73.36	D.C (Appeals), Dept. of Commercial Taxes, Ernakulam
			<b>Total</b>	<b>642.48</b>	

- (c) There were no amounts which were required to be transferred to the Investors Education and Protection Fund by the companies in the Group in accordance with the relevant provisions of the Act and the rules made thereunder.
8. The companies in the Group have consolidated accumulated losses which exceeds 50% of their consolidated net worth as at 31<sup>st</sup> March, 2015. The companies in the Group have incurred a consolidated cash loss for the financial year ended on that date, and have also incurred consolidated cash loss in the immediately preceding financial year.
9. In their opinion and according to the information and explanations obtained by the statutory auditors of the companies in the Group, the Group has not defaulted in repayment of dues to banks and financial institutions and debenture holders (bond holders) during the year.
10. According to the information and explanations obtained by the statutory auditors of the companies in the Group, there are no guarantees given by the Group for loans taken by others from banks and financial institutions except for guarantee given by the Holding Company of ₹ 1103 lakhs for loan taken by subsidiary – Hindustan Fluorocarbons Ltd., from bank. Based on the information and explanations given, the terms and conditions of this guarantee are not prejudicial to the interest of the Holding Company.

11. According to the information and explanations obtained by the statutory auditors of the companies in the Group, the term loans obtained by the Group have been generally applied for the purposes for which they were obtained except for loan taken by Holding Company where deviations in the amounts applied for individual purposes have been noticed.
12. According to the information and explanations obtained by the statutory auditors of the companies in the Group, no material fraud on or by the Companies in the Group has been noticed during the course of their audit or reported during the year.

**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm's Registration No. 102860W

Place: Mumbai  
Date: 28<sup>th</sup> May, 2015

Sd/-  
**Shrikant Prabhu**  
Partner  
Membership No. 35296

## Annexure II to the Independent Auditor's Report

### To the Members of Hindustan Organic Chemicals Limited

As referred to in Paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in our Auditors' report of even date and as required by the directions and sub-directions issued by the Office of the Comptroller and Auditor General of India under Section 143(5) of the Companies Act, 2013, we give below our comments on the matters referred therein.

1. **If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.**

As informed to us, the process of disinvestment of the Company by the Government of India to the extent of 32.78 % out of the total holding of 58.78 % was initiated in the year 1999-00 and reached the stage where the Government of India was to invite price bids from the prospective strategic partners in February 2004. The matter has not progressed further.

2. **Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.**

#### Rasayani Unit:

The following amount has been written off as it is not recoverable based on Board approval:

Sr. No.	Name of the Parties	Amount to be written off (₹ in lakhs)
1	M/s. Dragon Drugs Pvt. Ltd.	12.49
	<b>Total</b>	<b>12.49</b>

#### Kochi Unit:

The Board in its 357<sup>th</sup> meeting held on 12.02.2015 approved an out of court settlement with M/s Shubham chemicals & Solvents whereby out of a total disputed amount of ₹ 93.30 lakhs due from the party an amount of ₹ 60.66 lakhs was to be received and balance ₹ 32.66 lakhs was to be written off. Pending finalization of the out of court settlement, provision has been made in the books of the unit for the amount of ₹ 32.66 lakhs as on 31<sup>st</sup> March, 2015.

3. **Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.**

As informed to us, there are no inventories lying with third parties and there are no assets received as gift from Govt. or other authorities during the year.

4. **A report on age-wise analysis of pending legal/ arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.**

Based on the information and explanation provided to us, a report on the age-wise analysis of pending legal/arbitration cases including the reason for pendency are attached herewith. The Company has in existence an effective monitoring mechanism for the expense incurred on all legal cases.

#### Rasayani Unit:

For details of pending legal / arbitration cases refer Statement No. 1 attached.

#### Kochi Unit:

For details of pending legal / arbitration cases refer Statement No. 2 attached.

#### Sub-directions u/s 143(5) of the Companies Act, 2013

1. **Whether the company has clear title/ lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/ lease deeds are not available**



The Company has clear title deeds for freehold and leasehold land except the Company's leased land at Kharghar. The commencement of construction certificate issued by CIDCO for construction on leasehold land was valid upto 29/12/2012. Further, the Company paid a premium of ₹ 15.41 lakhs and got extension for commencement of construction upto 25/05/2013. For further extension for a period of one year upto 25/05/2014, the agreement provides for an additional premium payment of ₹ 30.81 lakhs failing which CIDCO reserves the right for taking back the possession of the land. Since the Company was facing financial crunch the payment has not been made to CIDCO nor has the Company commenced any construction on the said land. So far CIDCO has not initiated any steps to take back the land. The Company has plans to construct buildings on the said land on the Public Private Partnership (PPP) model basis as per the decision of the Board in its meeting held on 14/11/2014. This will avoid cash outflow by the company for the construction purpose.

The particulars furnished to the actuary and the assumption made by the actuary for arriving at the provisions for liability of retirement benefits have prima facie been verified by us.

**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm's Registration No. 102860W

Sd/-  
**Shrikant Prabhu**  
Partner  
Membership No. 35296

Place: Mumbai  
Date: 28<sup>th</sup> May, 2015

**Statement No. 1**

**2. State the area of land under encroachment and briefly explain the steps taken by the Company to remove the encroachment.**

Rasayani Unit:

As informed to us, in Rasayani Unit, 40 acres land is under encroachment. The management has not taken any effective action for eviction of the encroachers.

Kochi Unit:

In Kochi Unit, we are informed that there is no encroachment of land.

**3. (i) Whether the amount of (a) bank balances (b) Trade Receivable (c) Trade Payables (d) Loans & Advances for which third party confirmation was not made available has been reported.**

Confirmations/ Bank Statements for all bank balances have been received. In case of Kochi unit we have not received any direct confirmation from debtors and creditors. In case of Rasayani unit few creditors have confirmed balances to us.

**(ii) Where such balance has been confirmed by the respective parties, whether it varies widely from the amounts reflected under respective heads in the financial statements and if so differences to be disclosed.**

Rasayani Unit:

Out of the confirmations received on creditors/debtors reconciliation there were 6 parties were variations exceeded ₹ 1 lakh individually. These accounts are yet to be reconciled. They represent a small percentage as compared to the total amount of outstandings.

**Creditors:**

Sr. No.	Name of the party	Balance in books (₹ in lakhs)	Balance confirmed (₹ in lakhs)	Variations (₹ in lakhs)
1	Chemtrols Industries Ltd	1.85	4.59	2.74
2	Indian Compressors Ltd.	6.24	7.27	1.03
3	Navbharat Constructions	14.47	16.33	1.86
4	Prakash Engg. Works	3.37	6.95	3.58
5	IVP Ltd.	-	27.57	27.57
6	M/s Beta Maschinenfabrik Pvt. Ltd.	1.17	2.87	1.70

Kochi Unit:

**Trade Payables:**

Sr. No.	Name of the party	Balance in books (₹ in lakhs)	Balance confirmed (₹ in lakhs)	Variations (₹ in lakhs)
1	M/s BPCL	5313.85	5448.12	134.27
2	M/s TCC Ltd	13.42	16.49	3.07
3	M/s Gee Gee Kay Ltd	4.84	6.33	1.49
4	M/s Associated Chemicals Limited	7.49	9.99	2.5

**Trade Receivables:**

Sr. No.	Name of the party	Balance in books (₹ in lakhs)	Balance confirmed (₹ in lakhs)	Variations (₹ in lakhs)
1	M/s Ordnance Factory, Bhandara	28.01	18.90	9.11

**4. Independent verification may be made, of information / inputs furnished to actuary viz, number of employees, average salary, retirement age etc. and assumptions made by the actuary regarding the discount rates, future cost increase, mortality rate etc. for arriving at the provisions for liability of retirement benefits viz., gratuity, leave encashment, post-retirement medical benefits etc.**

**Details of Pending Legal / Arbitration Cases - Rasayani Unit**

Status of legal cases filed by the Company as on 31/03/2015				
Sl. No.	Reference /Year	Estimated Original Claim Amount (₹ in lakhs)	Judicial Authority	Present Status
1	C.S. No. 502 of 2001 against Vinod Kumar Kale. (Criminal Case u/s 420 of IPC)	0.25	Panvel Court	Criminal case u/s 420 of IPC. Accused is Absconding. Notice issued to surety.
2	R.C. No. 18 of 2012 against J.K. Bhoir	2.43	Khalapur Court (Civil Suit)	Suit is filed in civil court, Panvel on 13/09/04 for non-payment of Rent, Water & Electricity Charges. Now, the suit has been transferred to Khalapur Court.
3	C.S.No.09 of 2005 against S.B.Shaikh	0.82	Civil Court, Panvel	Suit filed in Civil Court on 15/01/05 for non-payment towards Rent, Elect.& Water charges.
4	C.S.No.89 of 2000 against Jaisingpur Chemical Industries	0.25	Jaisingpur Court, Kolhapur	The matter is related with recovery of amount towards supply of Oleum. The Company have insisted for ex-party decree. The matter is pending in Jaisingpur Court, Dist: Kolhapur.
5	First Appeal No.1554/2009 against A.P.Shah (Narendra Const.)	---	High Court, Mumbai	The Company has filed First Appeal before HC against order passed by Panvel Court in SCS No.120/1999
6	First Appeal No.1555/2009 against A.P.Shah (Narendra Const.)	---	High Court, Mumbai	The Company has filed First Appeal before HC against order passed by Panvel Court in SCS No.121/1999
7	R.C.No. 121 of 2011 against Deepak Narayan Joshi	---	Khalapur Court	Forging of signature. Next date is 14/05/2015.
8	Criminal Revision Application No.32 of 2013 against Deepak Narayan Joshi	---	District Court, Alibag	We have filed CRA for challenging the process issued by Panvel Court in R.C. No.468 of 2012 on 15/12/2012. CRA rejected.
9	Criminal Writ Petition No.3370 of 2013 filed for challenging the Order passed by the session court, Alibaug in CR. R.A.No. 32 of 2013 in case of Deepak Narayan Joshi	---	High Court, Mumbai	High court stayed the matter
10	Sanjay Chemicals Year - 1989	11.79	Supreme Court	The amount is outstanding since 1990. The argument for the said case has been completed and waiting for the final judgment.
11	Colour Chem Ltd. (Clariant Chem (I) Ltd.) Year - 2011	10.71	Mumbai Court	Cases transferred to City Civil court. The next hearing is on 11/08/2015



**Status of legal cases filed by the Company as on 31/03/2015**

Sl. No.	Reference /Year	Estimated Original Claim Amount (₹ in lakhs)	Judicial Authority	Present Status
12	Neo Spectra Polymers & Chem Ltd.	11.01	Mumbai Court	The Case has been transferred from High Court, Bombay to City Civil court. We have appointed M/s S.K. Legal Associated to represent our case in City Civil court. The next hearing is on 17/06/2015.
13	Chemox labs ltd. Legal action initiated by suit no. 2426/2003.	215.73	High Court, Mumbai	The hon'ble heard the matter and passed the judgment on 10/12/2013 for ex-parte decree. Necessary follow-ups are made with our legal council for execution of decree.
14	Chemox Chemical Industry. Legal action initiated by suit No. 3437/2002	16.96	High Court, Mumbai	The hon'ble high court have asked the status of official liquidator appointed in this case. They are awaiting the reply of official liquidator for further course of action. The next hearing is on 30/05/2015
15	ICI India Ltd. Legal action initiated by suit No. 3079/2006.	38.51	High Court, Mumbai	Affidavit in reply prepared by our advocate and same submitted in the High court, Mumbai. On 19/08/2011 and will now come up in the regular course for the purpose of hearing accordingly. M/s KMC Legal venture is our legal solicitor in the case the matter is yet to be listed on the Board.
16	SOL PHARMACEUTICALS LTD	17.52	High Court, AP	Outstanding amount of ₹ 17.52 lakhs since 1998 MM, Delhi office and CMG (MKD) attended the Court on 28/05/2012. BIFR has passed an order No. 236/1998 dated 02/12/2013 and directed to file law suit in Hon'ble Court of Andhra Pradesh all related documents were sent to Hyderabad office on 23/12/2013. Hyderabad office consulted the Advocate and a note was received from Hyderabad office on 02/01/2014 wherein DGM(MKD) has mentioned that as per the opinion of advocate we can file the suit claim once official liquidator is appointed by the Govt. on behalf of AP High Court. Thereafter, Hyderabad office will take the necessary action and file the suit claim for recovery of outstanding claim.

**Status of legal cases filed against the Company as on 31/03/2015**

Sl. No.	Reference /Year	Estimated Original Claim Amount (₹ in lakhs)	Judicial Authority	Present Status
1	T.E. & S.No.122/154/2000 by Mohit Harchandrai & Ors.	10 lakhs as mense profit p.m. from 1/06/2000 till realization	Small Causes Court, Mumbai	The Suit is decreed with costs. The Court has directed Company to hand over vacant possession of the Corporate office to Landlords. Company has challenged the said order in Appellate Court.

**Status of legal cases filed against the Company as on 31/03/2015**

Sl. No.	Reference /Year	Estimated Original Claim Amount (₹ in lakhs)	Judicial Authority	Present Status
2	Mense Profit Appl. No.970 of 2010 by Mohit Harchandrai & Ors.	4378.41 lakhs as mense profit from June, 2000 to March, 2015	Small Causes Court, Mumbai	Land Lords have filed Mense Profit Appl. For the period From June, 2000 till disposal of Application and calculated as demanded by landlords in their Mense Profit application. Cross examination of Shri Mohit Harchandrai is going on and the matter is posted on 30 <sup>th</sup> June, 2014 for remaining cross exam.
3	W.P. No. 1284/2004 by Shri. A. B. Patil & Ors.	---	High Court, Mumbai	The matter is related with retrenchment of teaching staff of school & pending in High Court, Mumbai.
4	W.P. No. 1457/2004 by Smt. A. A. Patil & Ors.	---	High Court, Mumbai	The matter is related with retrenchment of teaching staff of school & pending in High Court, Mumbai.
5	W.P.No.1283/2004 by Smt. N.P. Kulkarni & Ors.	---	High Court, Mumbai	The matter is related with retrenchment of teaching staff of school & pending in High Court, Mumbai.
6	W.P.No.1656/2004 by Shri. S. G. Kamble & Ors.	---	High Court, Mumbai	The matter is related with Retrenchment of teaching staff of school & pending in High Court, Mumbai.
7	W.P.No.7237/2005 by Shri. A. A. Darkunde	---	High Court, Mumbai	The matter is related with Retrenchment of Sri Darkunde, Asst. Tech. & pending in High Court, Mumbai.
8	W.P.No.7240/2005 by Shri. S. G. Pujari	---	High Court, Mumbai	The matter is related with Retrenchment of Sri Pujari, Asst. Tech. & pending in High Court, Mumbai.
9	W.P.No.7241/2005 by Smt. K.K. Thakur	---	High Court, Mumbai	The matter is related with Retrenchment of Smt. K. K. Thakur, Asst. Tech. & pending in High Court, Mumbai.
10	W.P.No.7242/2005 by Smt. V.V. Bapat	---	High Court, Mumbai	The matter is related with Retrenchment of Smt. V. V. Bapat, Asst. Tech. & pending in High Court, Mumbai.
11	W.P.No.467/2006 by Smt. A. R. Walmiki	---	High Court, Mumbai	The matter is related with Retrenchment of Smt. A. R. Walmiki, Aiya & pending in High Court, Mumbai.
12	W.P.No.468/2006 by Smt. K. R. Walmiki	---	High Court, Mumbai	The matter is related with Retrenchment of Smt. K. R. Walmiki, Aiya & pending in High Court, Mumbai.
13	Suit No.729 / 2005 by Shetusha Engg. & Const. Pvt. Ltd.	113.35 Lakhs + 16% interest of 38.69 Lakhs from 03/01/2005 to date of realization	High Court, Mumbai	The Company had filed written detailed statement / affidavit-in-reply in the Court and suit is pending for final hearing in the Court.
14	R.C.No.468 of 2012 filed by Deepak Narayan Joshi against Shri. R.N.Madangiri, CMD & Others	---	High Court, Mumbai	For forging of signature. The said matter has been stayed by the Hon'ble High Court, Mumbai



Status of legal cases filed against the Company as on 31/03/2015					Status of legal cases filed against the Company as on 31/03/2015				
Sl. No.	Reference /Year	Estimated Original Claim Amount (₹ in lakhs)	Judicial Authority	Present Status	Sl. No.	Reference /Year	Estimated Original Claim Amount (₹ in lakhs)	Judicial Authority	Present Status
15	STCC No.703/2014 filed in Alibaug Court against Occupier Shri C M Deshpande	---	Alibaug Court	For fatal accident to place on 17/09/2014	22	Writ Petition No.10751 of 2004 HOC Ltd. V/S HOCL Employees' Union. (HOC Ltd. Challenged the order of Industrial Court of deciding Appropriate Govt. as State Govt. to the Company.	-	Before Industrial Court, Thane	Hon'ble Industrial Tribunal decided the issue of appropriate Govt. as State Govt. to this company. The said award was challenged by the Company in the High Court in W.P. No.10751 of 2004. On 10/10/2008 High court also decided State Govt. as Appropriate Govt. Against the order of L D Single Judge, Company filed letters of Patent Appeal which has been admitted by the High Court and issued order Division Bench directed Industrial Tribunal Thane to go ahead with Part II Award. In View of this, proceedings in the reference matter will start in Industrial Tribunal Thane.
16	W. P. No. 331 / 2008 by Smt. Usha Deshpande  C.A.No.2857 of 2012 St.No.4302 / 2012 in W.P. No. 331 / 2008 by Smt. Usha Deshpande & Others	---	High Court, Mumbai	The matter is related to Payment of Gratuity to the ex-teachers of HOC School.  The matter is related to Payment of Gratuity to the ex-teachers of HOC School.	23	Writ Petition No.1991 of 2007 HOC Officers' Association V/s Union of India & Ors. (HOC Officers' Association prayed for arrears on account wages revision for the period from 1/1/1997 to 31/12/2000)	2308	High Court	The matter is pending for hearing.
17	Ref.(IT) Appln. No. 12/98 HOC Ltd., and It's workmen In the matter of charter of demands	All the service conditions have been referred for adjudication. Hence, the liability may be to the extent of 6% of the scales of pay. The total financial implication will be around ₹ 200.00 lakhs	Before Industrial Court, Thane	Hon'ble Industrial Tribunal decided the issue of appropriate Govt. as State Govt. to this company. The said award was challenged by the Company in the High court in W.P. No.10751 of 2004. On 10/10/2008 High Court also decided State Govt. as Appropriate Govt. Against the order of LD Single Judge, Company filed letters of Patent Appeal which has been admitted by the High Court and issued order dtd.24/04/09. In the said order Division Bench directed Industrial Tribunal Thane to go ahead with Part II Award. In view of this, proceedings in the reference matter will start in Industrial Tribunal Thane.	24	Writ Petition No.722/2009 HOC Ltd V/s Konknan Shramik Sangh	-	High Court	Pending the hearing and final disposal of the Writ Petition, the petitioners shall deposit monthly dues in the bank account of the respective workmen. However, it is clarified that such deposit by the petitioners will be without prejudice to all rights and contentions of the petitioners and that the respondents shall in view of such deposit not claim that any right/ interest/ equities are created in their favour. In the compliance of the High Court order, company is releasing the monthly payment to the respective bank accounts of the contract workers, without prejudice to its right and contentions of the Company.
18	Misc.Appn. (ID) No.52/2000 Shri B.P.Peshattiwari V/s.HOC Ltd.,	1.5 (₹ 16785*9 Months) ( From May 2000 to Jan 2001)	Before Industrial Court, Thane	The matter is pending for evidence	25	Writ Petition No.2192/2007 Anil Manohar Deshpande V/s HOCL	-	High Court	Matter is going on in High Court
19	Complaint(ULP) No.478 of 2001 HOC Employees' Union V/s. HOC Ltd	-	Before Industrial Court, Thane	The matter is pending for evidence					
20	CGIT-02/56 of 2012 HOC Ltd & their workman in the matter of charter of Demand	Fitment benefits 15% Increment: 04 Nos. HRA 30% to Rasayani Unit instead of 10%	Before The Central Govt. Industrial Tribunal Mumbai	Two Union have signed the settlement on 13/10/2011 the same have been accepted by 532 Workmen out of 538 workmen by giving individual Undertaking. The same have been implemented to them					
21	CGIT-01 of 2013 HOCL V/s their Workmen (N.R.Gawand)	-	Before The Central Govt. Industrial Tribunal Mumbai	The proceeding is going on in CGIT.					



Status of JNPT Arbitration Matter as on 31/03/2015

Status of arbitration filed against the Company as on 31/03/2015				
Sl. No.	Nature of Claim	Estimated Original Claim Amount (₹ in lakhs)	Judicial Authority	Present Status
a)	Minimum guaranteed throughput charges	1612.50	High Court, Bombay	As per lease agreement, JNPT had the obligation to provide suitable infrastructure facilities such as approach road, common manifold etc. within the specified time. JNPT failed to provide the said facilities which resulted in non-commissioning of the tank terminal. The matter was under arbitration. The arbitrators have since given the award on 21/05/2012 wherein the arguments of the tank terminal users association has been accepted in respect of MGTP and Way leave Charges and ruled in favour of the tank terminal users association. The Board of Trustees of JNPT have gone on appeal against the Arbitration Award in respect of MGTP and way leave charges in the High Court of Bombay vide Ordinary Original Civil Jurisdiction Arbitration Petition No. 517 of 2013. The matter will come up for Hearing and Final Disposal U/S 34 on 07.07.2015.
b)	Way leave charges	297.10	High Court, Bombay	----- do -----
c)	Lease rental escalation on leased land	1590.01	Arbitrator	Matter Pending before the Arbitrator and the amount has been fully provided in the books.
d)	Water charges	0.65	Arbitrator	Matter Pending before the Arbitrator and the amount has been fully provided in the books.

Statement No. 2

Sl. No.	Reference /Year	Estimated Original Claim Amount (₹ in lakhs)	Judicial Authority	Present Status
1	E.P.No.356/98 LAR 173 /82 Year -1982	3.09	Sub Court, North Parur	The cases are against the Company filed by the land owners for enhancement of compensation. The court ordered for enhancement of the compensation as in other similar cases. The parties have filed Execution Petitions disputing the amount deposited in the court by the Company. The Sub Court ordered for depositing additional amount in the Court. Company filed CRP in the High Court and Court has directed the sub Court to decide the case afresh after obtaining calculation statement from the parties based on the principles settled by the Apex Court Kerala High Court in this subject.
2	LAR 101/82 Year -1982	1.03	Sub Court, North Parur	The case is against the Company Filed by the landowners for enhancement of compensation. The court ordered for enhancement of the compensation as in other similar cases. The parties have filed Execution Petition disputing the amount deposited in the court by the Company

Sl. No.	Reference /Year	Estimated Original Claim Amount (₹ in lakhs)	Judicial Authority	Present Status
3	WP( c)No: 1441 of 2006 - filed by Mr. K.S. Prakashan before the High Court of Kerala challenging the status of Asst. Officers. Year -2006	-	High Court of Kerala	HOC filed Counter Affidavit.
4	W.P.(C) No. 25142 of 2006 filed by Mr. T.K. Vidyasagan, Master Technician (Electrical) challenging the status of Asst. Officers. Year -2006	-	High Court of Kerala	HOC filed Counter Affidavit.
5	O.P. No 796 /94 – State of Kerala Vs. HOCL and 6 others before the MACT, Thrissur. Year - 1994	33.50	High Court of Kerala	Filed for compensation due to an accident of a Phenol tanker near Trichur in 1993. The court has stayed the operation of the award of the MAC Tribunal for a period of 3 months.
6	OS No.422/2001-Sub – Court filed by company against M/S Prestige Bombay Dyeing Year -2001	2.69 (Claim by HOC)	Sub Court, Ernakulam	Action taken for attachment. Party filed appeal before High Court.
7	HRM P.No.2490 Of 2001 Filed Before Kerala Human Rights Commission by V.K. Venkitachalam vs. CEO HOCL Year -2001	-	Kerala State Human Rights Commission	For asking explanation from the respondents for the causes of a phenol tanker accident near Trichur on 06.08.2001.
8	Money Suit No. 45/1995 in the court of Assistant District Judge Tinsukia, Assam United India Insurance Company Limited and another M/s Todi Enterprises and another (HOCL as Defendant 2) Year -1995	4.79	Court of Asst. District Tinsukia, Assam	Suit filed for the recovery of the money for a transporter. HOCL is impleaded as defendant 2 only for proper adjudication and no relief is claimed HOCL.
9	IC No. 88 of 2004 HOCL Vs. ESI Corporation & another before employee Insurance Court (Industrial Tribunal) filed by HOCL challenging the Order of ESI corporation for payment of ESI contribution during the period from 01.04.1992 to 31.10.1992 amounting to ₹ 2,17,000 Year -2004	2.17	ESI Court Ernakulam	Stay is obtained
10	Employees family pension scheme – Damage for default payment Year -1995	18.05	High Court of Kerala	The EPF Tribunal dismissed the appeal filed by the company. Filed appeal before the High Court of Kerala challenging the award of the Tribunal



Sl. No.	Reference /Year	Estimated Original Claim Amount (₹ in lakhs)	Judicial Authority	Present Status
11	OA No.1093 filed by M P Paul, Ex-employee before CAT Ernakulam. Filed for granting the benefits of pay revision with and also to give gold coin etc. Year -2012	-	CAT Ernakulam	HOCL has paid the full benefits. However case is pending for disposal.
12	WPC No.2353. Case of regularisation of canteen contract workers Year -2012	-	High Court of Kerala	Filed by HOCL against the award of Industrial Tribunal In ID No. 16/2005. The High Court vide its Order dated 31.01.2012 has stayed the operation of the award. Case is pending.
13	WPC NO.7268 of 2013. Filed by near by residents for acquisition of their land Year -2012	-	High Court of Kerala	Filed by V.K.Reghu and others, the residence of ayanakuzhi area praying acquisition of their land either by KRL or HOCL.
14	Availing of Cenvat Credit on Service Tax on transportation of final products to Rasayani depot Year – 04/03 to 12/06	39.57	Appeal with Customs, Excise and Service Tax Appellate Tribunal, Bangalore.	Pending for hearing
15	Insurance renewal/ Tyre re trading charge Year – 07/11 to 05/12	3.17	Appeal with Customs, Excise and Service Tax Appellate Tribunal, Bangalore.	Pending for hearing
16	Bus, Car Transportation to Employees Year – 11/11 to 06/12	1.10	Commissioner of C.EX Appeals. Ekm	Pending for hearing
17	Insurance renewal/ Tyre re trading charge Year – 04/11 to 03/13	10.96	Commissioner of C.EX Appeals. Ekm	Pending for hearing
18	Outdoor Catering/ Insurance renewal & Tyre re trading charge Year – 04/06 to 01/13	77.06	Dept filed appeal to CESTAT, Bangalore	Pending for hearing
19	ESI Contribution of employees Year – 01/04/92 to 31/10/92	2.17	Employees Insurance Court (Industrial)	Stay is obtained
20	Trade discount given through credit notes disallowed-CST Year -2005-06	53.71	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
21	Turnover assessed @ 12.50% against 4%- CST Year -2005-06	0.33	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
22	Turnover assessed at higher rate and miscellaneous income assessed to tax – KVAT Year – 2005-06	2.06	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
23	Turnover assessed @ 12.50% against 10%- CST Year – 2005-06	0.07	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
24	Levy of interest- CST Year – 2005-06	155.23	Tribunal, Dept of Commercial Taxes, Ernakulam	Pending for hearing
25	Levy of interest- KVAT Year – 2005-06	152.63	Tribunal, Dept of Commercial Taxes, Ernakulam	Pending for hearing
26	Trade Discount given through credit notes disallowed- CST Year – 2006-07	79.68	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
27	Levy of interest- CST Year – 2006-07	11.87	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
28	Trade Discount given through credit notes disallowed- CST Year – 2007-08	6.7	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
29	Disallowance of input tax credit Year – 2008-09	1.28	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
30	Disallowance of input tax credit Year – 2009-10	0.90	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
31	Input Tax Refund due from October, 11 to March, 12 Year – 2011-12	104.66	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
32	Input Tax due from April, 12 to March, 13 Year – 2012-13	73.36	DC (Appeals) Dept of Commercial Taxes, Ekm	Pending for hearing
33	Kesar Petroproducts Ltd. Year - 2006	260.82	Mumbai Court	Amount is outstanding since 2006 when legal action initiated. The next date of hearing scheduled on 15.06.2015
34	Sanjay Chemicals Year - 1989	34.14	Supreme Court	The amount is outstanding since 1990. The argument for the said case has been completed and waiting for the final judgment.
35	Amit Enterprises Year - 1990	1.56	Mumbai Court	The case has been transferred to City Civil court, Mumbai. The argument for the said case has been completed and waiting for the final judgment.
36	Serene Industries Ltd. Year - 1997	18.49	Mumbai Court	A case has been filed against the party in the Mumbai High court by the Company. Next date is on 21.09.2015.
37	Apollo Trade Limited Year - 2002	112.00	Mumbai Court	The entire amount is shown as delayed payment charges. Suit filed in the Mumbai High court is pending. Next hearing is on 10/06/2015
38	Colour Chem Ltd. (Clariant Chem (I) Ltd.) Year - 2011	5.69	Mumbai Court	Cases transferred to City Civil court. The next hearing is on 11/08/2015



## Annexure – III

Sl. No.	Reference /Year	Estimated Original Claim Amount (₹ in lakhs)	Judicial Authority	Present Status
39	Pidilite Industries Ltd. Year - 2011	1.65	Mumbai Court	Management has given approval to withdraw the case from City Civil court as the legal charges are more than the outstanding receivable from the party. Accordingly, Advocate Mr. Nikhil Mehta has given application to withdraw the case. Court order is expected.
40	Shubham Chemicals & Solvents Ltd. Year - 2013	63.30	Delhi High Court	The party obtained stay from the Delhi High court against the enforcement of Bank guarantee. The next date of hearing is on 23/07/2015.
41	ID No. 17/2013	ID raised by the unions conciliation failed. Govt. referred the case for adjudication	Central Govt. Industrial Tribunal Cum Labour court Ernakulam	ID over the issue of deduction from the wages of Chemical operations for the days they were on the strike
42	Case No. 240/11/3/2012/OC filed by Mr. P.C.James	Nil	National Human Rights Commission, New Delhi	Mr. P. C James, while working as General Workman in regular services in Electrical Dept. met with an accident. He did not join for duty after accident. He was paid compensation under Employees Compensation Act. He has made a representation to the national Commission.
43	Short payment of TDS A.Y 2008-09 & 2009-10	3.55	Commissioner of Income Tax	Pending for Hearing
44	Non submission of 'C' Form Year 2012-13	302.99	DC ( Appeals)	Appeal filed with DC (Appeals), Dept of Commercial Taxes, Ekm

- If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.

The Company has been not selected for disinvestment during the financial year.

- Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.

During the period of audit, there are no cases of waiver/write off of debts/ loans/ interest etc.

- Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.

As per the information, explanations and records produced for our verification, there are no inventories lying with the third parties at the close of the year. Further, no assets have been received as gift from the Government and other authorities.

- A report on age-wise analysis of pending legal/ arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.

The details of the pending legal/arbitration cases along with the quantum of amount and the present status are given below :

Authorities	Nature of Litigations	Quantum (₹)	Remarks
Hon'ble High Court, judicature for the state of Telangana and for A.P, Hyd	Recovery from Debtors	132.00 lacs	On the order passed by the single judge M/s. Refex refrigent Ltd got stayed the matter and petitioner co. vacated the stay, finally the matter was reserved for judgement.
Before the Board for Industrial and Financial Reconstruction (BIFR) Bench-II New Delhi	Damages on delayed payments of Provident Fund with Interest thereon from 2000 to 2011.	94.89 lacs.	Application filed on 14.05.2014, due to pendency of cases, matter could not reached.

The case of Recovery from Debtor is pending since last 4 years and case of Damages on delay payment of Provident Fund is pending since 2 years. Further, the Company have in existence of monitoring mechanism for expenditure on legal cases.



## Consolidated Balance Sheet as at 31st March, 2015

	NOTES	As at 31.03.2015	(₹ lacs)	
			As at 31.03.2015	As at 31.03.2014
<b>I. EQUITY AND LIABILITIES</b>				
(1) Shareholders' funds				
(a) Share capital	2	33726.96		33726.96
(b) Reserves and surplus	3	(93282.79)		(70685.05)
			(59555.83)	(36958.09)
(2) Minority Interest	3A		-	-
(3) Deferred government grants	4	1595.96	1595.96	1692.07
(4) Non-current liabilities				
(a) Long-term borrowings	5	29258.95		13903.59
(b) Other Long term liabilities	6	136.33		34.62
(c) Long-term provisions	7	8682.63		8023.93
			38077.91	21962.14
(5) Current liabilities				
(a) Short-term borrowings	8	5764.13		7750.21
(b) Trade payables	9	11943.24		13304.74
(c) Other current liabilities	10	28039.82		21157.22
(d) Short-term provisions	11	3288.10		3600.80
			49035.29	45812.97
<b>TOTAL</b>			<b>29153.33</b>	<b>32509.09</b>
<b>II. ASSETS</b>				
(1) Non-current assets				
(a) Fixed assets	12			
(i) Tangible assets		13484.74		14923.11
(ii) Intangible assets		251.23		175.38
(iii) Capital work-in-progress	13	1128.80		3820.08
(iv) Intangible assets under development		-		-
(b) Non-current investments	14	5.00		5.00
(c) Long-term loans and advances	15	215.68		292.42
			15085.45	19215.99
(2) Current assets				
(a) Inventories	16	6129.08		5865.41
(b) Trade receivables	17	2497.74		1184.42
(c) Cash and cash equivalents	18	1308.47		2490.73
(d) Short-term loans and advances	19	3899.42		3438.53
(e) Other current assets	20	233.17		314.01
			14067.88	13293.10
<b>TOTAL</b>			<b>29153.33</b>	<b>32509.09</b>
Significant Accounting Policies	1			
Notes to the Consolidated Financial Statements	2 to 51			

As per our report of even date attached

For and on behalf of the Board of Directors

**For Ford, Rhodes, Parks & Co.**

Chartered Accountants

Firm's Registration No. 102860W

Sd/-  
**Shrikant Prabhu**  
 Partner  
 Membership No. 35296

Sd/-  
**V. B. Ramachandran Nair**  
 Chairman & Managing Director

Sd/-  
**J. N. Suryawanshi**  
 Director (Marketing)

Sd/-  
**R. Suresh Kumar**  
 Director (Finance)

Sd/-  
**S. B. Bhide**  
 Director (Technical)

Sd/-  
**Mrs. Susheela S. Kulkarni**  
 Company Secretary

Place: Mumbai  
 Date: 28/05/2015

Place: Mumbai  
 Date: 28/05/2015





### Consolidated Statement of Profit and Loss for the year ended 31st March, 2015

	NOTES	Year ended 31.03.2015	Year ended 31.03.2014
( ₹ lacs )			
<b>REVENUE</b>			
Revenue from operations			
Sale of products	21	19994.13	26812.03
Other operating revenue		111.79	42.47
		<u>20105.92</u>	<u>26854.50</u>
Less : Excise duty		2177.61	2949.55
		<u>17928.31</u>	<u>23904.95</u>
Other income	22	824.16	904.35
<b>Total revenue</b>		<u><u>18752.47</u></u>	<u><u>24809.30</u></u>
<b>EXPENSES</b>			
Cost of materials consumed	23	11117.15	14540.74
Purchases - stock-in-trade	24	-	8.26
Changes in Inventories of finished goods and work in progress	25	(557.45)	900.00
Variation in excise duty on finished goods inventory		173.80	(132.63)
Employee benefits expenses	26	12238.11	13619.81
Finance costs	27	5272.75	4341.71
Depreciation and amortization expenses		989.86	1851.24
Provision for impairment loss on fixed assets		14.25	104.77
Other expenses	28	7807.47	9645.05
<b>Total expenses</b>		<u><u>37055.94</u></u>	<u><u>44878.95</u></u>
Profit / (Loss) before prior period adjustment, exceptional items and tax		(18303.47)	(20069.65)
Less: Prior Year Adjustment	29	4002.38	(16.03)
Profit / (Loss) before exceptional items and tax		(22305.85)	(20053.62)
Less: Exceptional items	30	(600.83)	114.13
Profit / (Loss) before tax		(21705.02)	(20167.75)
Tax expenses :			
Current tax		-	-
Deferred tax		-	-
Profit / (Loss) for the year		(21705.02)	(20167.75)
Minority Interest		(164.46)	(1081.61)
<b>Profit / (Loss) for the year</b>		<u><u>(21540.56)</u></u>	<u><u>(19086.14)</u></u>
Earnings per equity share: (in ₹) (Face value ₹ 10 each)			
Basic and Diluted	36	(32.07)	(28.41)
Significant Accounting Policies	1		
Notes to the Consolidated Financial Statements	2 to 51		

As per our report of even date attached

For and on behalf of the Board of Directors

**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm's Registration No. 102860W

Sd/-  
**Shrikant Prabhu**  
Partner  
Membership No. 35296

Sd/-  
**V. B. Ramachandran Nair**  
Chairman & Managing Director

Sd/-  
**J. N. Suryawanshi**  
Director (Marketing)

Sd/-  
**R. Suresh Kumar**  
Director (Finance)

Sd/-  
**S. B. Bhide**  
Director (Technical)

Sd/-  
**Mrs. Susheela S. Kulkarni**  
Company Secretary

Place: Mumbai  
Date: 28/05/2015

Place: Mumbai  
Date: 28/05/2015



### Consolidated Cash Flow Statement for the year ended 31st March, 2015

	(₹ lacs)	
	2014-15	2013-14
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit/(Loss) before tax, prior year adjustments and exceptional items as per Statement of Profit and Loss	(18303.47)	(20069.65)
Adjusted for :		
Depreciation and amortization expenses	989.86	1851.24
Impairment loss (net of provision written back)	0.18	4.94
Provision for Impairment on CWIP	2634.54	-
Provision for Diminution of Investment-HFL.	-	-
Loss on sale/ discard of assets (net)	0.94	184.80
Profit on Sale of Assets	(202.40)	-
Fixed assets/Expenses written-off	-	2.00
Diminution of inventory	-	8.37
Govt grant transferred to income (Refer note 4)	(92.47)	(89.81)
Finance costs	5272.75	4341.71
Provision no longer required written back	(20.04)	(82.27)
Provision for wage arrears no longer required written back	-	-
Interest income from Subsidiary	-	-
Interest income	(80.82)	(228.67)
<b>Operating Profit/(Loss) Before Prior Year Adjustments and exceptional itmes</b>	<b>(9800.93)</b>	<b>(14077.34)</b>
Add :- Net prior year adjustments and exceptional items:	(3401.55)	(98.10)
<b>Operating Profit / (Loss) Before Working Capital Changes</b>	<b>(13202.48)</b>	<b>(14175.44)</b>
Adjusted for :		
Trade and other receivables	(1293.28)	2212.73
Inventory	(263.67)	1108.80
Trade and other payables	3465.03	8298.05
Loans and advances	(303.31)	1213.90
<b>Cash Generated from Operations</b>	<b>(11597.71)</b>	<b>(1341.96)</b>
Taxes paid (net)	-	-
<b>Net Cash from Operating Activities : (A)</b>	<b>(11597.71)</b>	<b>(1341.96)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(423.56)	(433.25)
Sale of fixed assets	388.93	1263.08
Purchase of investments	-	-
Interest income	80.82	228.67
<b>Net Cash Used In Investing Activities : (B)</b>	<b>46.19</b>	<b>1058.50</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings (net of repayments)	14133.75	3039.80
Bond issue expenses	(227.43)	(201.04)
Interest paid	(3635.13)	(2760.65)
Grant from ISRO	98.07	192.21
<b>Net Cash from / Used In Financing Activites : (C)</b>	<b>10369.26</b>	<b>270.32</b>
<b>Net Increase In Cash and Cash Equivalents (A+B+C)</b>	<b>(1182.26)</b>	<b>(13.14)</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>2490.73</b>	<b>2503.87</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>1308.47</b>	<b>2490.73</b>

Note : 1. Figures in brackets represent outflows.

2. Previous year's figures have been regrouped and readjusted wherever necessary and practicable.

#### By order of the Board of Directors

Sd/-  
**V. B. Ramachandran Nair**  
Chairman & Managing Director

Sd/-  
**J. N. Suryawanshi**  
Director (Marketing)

Sd/-  
**R. Suresh Kumar**  
Director (Finance)

Sd/-  
**S. B. Bhide**  
Director (Technical)

Sd/-  
**Mrs. Susheela S. Kulkarni**  
Company Secretary

Place: Mumbai  
Date: 28/05/2015

As per our report of even date attached

**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm's Registration No. 102860W

Sd/-  
**Shrikant Prabhu**  
Partner  
Membership No. 35296

Place: Mumbai  
Date: 28/05/2015

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT****NOTE – 1****SIGNIFICANT ACCOUNTING POLICIES****A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared on accrual basis, unless stated otherwise, under the historical cost convention, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 2013.

**B. USE OF ESTIMATES**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported balances of assets and liabilities on the date of the financial statements and reported amount of income and expenses during the year. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**C. BASIS OF CONSOLIDATION**

a) The financial statements of the Holding Company and its subsidiary companies are combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intragroup balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

b) Minority interests' share of the net profit of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Holding Company. Minority interests' share of net assets of consolidated subsidiary is identified and presented in the consolidated financial statement only if the impact is significant.

c) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Holding Company's separate financial statements.

**D. FIXED ASSETS**

a) Fixed Assets are stated at historical cost less depreciation. Costs include all expenses incurred to bring the assets to its present location and condition.

b) The constructed/fabricated capital assets are capitalized as and when the same are installed in the plants.

c) Machinery spares which are procured for use in connection with particular machinery/equipment and stand by equipments which are identified to a particular item of fixed asset and having irregular use are capitalized and written off over the remaining useful life of the machinery/ equipment.

d) In respect of Plant and Machinery, significant expenditure on repairs, renewals and replacement having a separate identity and is capable of being used after the existing assets are disposed off or which are certified by the concerned technical department to have resulted in technical improvement, increased capacity or increased useful life of the assets, is capitalised. The estimated residual value of the replaced parts, determined on technical assessment is charged to Statement of Profit and Loss as loss on scrapping of assets.

e) Items of fixed assets that have been retired from active use and are held for disposal are valued at lower of their net book value or net realisable value.

**E. IMPAIRMENT OF ASSETS**

The carrying amount of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**F. DEPRECIATION**

a) Depreciation is provided during the year at the rates prescribed in Schedule II of the Companies Act, 2013 for all tangible assets.

b) Assets are depreciated upto 95% of their cost and balance 5% is carried in the books as residual value except in case of intangible assets.

c) Intangible Assets consisting of computer software and SAP license cost are amortised over a period of 5 years on straight line basis from the date of acquisition.

d) Assets individually costing less than ₹ 5000 are fully depreciated in the year of acquisition.

e) Lease premium paid on leasehold land is amortised over the life of lease.

**G. INVENTORIES**

a) Inventories are valued at lower of cost and net realizable value except in case of:

i) Raw materials are valued at cost on weighted average basis.

ii) Stores and spares, which are valued at cost, determined as per weighted average cost method,

iii) By-products which are valued at estimated net realizable value, and

iv) Intermediate products which are exclusively held for captive consumption are valued at cost.

b) For the purpose of valuation of stock-in-process and stock of finished goods pending inspection, the same is converted into equivalent units of finished products held for captive consumption depending upon stage of completion.

c) The cost of Catalyst is amortised over their estimated useful lives. Balance unamortised portion has been shown under the head "Stores and Spares".

d) Provision for non-moving / obsolete stores and spares are made based on technical assessment.

**H. SUNDRY DEBTORS**

Provision for Doubtful debts/Loans/Advances: Full provision is made in the books, in respect of Sundry Debtors outstanding for more than 3 years except for in respect of receivables from Government departments/Companies.

In respect of other Debtors, Loans & Advances the provisions are made to the extent considered not recoverable by the management.

**I. REVENUE RECOGNITION**

a) The "Sales" are stated on the basis of invoices net of sales tax and trade discounts.

b) Revenue from sale of Scrap and obsolete stores is accounted for at the time of disposal.

c) Delayed payment charges due from customers other than Government Companies/Departments are accrued as income where Management is certain about its recoverability.

d) Interest income is recognized when no significant uncertainty as to its realization exists.

e) Benefit of Duty Credit are accounted on accrual basis.

**J. GOVERNMENT GRANTS**

The Holding Company is following income approach for accounting for the government grants in-respect of the depreciable assets as described in Accounting Standard 12 – 'Accounting for Government Grants'. The grants related to depreciable assets are treated as deferred income which is recognised in the statement of profit and loss on proportionate basis over the useful life of the assets and allocation to income is made in proportion in which the depreciation on related assets is charged.

**K. FOREIGN CURRENCY TRANSACTIONS**

Transactions in Foreign currency are recorded in the reporting currency by applying currency rate as at the date of transaction. Receivables and Payables involving foreign currency are translated at the rates of exchange prevalent on the Balance Sheet date. Exchange differences (gains or losses) are treated as Revenue and charged to the statement of profit and loss.

**L. BOND ISSUE EXPENSES**

Bond Issue Expenses are being charged off against Securities Premium Account as per the provisions of the Companies Act, 2013.

**M. RETIREMENT BENEFITS**

a) Company's contribution to provident fund is accounted for on accrual basis.

b) Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

c) Post employment and other long term employee benefits are recognized as an expense in the statement of profit and loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and loss in respect of post employment and other long term benefits are charged to the statement of profit and loss.

d) Bonus is provided under the Payment of Bonus Act, 1965, on the basis of profitability of each Unit.

**N. INVESTMENTS**

a) Long term investments are stated at cost less decline, if any, other than temporary in value on individual investment basis.

b) Investments intended to be held for not more than one year from the date of acquisition are classified as current investments and are carried at lower of cost or fair value determined on individual investment basis.

**O. PRIOR PERIOD ADJUSTMENTS**

Items of income / expenses above ₹ 10000 in each case relating to previous years, are accounted as prior period adjustments.

**P. PREPAID EXPENSES**

Prepaid expenses are accounted for only where the amounts relate into unexpired period exceeds ₹ 10000 in each case.

**Q. PROVISION FOR CURRENT AND DEFERRED TAX**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

**R. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A provision is recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) 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. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE No.	As At 31.03.2015	As At 31.03.2014
(₹ lacs)		
<b>2 SHARE CAPITAL:</b>		
<b>AUTHORISED</b>		
100000000 (previous year 100000000) Equity Shares of ₹ 10 each	10000.00	10000.00
270000000 (previous year 270000000) 8% Non-cumulative Redeemable Preference Shares of ₹ 10 each.	27000.00	27000.00
	<u>37000.00</u>	<u>37000.00</u>

NOTE No.	As At 31.03.2015	As At 31.03.2014
<b>ISSUED, SUBSCRIBED AND FULLY PAID-UP</b>		
<b>Equity Share Capital</b>		
67173100 (previous year 67173100) Equity Shares of ₹ 10 each	6717.31	6717.31
Add: Paid-up amount on shares forfeited	9.65	9.65
<b>Preference Share Capital</b>		
270000000 (previous year 270000000) 8% Non-cumulative Redeemable Preference Shares of ₹ 10 each.	27000.00	27000.00
<b>TOTAL</b>	<u>33726.96</u>	<u>33726.96</u>

**2A** During the year 2010-11, the Holding Company forfeited 193000 shares of ₹ 10 each (₹ 5 paid up) for non payment of allotment and call monies and the amount paid towards application money in respect of these forfeited shares has been transferred to "Share's Forfeiture Account".

**2B** The Government of India had released in earlier year ₹ 27000 lacs (for financial restructuring ₹ 25000 lacs and Caustic Soda Plant recommissioning ₹ 2000 lacs) against allotment of 8% Non-Cumulative Redeemable Preference Shares, thereby broadening the capital base as per the revival scheme. The 8% Preference Shares were allotted to Government of India by the Board on 28th January, 2008, redeemable @ 20% commencing from 4th year with last redemption in the 8th year. The first, second, third & fourth installments of 20% i.e. ₹ 5400 lacs each was due for redemption in financial year 2011-12, 2012-13, 2013-14 and 2014-15 respectively. At the request of the Holding Company, Government of India has extended the commencement of redemption from financial year 2011-12 to financial year 2015-16 @ 25% each year.

**2C** The particulars of shareholders holding more than 5% equity shares of the Holding Company. The Government of India

Number of shares held	39481500	39481500
Percentage of holding	58.78%	58.78%

**2D Terms/rights attached to equity shares**

The Group has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Group, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**2E** The preference shareholders have no voting rights.

NOTE No.	As At 31.03.2015	As At 31.03.2014
<b>3 RESERVES AND SURPLUS:</b>		
<b>Capital Reserve</b>		
Nominal value of Freehold land ₹ 1 (previous Year ₹ 1)	-	-
Paid-up amount on shares forfeited	0.87	0.87
<b>Share Premium Account</b>	5840.32	6041.36
Less: Bond Issue Expenses	227.43	201.04
<b>Surplus / (Deficit) in Statement of Profit and Loss</b>		
Balance as per last Balance Sheet	(74412.77)	(55326.63)
Profit / (Loss) for the year as per the Statement of Profit and Loss	(21540.56)	(95953.32)
Depreciation on assets where useful life is over as on 31.03.2014 (Refer note no.34C)	(665.30)	-
Add : Negative minority interest (refer note - 47)	(2277.93)	(2113.47)
<b>TOTAL</b>	<u>(93282.79)</u>	<u>(70685.05)</u>

**3A MINORITY INTEREST**

<b>MINORITY INTEREST</b>		
Minority share of loss in excess of equity	(2277.93)	(2113.47)
Less: Negative minority interest adjusted against reserves & surplus	(2277.93)	(2113.47)
	-	-

NOTE No.	As At 31.03.2015	As At 31.03.2014
<b>4 DEFERRED GOVERNMENT GRANTS :</b>		
Amount received upto 01.04.2014	1834.27	1642.06
Add: Received during the year	98.07	192.21
	<u>1932.34</u>	<u>1834.27</u>
Less: Transferred (to) / from deposit	(136.33)	(34.62)
	<u>1796.01</u>	<u>1799.65</u>
Less: Transferred to Income upto 31.03.2014	(107.58)	(17.77)
Less: Transferred to Income during the year 2014-15	(92.47)	(89.81)
<b>TOTAL</b>	<u>1595.96</u>	<u>1692.07</u>

**4A** An amount of ₹ 1932.34 lacs (previous year ₹ 1834.27 lacs) has been received by the Holding Company from ISRO (Government of India) towards Capital Grant for refurbishment of CNA Plant. Out of this, an amount of ₹ 1796.01 lacs (previous year ₹ 1772.03 lacs) has been spent upto 31st March, 2015 and balance unspent amount of ₹ 136.33 lacs (previous year ₹ 34.62) has been shown as deposit under the head - Other Long-term Liabilities As per AS - 12 - 'Accounting for Government Grants', income has been recognised from this grant of ₹ 92.47 lacs (previous year ₹ 89.81 lacs) to the extent of depreciation charged and is included in 'Miscellaneous Income'.

NOTE No.	As At 31.03.2015	As At 31.03.2014
<b>5 LONG-TERM BORROWINGS :</b>		
<b>Secured Loans</b>		
Term Loan from Bank	2096.87	2,651.58
<b>Unsecured Loans</b>		
1000 (Previous year Nil) Non-convertible 10.57% Taxable Bonds of ₹ 1000000 each, redeemable on 28.08.2017	10000.00	10,000.00
1500 (Previous year Nil) Non-convertible 9.36% Taxable Bonds of ₹ 1000000 each, redeemable on 28.09.2017	15000.00	-
Loans from Government of India	2048.00	1116.00
Other Loans	114.08	136.01
<b>TOTAL</b>	<u>29258.95</u>	<u>13903.59</u>

**5A i)** The Holding Company's Term loan from bank amounting to ₹ 1800 lacs (previous year ₹ 2500 lacs) is secured by equitable mortgage conveying first charge over all immovable assets at factory and township situated at Ambalamugal, Rasayani & Nestle Apartments (10 flats) at Mumbai and ₹ 296.87 lacs (previous year ₹ 151.58 lacs) is secured by part of the land to the extent of 60.285 acres of the factory and plant and buildings at Rudraram village.

**ii)** The Holding Company has raised Bonds for ₹ 10000 lacs (series XX unsecured 10.57% p.a. redeemable bonds) on 28.08.2013 to redeem the bonds (series XIX unsecured 8.73% p.a. redeemable bond) matured on 28.08.2013.

**iii)** The Holding Company has raised Bonds for ₹ 15000 lacs (series XXI unsecured 9.36% p.a. redeemable bonds) on 01.10.2014 for working capital requirement.

**iv)** In the absence of profit during the year and due to accumulated losses, Bond redemption reserve has not been created against the bonds raised during the year under series XXI for ₹ 15000.00 lacs by the Holding Company.

**v)** There is a continuing default in repayment of loan by the Holding Company from Government of India since the year 2002-03 and the overdue amount towards principal is ₹ 6388.00 lacs (previous year ₹ 5619.50 lacs) and for interest accrued is ₹ 6378.08 lacs (previous year ₹ 5429.07 lacs). These amounts are shown under 'Other Current Liabilities'. Further an amount of ₹ 412.00 lacs (previous year ₹ 768.50 lacs) maturing in next 12 months is shown under Other Current Liabilities as 'current maturity of long-term borrowings'. The Subsidiary Company has received plan loan from Govt. of India ₹ 360.00 lacs for manufacture of MPTFE on 22.08.2014 and ₹ 1320.00 lacs for refurbishment of the Plant and HFP and FPP related items on 01.01.2015 repayable in 5 annual instalments commencing from FY 2015-16. The first instalment due for 2015-16 amounting to ₹ 336.00 lacs is shown under Other Current Liabilities as 'current maturity of long-term borrowings'.

**vi)** The Holding Company has not made provision for penal interest payable amounting to ₹ 1268.87 lacs (previous year ₹ 1062.51 lacs) on overdue Government Loans upto 31st March, 2015 since the same is leviable at the discretion of Government of India. The Holding Company has not received any demand from the Government of India for the same. The same has been disclosed under Contingent Liabilities.

**5B** The other loans shown above are loans taken by the Holding Company from HDFC Ltd. and Canara Bank towards housing finance for employees. The loans from HDFC Ltd. is fully paid and the balance is ₹ Nil (previous year ₹ 7.22 lacs). The loans from Canara Bank ₹ 158.14 lacs (previous year ₹ 192.16 lacs) are secured by way of mortgage assignment of rights available to the Holding Company on the housing properties. The amounts re-payable to Canara Bank within one year amounting to ₹ 44.06 lacs (previous year ₹ 40.68 lacs) is shown under other current liabilities as 'current maturity of long-term borrowings'.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NOTE No.	As At 31.03.2015	As At 31.03.2014
(₹ lacs)		
<b>6 OTHER LONG-TERM LIABILITIES :</b>		
Deposit from ISRO (Refer note - 4A)	136.33	34.62
<b>TOTAL</b>	<b>136.33</b>	<b>34.62</b>
<b>7 LONG-TERM PROVISIONS :</b>		
For Employee's Benefits (Refer note - 31)	8653.81	7987.13
For Others		
M&R- Fixed Assets	-	7.98
Difference in Fixed Assets	10.77	10.77
Statutory Claims	18.05	36.80
<b>TOTAL</b>	<b>8682.63</b>	<b>8023.93</b>
<b>8 SHORT-TERM BORROWINGS :</b>		
<b>Secured Loans</b>		
Loan from Central Bank of India	-	1975.00
Cash Credit from State Bank of India	5291.09	5266.56
Cash Credit from State Bank of Hyderabad	473.04	508.65
<b>TOTAL</b>	<b>5764.13</b>	<b>7750.21</b>
<b>8A</b> Loan from Central Bank of India taken by the Holding Company which was secured against pledge of Bank term deposit receipts is fully paid during the year and the term deposit receipt has been encashed.		
<b>8B</b> Cash Credit from State Bank of India taken by the Holding Company is secured by :		
i. Hypothecation of the Holding Company's entire stock of raw materials, finished goods, stock-in-process, consumable stores and spares and book debts in favour of the bank.		
ii. Equitable mortgage conveying first charge over all immovable assets at factory and township situated at Ambalamugal, Dist : Ernakulam and over the immovable properties situated at village Deolali, Posari, Wasambe, Parade, Savale, Turade, Dapivali and Ambivali of Panvel and Khalapur talukas, District Raigad in the State of Maharashtra and plant and machinery, equipments, fixtures and fittings, movable machinery, spares, articles and things in the State of Maharashtra (excluding current assets).		
<b>8C</b> Cash Credit from State Bank of Hyderabad taken by the Subsidiary Company is secured by : Hypothecation of the Subsidiary company's entire stock of raw-materials, finished goods, stock in process, consumables, stores & spares and book debts, plant and machinery and part of the land to the extent of Acres 60.285 out of the total land of Acres 126.13 cents at Rudraram village.		

NOTE No.	As At 31.03.2015	As At 31.03.2014
(₹ lacs)		
<b>9 TRADE PAYABLES :</b>		
<b>Sundry Creditors</b>		
Dues to Micro, Small and Medium Enterprises (Refer note - 32)	82.12	79.43
Dues to Others	11861.12	13225.31
<b>TOTAL</b>	<b>11943.24</b>	<b>13304.74</b>
Trade payables include amount payable to BPCL against which the Holding Company has created second and subservient charge for ₹ 12000.00 lacs (previous year ₹ 6000 lacs) on its property at Ambalamugal, Kochi unit.		
<b>10 OTHER CURRENT LIABILITIES :</b>		
<b>Current Maturity of Long Term Borrowings</b>		
1) Loan from Government of India (Refer note - 5A(v))	7136.00	6388.00
2) Term Loan from Bank	574.00	538.22
3) Other Loans - (Refer note - 5B)	44.06	63.37
Interest accrued but not due	1693.98	968.04
Interest accrued and due (Refer note - 5A(v))	6443.13	5531.47
Advances from customers	643.22	992.17
Deposits from Vendors / Customers	413.47	430.15
Statutory dues	846.81	527.18
Employee related liabilities	8534.29	4001.05
Payroll Recoveries Payable	366.61	566.84
Other Liabilities	1344.25	1150.73
<b>TOTAL</b>	<b>28039.82</b>	<b>21157.22</b>
<b>11 SHORT-TERM PROVISIONS :</b>		
For Employee Benefits (Refer note - 31)	1405.97	1671.17
For Employees Remuneration (Refer note - 33)	1656.90	1704.40
For Interest to others	225.23	225.23
<b>TOTAL</b>	<b>3288.10</b>	<b>3600.80</b>

**NOTE 12 - FIXED ASSETS**

(₹ lacs)												
Item	Description	GROSS BLOCK			DEPRECIATION / AMORTISATION / IMPAIRMENT					NET BLOCK		
		As at 01.04.2014	Additions	Deletions	As at 31.03.2015	Up to 01.04.2014	Deletions	Provided during the year	Impairment during the year	Up to 31.03.2015	As on 31.03.2015	As on 31.03.2014
<b>TANGIBLE ASSETS</b>												
1.	Land and Land Development	737.98	-	9.36	728.62	-	-	-	-	-	728.62	737.98
2.	Leasehold Land	336.92	-	-	336.92	44.00	-	5.29	-	49.29	287.63	292.92
3.	Buildings	3784.52	-	-	3784.52	1816.49	-	536.23	-	2352.72	1431.80	1968.03
4.	Plant and Equipment	51187.95	321.33	0.05	51509.23	42682.84	0.05	835.37	2.08	43519.69	7989.01	8505.11
5.	Furniture and Fixtures	2243.43	-	1.47	2241.96	2017.62	1.20	43.72	0.68	2060.82	181.14	225.81
6.	Vehicles	201.19	-	13.32	187.87	105.64	12.66	42.77	0.92	136.67	51.20	95.55
7.	Office Equipment	699.69	-	0.04	699.65	402.92	0.04	108.66	0.23	511.77	187.88	296.77
8.	Library Books	77.45	-	-	77.45	74.18	-	0.02	-	74.20	3.25	3.27
9.	Railway Sidings	35.53	-	-	35.53	33.77	-	-	-	33.77	1.76	1.76
10.	Plants held for disposal	14200.92	-	2822.29	11378.63	11405.01	2659.18	-	10.35	8756.18	2622.45	2795.91
	Total	73505.58	321.33	2846.53	70980.38	58582.47	2673.13	1572.06	14.26	57495.11	13484.74	14923.11
	Previous year	80650.40	820.04	7964.86	73505.58	63351.34	6617.55	1768.92	79.36	58582.47	14923.11	
<b>INTANGIBLE ASSETS</b>												
11.	Computer Software	410.78	-	-	410.78	235.40	-	83.09	-	318.49	92.29	175.38
12.	M-PTFE	-	158.97	-	158.97	-	-	0.02	-	0.02	158.94	-
	Total	410.78	158.97	-	569.75	235.40	-	83.11	-	318.51	251.23	175.38
	Previous Year	426.93	0.07	16.22	410.78	169.29	16.21	82.32	-	235.40	175.38	

Note :- For Fixed Assets, Capital Work In Progress, Assets held for disposal and provision for impairment of Assets refer note no - 34.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NOTE No.			(₹ lacs)	
	As At 31.03.2015	As At 31.03.2014		
<b>13 CAPITAL WORK-IN-PROGRESS :</b>				
1. J.N.P.T. Tank Terminals Project (Refer note - 34G)	2978.91	2978.91		
Less: Provision for impairment	2634.54	344.37	-	2978.91
2. Captive Power Plant Project (Refer note - 34I)	25.41	25.41		
Less: Provision for impairment	25.41	-	25.41	-
3. Refurbishment of CNA Plant (Refer note - 34H)	633.39	628.42		
4. Khargar Project	83.20	83.20		
5. Others	67.84	129.55		
<b>TOTAL</b>	<b>1128.80</b>	<b>3820.08</b>		

**14 NON CURRENT INVESTMENTS :**

**TRADE INVESTMENTS (AT COST)**

**Investments in Equity instruments in Joint Venture**

**Subsidiary - Unquoted:**

30000 (previous year 30000) Equity Shares of ₹ 10 each fully paid in HOC-Chematur Ltd., (Refer note - 35)	3.00	3.00		
Less: Provision for diminution of investment	3.00	-	3.00	-

**Investments in Unquoted Equity Shares of Kerala Enviro Infrastructure Ltd.**

50000 (previous year 50000) Unquoted Equity Shares of ₹ 10	5.00	5.00		
<b>TOTAL</b>	<b>5.00</b>	<b>5.00</b>		

**15 LONG-TERM LOANS AND ADVANCES :**

**(Unsecured, considered good unless otherwise stated)**

**Security Deposits**

Less: Provision for doubtful deposits	208.70	273.48		
	3.06	205.64	3.06	270.42

**Advance to Related Parties (Subsidiary Companies)**

1. HOC_Chematur Ltd. (Refer note - 36) (Considered doubtful)	1067.46	1066.75		
Less: Provision for doubtful advance	1067.46	-	1066.75	-
Staff Loans (Secured)		10.04		22.00
<b>TOTAL</b>	<b>215.68</b>	<b>292.42</b>		

**16 INVENTORIES :**

1. <b>Raw Materials</b>	559.89	574.77		
Materials-in-transit	10.22	39.90		
	570.11	614.67		
Less: Provision for obsolescence	26.31	543.80	26.31	588.36
2. <b>Work in Progress :</b>		1006.08		1412.94
3. <b>Finished Products</b>				
i) For Captive Consumption	52.93	317.92		
ii) Main Products for sale	2047.53	872.16		
iii) By-Products	88.92	2189.38	35.00	1225.08
4. <b>Stores and Spares</b>	2884.87	3029.20		
Less: Provision for obsolescence	495.05	2389.82	390.17	2639.03
<b>TOTAL</b>	<b>6129.08</b>	<b>5865.41</b>		

**16A** Excise duty provided on goods manufactured by the Group but not removed ₹ 284.05 lacs (previous year ₹ 110.24 lacs).

**16B** Stores and spares in the books of Holding Company include items not moved for more than five years ₹ 701.04 lacs (previous year ₹ 532.41 lacs) and obsolete items of ₹ Nil (previous year ₹ 5.84 lacs). An adhoc provision of ₹ 495.05 lacs (previous year ₹ 390.17 lacs) has been made for obsolescence. Further provision for obsolescence has been made for raw materials ₹ Nil (previous year ₹ 26.31 lacs).

NOTE No.			(₹ lacs)	
	As At 31.03.2015	As At 31.03.2014		
<b>17 TRADE RECEIVABLES :</b>				
Debts overdue for a period exceeding six months	3139.28	3186.36		
Other Debts	2243.40	882.88		
	5382.68	4069.24		
Less: Provision for Doubtful Debts	2884.94	2884.82		
	2497.74	1184.42		

**NOTE:**

Considered good, in respect of which Company holds Bank Guarantees/Letters of Credit	1003.45	120.19		
Unsecured considered good	1494.29	1064.23		
Unsecured considered Doubtful	2884.94	2884.82		
	5382.68	4069.24		
Less: Provision for Doubtful Debts	2884.94	2884.82		
	2497.74	1184.42		

**18 CASH AND BANK BALANCES :**

**1. CASH AND CASH EQUIVALENTS :**

Balance with Banks				
In Current Account	24.41	75.81		
In Saving Bank Account	114.94	110.48		
	139.35	186.29		
Margin Money Deposit (Maturity less than three months)	2.78	44.63		
Cheques/Drafts on hand	31.35	19.79		
Cash in hand	2.78	0.56		
			176.26	251.27

Margin money of ₹ 2.78 lacs (previous year ₹ 44.63 lac) are under lien towards loan from State Bank of Hyderabad.

**2. OTHER BANK BALANCES**

In Term Deposit Account				
With original maturity period not exceeding 12 months	1132.21	2239.46		
With original maturity period exceeding 12 months	-	1132.21	-	2239.46
(The Term Deposits with the bank has been encashed during the year.)				
<b>TOTAL</b>	<b>1308.47</b>	<b>2490.73</b>		

**19 SHORT-TERM LOANS AND ADVANCES:**

**(Unsecured, Considered Good unless otherwise stated)**

**Advances to related parties (Subsidiary Company)**

Loans to Public Sector Undertaking (Considered doubtful)				
Loans	171.08	171.08		
Less: Provision for doubtful recovery	171.08	-	171.08	-
Balances / Deposits with Excise, Customs and Statutory Authorities	723.97	658.09		
Less: Provision for Doubtful Deposits	2.90	721.07	-	658.09
Deposits (Considered Doubtful)	1.80	1.80		
Less: Provision for Doubtful Deposits	1.80	-	1.80	-
<b>Other Loans and Advances</b>				
Advance to Suppliers (including ₹ 85.92 lacs, previous year ₹ 85.92 lacs, considered doubtful)	242.59	224.64		
Loans and Advances to Employees	15.13	6.98		
Claims Receivable from Employees	-	-		
Duties and Taxes Receivable (includes doubtful advance ₹ 5.00 lacs, previous year ₹ 5.00 lacs)	2546.33	2256.30		
Miscellaneous advance recoverable	177.51	134.67		
Others Deposits	0.55	0.55		
Prepaid Expenses	287.16	248.22		
	3269.27	2871.36		
Less: Provision for doubtful advances	90.92	90.92		
<b>TOTAL</b>	<b>3178.35</b>	<b>2780.44</b>		
	<b>3899.42</b>	<b>3438.53</b>		



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE No.** (₹ lacs)

**19A** Duties and Taxes Receivable in the books of Holding Company includes an amount of ₹ 642.48 Lacs (previous year ₹ 872.11 Lacs) being VAT refund due from year 2005-06 to 2013-14 recovered from the input tax refunds by Commercial Taxes dept. This has been challenged by the Holding Company by filing appeals with Dy. Commissioner (Appeals). The said disputed VAT refund will have to be written off in the event of the Holding Company losing the appeal before the Appellate Authorities and hence the same has been shown under contingent liabilities.

**NOTE No.** As At 31.03.2015 As At 31.03.2014

**20 OTHER CURRENT ASSETS :**

Accrued Interest on Employee Advances	182.88	229.50
Accrued Interest on Bank deposit	-	30.58
Accrued Interest on Deposits	14.78	19.86
Accrued Income from Township	42.76	41.32
Less: Provision for Doubtful Recovery	7.25	34.07

**TOTAL** 233.17 314.01

**21 REVENUE FROM OPERATIONS**

**1. Sale of Products (Manufactured)**

Nitroproducts	651.97	664.28
Aniline Oil	-	189.90
Acids	32.41	19.23
Formaldehyde	0.21	171.73
Spent Acid	9.11	7.80
Dinitrogen Tetro Oxide	527.50	174.87
Phenol	6894.64	11135.13
Acetone	3970.79	5384.80
Hydrogen Peroxide	2202.72	2468.87
Heavy Ends of Cumene	438.29	549.19
Cumox Oil	173.87	292.72
Polytetrafluoroethylene	476.34	1212.89
Application Development Customer Support	31.46	58.03
CFM - 22	2098.52	1364.55
Tetrafluoroethylene	294.15	136.54
Hydrogenchloride	14.54	14.76
Add: Excise Duty	2177.61	2949.55
	<u>19994.13</u>	<u>26794.84</u>

**2. Sale of Products - Traded**

Toluene	-	17.19
<b>Gross Sales</b>	<b>19994.13</b>	<b>26812.03</b>
Other Operating Revenues	111.79	42.47
	<u>20105.92</u>	<u>26854.50</u>
Less : Excise Duty	2177.61	2949.55
<b>TOTAL</b>	<b><u>17928.31</u></b>	<b><u>23904.95</u></b>

**22 OTHER INCOME**

**INTEREST:**

On Call and Term Deposits (Gross)	80.82	228.67
On Advances and Deposits with MIDC, MSEB and others	35.92	20.05
Delayed Payment and Finance Charges from Sundry Debtors	8.06	37.58
	<u>124.80</u>	<u>286.30</u>

**OTHER NON-OPERATING INCOME:**

Estate Rent	160.97	167.91
Transport, Water, Electricity, etc. recoveries	63.79	76.05
Provision for doubtful debts no longer required written back (net)	20.04	82.27
Provision for Impairment written back	14.07	99.84
Miscellaneous Income	238.09	191.46
Gain on Foreign Exchange Fluctuation (net)	-	0.52
Profit on Sale of Assets	202.40	618.05
	<u>699.36</u>	<u>-</u>

**TOTAL** 824.16 904.35

**NOTE No.** As At 31.03.2015 As At 31.03.2014 (₹ lacs)

**23 COST OF MATERIALS CONSUMED**

**A. RAW MATERIALS**

Benzene	5983.24	8703.72
Methanol	0.04	67.08
Nitric acid	156.41	13.49
CNG	-	57.87
Ammonia	38.06	93.51
Liquified Petroleum Gas	2953.80	3683.95
Hydrogen	264.80	583.70
Caustic Soda Lye (100%)	47.24	46.37
Sulphuric Acid	50.04	39.87
Nitrogen	86.31	94.07
Other Raw Materials	6.66	18.99
AHF	764.37	690.51
Chloroform	678.63	322.02
FC-26	37.60	58.51
Others	40.01	52.96
Packing Material	9.94	14.12
<b>TOTAL</b>	<b><u>11117.15</u></b>	<b><u>14540.74</u></b>

**24 Purchases - Stock-in-Trade**

Toluene	-	8.26
<b>TOTAL</b>	<b><u>-</u></b>	<b><u>8.26</u></b>

Above purchases includes opening stock of raw-materials transferred to stock-in-trade for sale.

**25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE**

**OPENING STOCK**

Stock-in-Process	1412.94	1282.20
Stock for Captive Consumption	317.92	256.99
Finished Products (Main)	872.17	1934.14
By-Products	35.00	64.70
	<u>2638.03</u>	<u>3538.03</u>

**CLOSING STOCK**

Stock-in-Process	1006.08	1412.94
Stock for Captive Consumption	52.93	317.92
Finished Products (Main)	2047.54	872.17
By-Products	88.93	35.00
	<u>3195.48</u>	<u>2638.03</u>

Decrease / (Increase)

	<u>(557.45)</u>	<u>900.00</u>
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**25A Closing Inventory - Finished Goods**

Nitroproducts	24.10	0.10
Acid	-	15.86
Formaldehyde	-	0.15
Other Chemicals	23.37	-
Phenol	1201.96	370.30
Acetone	282.91	194.41
Hydrogen Peroxide	93.83	114.08
Cumene	42.26	235.97
Lean Propylene	10.67	66.10
By-Products	88.92	35.00
Polytetrafluoroethylene	421.37	193.11
	<u>2189.39</u>	<u>1225.08</u>

**Opening Inventory - Finished Goods**

Nitroproducts	0.10	102.47
Aniline Oil	-	46.12
Acid	15.86	43.04
Formaldehyde	0.15	92.81
Other Chemicals	-	-
Phenol	370.30	931.43
Acetone	194.41	224.42
Hydrogen Peroxide	114.08	84.81
Cumene	235.97	130.21
Lean Propylene	66.10	62.74
By-Products	35.00	64.69
Polytetrafluoroethylene	193.11	473.08
	<u>1225.08</u>	<u>2255.82</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE No.	(₹ lacs)	
	As At 31.03.2015	As At 31.03.2014
<b>26 EMPLOYEE BENEFITS EXPENSES</b>		
Salary, Wages, Bonus, Incentives and Allowances (including wage revision arrears ₹ Nil previous year ₹ 44.58 lacs) (Refer Note - 33A, 33B and 33C)	8693.30	10106.12
Company's contribution to Provident Fund	858.98	920.30
Family Pension Fund and other Funds		
Gratuity payments including premium for Group Gratuity-cum-Life Insurance Scheme	845.23	962.15
Provision for leave encashment	878.29	520.55
<b>Staff Welfare Expenses</b>		
Medical Amenities	257.87	296.00
Educational Amenities	72.08	76.08
Canteen and Nutrition Amenities	545.62	618.47
Other Welfare Expenses	86.74	120.14
<b>TOTAL</b>	<b>12238.11</b>	<b>13619.81</b>
<b>27 FINANCE COSTS</b>		
<b>Interest Expenses</b>		
On Fixed Loans	2816.33	1981.48
On Other Loans	1117.28	1276.89
Interest - Others	1260.35	5193.96
Other Borrowing Cost	78.79	1022.13
<b>TOTAL</b>	<b>5272.75</b>	<b>4280.50</b>
	<b>78.79</b>	<b>61.21</b>
<b>TOTAL</b>	<b>5272.75</b>	<b>4341.71</b>
Interest - others is in respect of interest paid / payable on delayed payment towards provident fund, gratuity, credit society, electricity charges, water charges, income tax (TDS), MSMEs and other creditors against raw-material supplies by the Holding Company.		
<b>28 OTHER EXPENSES:</b>		
Consumption of Stores and Spares (Including catalyst consumed)	455.98	749.35
Stores & Spares Scrapped	-	128.98
Less: Provision for Non-Moving & Obsolete Stock written back	-	128.98
Power and Fuel	4397.26	5763.78
Water	414.83	279.21
Repairs to Buildings	99.04	131.95
Repairs to Machinery	135.66	293.24
Repairs to Other Assets	140.60	226.87
Rent	55.54	90.90
Insurance	91.32	81.96
Rates and Taxes	124.25	108.02
Consultancy Charges	117.03	60.92
<b>Payment to Auditors:</b>		
As Auditors	4.38	4.26
For Taxation Matters	1.34	1.30
For Other Services	2.80	2.85
For Reimbursement of Expenses	0.34	0.30
Power for Township	121.55	118.70
Water for Township	121.30	138.32
Security Expenses	215.01	246.99
Advertisement Expenses - Tenders, Recruitment etc.	7.31	13.47
Hire of Vehicles Expenses	126.74	161.65
Loss on Exchange Rate Fluctuation	0.22	0.92
Fixed Assets Written off	-	2.00
Diminution in Value of Inventory	-	8.37
Research and Development	-	0.12
Loss on Sale / Disposal of Assets	0.94	184.80
Miscellaneous Expenses	728.90	525.66
Bad Debts Written-off	-	143.85
Less: Provision for Doubtful Debts written back	-	143.85
Cash Discount	142.26	254.85

NOTE No.	(₹ lacs)	
	As At 31.03.2015	As At 31.03.2014
Publicity Expenses	6.01	4.87
Other Selling Expenses	8.15	18.24
Provision for Doubtful Debts	32.66	19.96
Provision for Doubtful Advances	0.70	58.22
Provision for Stock Obsolescence	104.88	93.00
For Long term agreements	147.57	-
For Provision for Statutory Claims	2.90	-
<b>TOTAL</b>	<b>288.71</b>	<b>171.18</b>
	<b>7807.47</b>	<b>9645.05</b>

**28A** At Kochi unit of the Holding Company, the SPA1 Catalyst of 76.330 MT valuing ₹ 333.41 lacs was charged into the reactor in the Cumene plant in the month of May 2013. The estimated life of the Catalyst is to achieve a production of 1100MT of Cumene per MT of catalyst under good operating conditions. During the period from May 2013 to March 2015 Kochi unit of the Holding Company has produced 26106 MT of Cumene. Due to intermittent shutdown of Cumene plant during the above period which affects the life of Catalyst, the Kochi unit of the Holding Company may fall short of achieving guarantee norms.

NOTE No.	As At 31.03.2015	As At 31.03.2014
<b>29 PRIOR YEAR ADJUSTMENTS:</b>		
<b>INCOME</b>		
Others	8.12	5.04
School Fees	-	4.13
<b>EXPENDITURE</b>		
JNPT Rent Escalation	1351.08	-
JNPT Tank Terminal Impairment	2634.54	-
Salaries arrears, Incentives and Other benefits	-	10.02
General Expenses	26.58	14.59
Prior Year's Tax Adjustment	3.85	-
Security Charges	-	2.31
Service Tax	-	1.37
Trade discount related to last year	5.83	-
Depreciation	-	0.46
Others DPC Reversal (2013-14)	0.90	7.50
Consultancy Charges	-	0.77
<b>Net Prior Period Expenditure</b>	<b>4014.66</b>	<b>27.85</b>
<b>EXCESS PROVISION WRITTEN BACK</b>		
Provision for Repair & Maintenance written back	4.30	-
Provision for Maharashtra Sales Tax written back	-	24.21
Reversal of Provision for Incentive to Employees	7.98	19.67
	<b>12.28</b>	<b>43.88</b>
<b>NET PRIOR YEAR ADJUSTMENTS:</b>	<b>4002.38</b>	<b>(16.03)</b>
<b>TOTAL</b>	<b>4002.38</b>	<b>(16.03)</b>
<b>30 EXCEPTIONAL ITEM:</b>		
V R S Payment	89.82	114.13
Sale of Land	(690.65)	-
	<b>(600.83)</b>	<b>114.13</b>
<b>TOTAL</b>		
<b>30A RASAYANI</b>		
i) The Holding Company has introduced VRS Scheme on 12.09.2013 and was open for 1 month upto 12.10.2013 and further re-opened from 11.11.2013 to 18.11.2013. The Holding Company received 151 applications in total out of which first 7 applicants were relieved on 10.10.2013 and the compensation amounting to ₹ 84.83 lacs has been paid and 1 applicant was relieved on 16.12.2013 and the compensation amounting to ₹ 29.30 lacs has been provided. During the year further 5 applicants were relieved on VRS and the compensation amounting to ₹ 89.82 lacs has been provided. Further 41 applicants (previous year 12) have superannuated in the normal course on attaining the retirement age. The balance 97 (previous year 131) applications are kept pending for want of funds and the VRS Compensation of ₹ 1202.00 lacs (previous year ₹ 1793.84 lacs) has been shown under Other Commitments. (refer note-43)		





**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE No.** (₹ lacs)

ii) The Board of the Holding Company in its meeting held on 13.11.2013 had approved a Voluntary Separation Scheme (VSS) for the canteen workers of Rasayani Unit through the Canteen Contractor for curtailing the expenditure towards canteen facility. It is estimated that the amount payable to each canteen worker on account of this would be ₹ 5.50 lacs. The Holding Company has not invited any application from the canteen workers through the contractors for the VSS. However, since the Board of the Holding Company has approved such a scheme, an amount of ₹ 478.50 lacs (previous year ₹ 489.50 lacs) being the estimated amount of the compensation of VSS scheme payable on implementation of this scheme to 87 canteen workers (previous year 89) is shown under Other Commitments (refer note-43).

**31 EMPLOYEES BENEFIT PLAN:**

**31A Provision for leave encashment**

The Group has made provision of ₹ 878.29 lacs (previous year ₹ 520.55 lacs) for leave encashment as per revised AS-15 issued by Institute of Chartered Accountants of India based on Actuarial Valuation and the unpaid amount of leave encashment claims submitted by the employees.

**31B** Employees receive benefits from the provident fund managed by the Group. The employee and employer each make monthly contributions to the Provident Fund/Pension Fund plan equal to 12% of the employees' salary/wages. Provident Fund is managed by a separate Exempted Trust.

**31C Gratuity**

The Employees' Gratuity Fund Scheme, which is a defined benefit plan, is managed by the Trust through an Annuity Scheme maintained with Life Insurance Corporation of India (LIC). The present value of obligation is determined based on actuarial valuation, of liability done by using Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The ceiling of gratuity has been enhanced from ₹ 3.50 lacs to ₹ 10 lacs with effect from 1<sup>st</sup> January, 2007. The gratuity liability as on 31<sup>st</sup> March, 2014 includes the provision towards arrears for the retired employees on above account amounting to ₹ 187.54 lacs. (previous year ₹ 189.31 lacs) of the Holding Company.

(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligations.

Particulars	2014-15	2013-14
Present value of obligation as at the beginning of the year	5493.17	5292.33
Interest Cost	494.39	423.39
Current Service Cost	191.59	157.73
Benefits paid	(457.85)	(291.39)
Actuarial (gain)/loss on obligations	(48.96)	(370.45)
Present value of obligations at the end of year	5672.35	5493.17
(ii) Reconciliation of opening and closing balances of fair value of the plan assets:		
Fair value of plan assets at beginning of year	125.36	395.35
Expected return on plan assets	9.75	13.33
Contributions	30.88	8.07
Benefits Paid	(48.79)	(291.39)
Actuarial gain/(loss) on plan assets	0.19	0.00
Fair value of plan assets at the end of year	117.39	125.36
(iii) Reconciliation of present value of obligations and fair value of plan assets:		
Fair value of Plan Asset at the end of the year	117.39	125.36
Present value of obligations at the end of year	5672.35	5493.17
Liability/(Asset) recognized in the Balance Sheet	5554.95	5367.82
(iv) Expenses recognized during the year:		
Current Service Cost	191.59	157.73
Interest cost	494.39	423.39
Expected return on plan assets	(9.75)	(13.33)
Actuarial (gain)/loss	(49.15)	(88.90)
Enhanced gratuity differential amount paid to left employees by the Company which is not paid by LIC of India		
Expenses Recognised in Profit & Loss Account	627.08	478.90
(v) Assumptions used to determine the defined benefit obligations		
Mortality Table (LIC) (1994-96 Ultimate) Discount rate (p.a)	7.80%	8%
Expected rate of increase in salary (p.a.)	7%	4%
Withdrawal rate	1% to 3% depending on age	

**NOTE No.** (₹ lacs)

**32 Amount due to Micro, Small and Medium enterprises:**

Particulars	2014-15	2013-14
a) i) Principal amount remaining unpaid as at the end of each accounting year	81.12	75.31
ii) Interest due thereon	5.94	8.78
b) the amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond appointed day.	Nil	Nil
c) 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 Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	14.72	8.78
e) 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 Micro, Small and Medium enterprises Development Act, 2006.	Nil	Nil

**33 PROVISION FOR EMPLOYEE REMUNERATION**

**RASAYANI**

**PROVISION FOR ARREARS OF WAGES**

**33A** During the year, the Holding Company has paid an amount of ₹ Nil (previous year ₹ 40.73 lacs) towards arrears on account of wage revision of employees pertaining to the period January 1, 1997 to December 31, 2000 and the same has been charged to statement of profit and loss and shown under employee benefit expenses. No provision has been made for the liability towards balance amount of ₹ 1887.79 lacs (previous year ₹ 1887.79 lacs) and it is shown under contingent liability by the Holding Company.

**33B** Wage Settlement / Salary Revision w.e.f.1/1/2007 - Officer  
During the year, the Holding Company has paid an amount of ₹ Nil (previous year ₹ 3.19 lacs) towards arrears on account of wage revision of employees pertaining to the period January 1, 2007 to March 31, 2008 and the same has been charged to statement of profit and loss and shown under employee benefit expenses. No provision has been made for the liability towards balance amount of ₹ 161.55 lacs (previous year ₹ 161.55 lacs) and it is shown under contingent liability.

**33C** Wage Settlement / Salary Revision w.e.f.1/1/2007 - Staff:  
During the year, the Holding Company has paid an amount of ₹ Nil (previous year ₹ 0.67 lacs) towards arrears on account of wage revision of employees pertaining to the period January 1, 2007 to March 31, 2008 and the same has been charged to statement of profit and loss and shown under employee benefit expenses. No provision has been made for the liability towards balance amount of ₹ 148.26 lacs (previous year ₹ 148.26 lacs) and it is shown under contingent liability.

**33D STAFF:**

The arrears payable for the period from 1<sup>st</sup> April, 2008 up to 31<sup>st</sup> March, 2015 in case of 5 employees ₹ 1.88 lacs (previous year 6 employees amounting to ₹ 2.09 lacs) has been provided for and shown under Short-term provisions of the Holding Company.

**34 FIXED ASSETS**

**34A** Land in possession of the Holding Company at Rasayani admeasuring 455.69 hectares (previous year 455.69 hectares) has been given free of cost for use, by the Government of Maharashtra, against which a nominal value of ₹ 1 is included in "Land and Land development" by creating "Capital Reserve". Land at Panvel amounting to ₹ 0.80 lacs (previous year ₹ 0.80 lacs) included in "Land and Land development" has been given by the Government of Maharashtra for the business/residential purpose of the company.

**34B** Various plants NCB(X), NCB(CD), PNCB Separation, CHA, Pollution Control, Incinerator, Boiler No. MR-9618, Cooling Tower CT4, Old Weigh Bridges and other specific assets having wdv of ₹ 161.75 lacs have been sold during the year. The profit on sale of these assets amounting to ₹ 195.97 lacs (previous year ₹ Nil) has been booked and provision for impairment on these plants made in the earlier years of ₹ 14.07 lacs (previous year ₹ Nil) has been written back by the Holding Company.

**34C** Upon implementation of Schedule II of Companies Act 2013, the useful life of the fixed assets has been revised by the Group in terms of the schedule. Accordingly the Group has revised its depreciation rate so as to depreciate its assets over the balance useful life of the assets keeping the residual value at 5%. The depreciation charge during the year pertaining to assets whose revised useful life has expired prior to commencement of the financial year has been adjusted against retained earnings in terms of Schedule II. An amount of ₹ 638.01 lacs has been adjusted against the opening Retained Earnings as per the provisions of Schedule II. Due to the change in useful life of the assets, the depreciation charge during the year (including adjusted against opening Retained Earnings) is higher by ₹ 335.63 lacs.

**34D** The Holding Company appointed consultant/valuers during the year, for assessing the impairment of Fixed Assets as per the provisions of AS-28 'Impairment of Assets' for Rasayani Unit. As per the report of the consultant the loss on account of impairment has been worked out by comparing the fair market value as on date with the wdv as on 31<sup>st</sup> March, 2015 and an additional amount of ₹ 14.25 lacs (previous year ₹ 79.36 lacs) has been provided for during the year.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**34E** The Acetanilide, Sulphuric Acid, Nitro Toluene, Aniline-II and Hydrogen-II plants having wdv (net of impairment) ₹ 244.44 lacs (previous year ₹ 261.33 lacs) are in working condition but are not in operation due to uneconomical conditions in the books of Holding Company.

**34F RASAYANI**

The Caustic Soda Plant having wdv of ₹ 2607.90 lacs (previous year ₹ 2632.81 lacs) net of impairment has been transferred to held for disposal as per the decision of the Board in the meeting held on 13th Nov 2013 by the Holding Company.

**KOCHI**

The Recycle column reboiler, Cumene column reboiler and Propane surge drum having wdv ₹ Nil (previous year ₹ 1.37 lacs) have been transferred to assets held for disposal during the year by the Holding Company.

**34G i)** Capital Work-in-Progress and Expenditure during Construction includes ₹ 2978.91 lacs (previous year ₹ 2978.91 lacs) towards cost of JNPT Tank Terminal project wherein management of the Holding Company had decided to suspend further construction. Even though the lease period has expired in June 2010, the Holding Company has written to JNPT authorities for extension of the lease period and is hopeful of getting extension. The Holding Company has gone into arbitration alongwith other Liquid Berth Users Association against JNPT for various issues including lease period issue.

Prior period expenses includes provision for impairment of JNPT Tank Terminal project which formed part of Auditors qualification in earlier years and have been provided during the current year on the basis of "recast of accounts" for FY 2012-13 as per SEBI circular and directives as directed by NSE vide letter dt.26.12.2014 and based on FRRB's opinion to restate the financial statements. The Holding Company appointed consultant / valuers during the year for assessing the impairment of JNPT Tank Terminals Project as per the provisions of AS-28 'Impairment of Assets'. As per the report of the consultant the loss on account of impairment has been worked out by comparing the fair market value as on date with the project cost incurred to date and an amount of ₹ 2634.54 lacs (previous year Nil) has been provided for during the year as impairment under prior period expenditure. The report was placed before the Board and the same has been approved by the Board in its meeting held on 12.02.2015.

ii) As per Lease Agreement with JNPT, the Lease Rentals provide for escalation @ 10% on Lease Rent payable to JNPT. The Holding Company had provided for Lease Rentals with old rates upto 31.03.2014 without considering the escalation @ 10% per annum as the matter is under arbitration. The amount accumulated on account of escalation upto 31.03.2014 amounting to ₹ 1351.08 lacs was disclosed as contingent liability.

Prior period expenses includes provision for Lease Rent on JNPT Land for earlier years which formed part of Auditors qualification in earlier years and have been provided on the basis of "recast of accounts" for FY 2012-13 as per SEBI circular and directives as directed by NSE vide letter dt.26.12.2014 and based on FRRB's opinion to restate the financial statements. During the current year provision has been made for the escalation amounting to ₹ 1351.08 lacs and has been charged to prior period expenditure and the same has been approved by the Holding Company's Board in its meeting held on 12.02.2015. The total lease rentals for current year has been accounted amounting to ₹ 289.58 lacs including escalation.

**34H** An amount of ₹ 2429.40 lacs (previous year ₹ 2400.46 lacs ) has been spent to date by the Holding Company on Refurbishment of CNA Plant, which is funded by ISRO. During the year, an amount of ₹ 23.97 lacs (previous year ₹ 157.59 lacs) has been capitalised and the balance amount of ₹ 633.39 lacs (previous year ₹ 628.42 lacs) has been carried forward as Capital Work in progress in respect of works not completed.

**34I** In the books of Holding Company an amount of ₹ 25.41 lacs (previous year ₹ 25.41 lacs) incurred towards feasibility study of captive power plant was carried forward as Capital WIP from the previous year. The project is on hold now due to high gas prices and may be taken up at a later date only. Full impairment provision has been recognised for the same in earlier year.

**34J** With respect to the Holding Company's leased land at Kharghar, the commencement of construction certificate issued by CIDCO was valid upto 29.12.2012. Further the Holding Company paid a premium of ₹ 15.41 lacs and got extension for commencement of construction upto 25.05.2013. For further extension for a period of one year upto 25.05.2014 the agreement provides for an additional premium payment of ₹ 30.81 lacs failing which CIDCO reserves the right for taking back the possession of the land. Since the Holding Company was facing financial crunch the payment has not been made to CIDCO. So far CIDCO has not initiated any steps to take back the land.

The Holding Company has plans to construct buildings on the said land on the Public Private Partnership (PPP) model basis as per the decision of the Board in its meeting held on 14.11.2014. This will avoid cash outflow by the company for the construction purpose.

**35** The Holding Company had invested ₹ 3.00 lacs in the Equity of M/s. HOC-Chematur Ltd. by way of joint venture as a co-promoter. The Holding Company holds 60% of the Paid-up Equity Capital of HOC-Chematur Ltd., hence HOC-Chematur is a subsidiary company of HOCL. HOC-Chematur Ltd., had initiated the process of implementing the project, however, abandoned subsequently due to inadequate support from financial institutions. In view of such uncertainties involved in implementing the project, the Holding Company had fully provided for the losses against the investment. There is no change in the status of M/s HOC-Chematur Ltd., and the provision against the investment is continued.

**36** In the books of Holding Company advances to joint venture Company M/s HOC-Chematur Ltd. includes advance paid to M/s Chematur Engg. A.B amounting to ₹ 664.71 lacs and expenses allocated in earlier years, aggregating to ₹ 1066.75 lacs (previous year ₹ 1066.55 lacs). In view of uncertainties involved in recovery/completion of the joint venture company project, a provision for doubtful advance of equivalent amount was made in earlier years. Since there is no improvement in the status of the joint venture project, the provision for doubtful advances is continued.

**37** During the year 2001-2002, a case of misappropriation of the Holding Company's funds to the tune of ₹ 64.81 lacs (net and to the extent identified) by an official of the Holding Company, involving fraudulent / fake payments / withdrawals under various heads of accounts including sales tax, debtors etc. had been detected. The case is at present under investigation of CBI. In the meantime, based on the report of the Vigilance Department, a civil suit has been filed for recovery of the amount involved from the concerned employee who was dismissed from the services of the Holding Company. Since in the opinion of the Holding Company Management the value of assets seized by CBI is sufficient to cover the losses occurred on account of fraud, no provision in the accounts is made and the amount is shown as recoverable.

**38 EARNING PER SHARE**

Earnings per share has been calculated as follows:

	(₹ Lacs)	
	2014-15	2013-14
Net Profit/(Loss) after Tax	(21540.56)	(19086.14)
Weighted average number of equity shares	67173100	67173100
Nominal Value per equity share (₹)	10	10
Basic / Diluted Earning per equity share	(32.07)	(28.41)

**39 SEGMENT REPORTING.**

Since the Group is manufacturing only Chemicals, there are no separate reportable primary and secondary segments and all the chemicals manufactured by the Group are considered to have been representing as single reportable segment. The requirements of Accounting Standard 17 with regard to disclosure of segmental results are therefore considered not applicable to the Group.

**40 RELATED PARTY DISCLOSURE AS PER AS-18**

a) The Holding Company is a State controlled enterprise therefore the disclosures as per Accounting Standard 18 are not considered applicable.

b) Key Management Personnel

No.	Name	2014-15 Remuneration	2013-14 Remuneration
i)	Sri V. B. Ramachandran Nair, Chairman and Managing Director (from 17.06.2013 )	₹ 19.37 lacs	₹ 15.01 lacs
ii)	Sri J. N. Suryawanshi, Director (Marketing)	₹ 20.42 lacs	₹ 21.68 lacs
iii)	Sri R. Suresh Kumar, Director (Finance)	₹ 19.71 lacs	₹ 17.11 lacs
iv)	Sri S.B. Bhide, Director (Technical)	₹ 19.73 lacs	₹ 20.60 lacs
v)	Sri R. N. Madangeri, Chairman and Managing Director (upto 30.04.2013)	-	₹ 1.60 lacs

**41 DEFERRED TAXES**

The Holding Company had reviewed its net deferred tax assets as at 31st March, 2004 and decided not to carry forward such assets due to uncertainty of realizing these assets against future taxable income in view of the huge accumulated loss. This decision is followed this year also in view of Accounting Standard Interpretation issued by the Institute of Chartered Accountants of India.

**42 BALANCE CONFIRMATION**

Balances of trade receivables, trade payables, loans, advances, other current assets and borrowings are subject to confirmation/reconciliation and subsequent adjustments.

**43 Contingent Liabilities & Commitments**

i) **Contingent Liabilities**

	(₹ Lacs)	
	31.03.2015	31.03.2014
a) Claims against the Group not Acknowledged as debts:		
i) Differential tax on account of concessional forms in respect of concessional sales	381.28	301.31
ii) Income Tax Claims	819.10	822.65
iii) Sales Tax Claim	642.48	872.11
iv) Excise Claims	594.07	481.74
v) Customs claim	-	-
vi) JNPT claims	-	1351.08
vii) Rental claim Harchandrai House	4378.41	3825.99
viii) Wage revision employees (Refer note 33)	2197.60	2197.60
ix) Other Statutory Claims	15.63	15.63
x) Delayed Payment Charges claimed by BPCL	1057.48	806.43
xi) Other Claims	739.98	519.06
xii) Penal Interest on Government Loan	1268.87	1062.51
xiii) Claims not acknowledge as debts by suppliers	49.33	-
b) Letters of Credit opened, cheques and bills of exchange discounted with the bankers and remaining outstanding	195.38	68.57
c) Bank guarantee given	265.15	809.09



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NOTE No.	(₹ lacs)			
	31.03.2015	31.03.2014		
d) Guarantees given on behalf of the Subsidiary Company, Hindustan Fluoro-carbons Limited to Financial Institutions and Commercial Banks for securing loans and cash credit facilities.	1103.00	1103.00		
e) Security Bond given to Commercial Taxes Dept., Govt. of Kerala	3053.30	4290.74		
<b>ii) Commitments</b>				
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	331.60	550.18		
ii) Other Commitments (Refer note - 30A)	1680.50	2283.34		
<b>44 Value of Imports (on CIF basis)</b>	<b>2014 - 15</b>	<b>2013 - 14</b>		
Component and Spare Parts	33.82	110.12		
Raw Materials and Trading Goods	250.67	-		
Capital Goods	-	20.57		
<b>45 Consumption of Indigenous/Imported Materials</b>				
	2014 - 15		2013 - 14	
	₹ lacs	Consumption %	₹ lacs	Consumption %
A) Raw Materials				
Imported	Nil	Nil	Nil	Nil
Indigenous	11117.15	100	14540.74	100
<b>TOTAL</b>	<b>11117.15</b>	<b>100</b>	<b>14540.74</b>	<b>100</b>
B) Component and Spare Parts				
Imported	84.09	18.44	103.25	13.78
Indigenous	371.89	81.56	646.10	86.22
<b>TOTAL</b>	<b>455.98</b>	<b>100</b>	<b>749.35</b>	<b>100</b>
<b>46 Earnings in foreign currency</b>	<b>2014 - 15</b>		<b>2013 - 14</b>	
FOB value of goods exported	8.26	-	-	-
<b>TOTAL</b>	<b>8.26</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>47</b> Minority share of loss in excess of equity is negative adjusted against the group's loss under "Reserves and Surplus."				

NOTE No.	(₹ lacs)			
<b>48 GROUP INFORMATION:</b>				
<b>The subsidiary considered in these consolidated financial statements is:</b>				
<b>a. Subsidiary</b>				
<u>Name of the Company</u>	<b>% of voting power held as on 31.03.2015</b>	<b>% of voting power held as on 31.03.2014</b>		
Hindustan Fluorocarbons Limited	56.43	56.43		
b) Since HOC-Chematur Ltd. has no plans to conduct any business in future, HOCL has fully provided for as doubtful of recovery of the advance paid and the investment in the said company. Hence the accounts of the Hoc-Chematur Ltd. Has not been consolidated with the accounts of HOCL.				
c)				
	<b>Net Assets</b>		<b>Share in Profit or (Loss)</b>	
<b>Name of the Entity</b>	<b>(Total Assets - Total Liabilities)</b>			
	<b>As % of Consolidated net assets</b>	<b>Amount</b>	<b>As % of Consolidated profit or (loss)</b>	
			<b>Amount</b>	
<b>Parent Company</b>				
Hindustan Organic Chemicals Ltd.	85.87	(51137.66)	98.52 (21384.30)	
<b>Subsidiaries</b>				
Hindustan Fluorocarbons Limited	8.82	(5255.44)	1.74 (377.46)	
Minority Interest in all Subsidiaries	3.82	(2277.93)	0.76 (164.46)	
<b>Total Eliminations</b>	<b>1.49</b>	<b>(884.80)</b>	<b>(1.02) 221.20</b>	
<b>TOTAL</b>	<b>100.00</b>	<b>(59555.83)</b>	<b>100.00 (21705.02)</b>	

**49** In the previous year, the Holding Company has made an application for reference to Board for Industrial and Financial Reconstruction (BIFR) in terms of Sec-15(1) of the Sick Industrial Company's (Special Provisions Act, 1985) for declaring the Holding Company as sick under the said Act. and it has been registered as per order dt.30.09.2014.

The Holding Company has engaged a consultant for preparation of the revival plan for submission to the administrative ministry. The preparation of the revival plan is in progress. In view of this, the financial statements have been prepared on going concern basis although the net worth of the Holding Company is fully eroded.

**50** The Holding Company had entered into long term supply contract with Gas Authority of India (GAIL) at Kochi for supply of Liquefied Natural Gas in 2011 for a period of 15 years ending in 2026. Material foreseeable losses cannot be identified in the current scenario.

**51** Previous year figures have been re-grouped / re-classified wherever necessary to make them comparable with those of the current year.

As per our report of even date attached

**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm's Registration No. 102860W

Sd/-  
**Shrikant Prabhu**  
Partner  
Membership No. 35296

Sd/-  
**V. B. Ramachandran Nair**  
Chairman & Managing Director

For and on behalf of the Board of Directors

Sd/-  
**J. N. Suryawanshi**  
Director (Marketing)

Sd/-  
**R. Suresh Kumar**  
Director (Finance)

Sd/-  
**S. B. Bhide**  
Director (Technical)

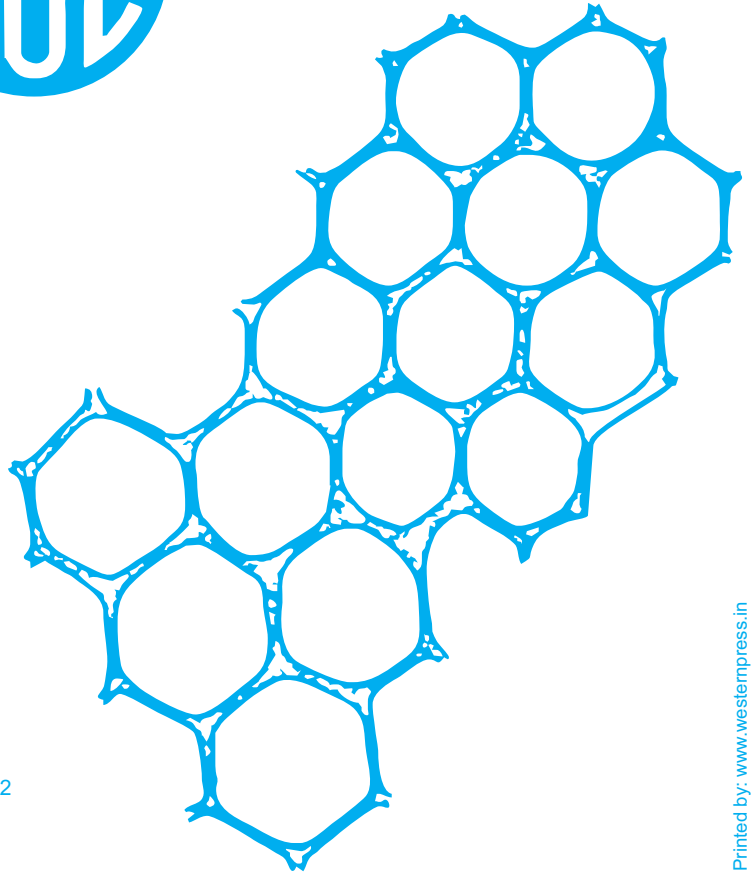
Sd/-  
**Mrs. Susheela S. Kulkarni**  
Company Secretary  
Place: Mumbai  
Date: 28/05/2015

Place: Mumbai  
Date: 28/05/2015



HOCL CIN: L99999MH1960GOI011895

If undelivered please return to :  
SHAREPRO SERVICES (INDIA) PVT. LTD.  
Unit : HINDUSTAN ORGANIC CHEMICALS LIMITED  
13AB, Samhita Warehousing Complex,  
2nd Floor, Sakinaka, Telephone Exchange Lane,  
off Andheri-Kurla Road, Sakinaka,  
Mumbai - 400 072. Tel. : 67720300 /351 /352, 67720400 / 211872  
Fax : 28591568.  
Email : shrepro@shreproservices.com




**Clause 31 (Form B) of the Listing Agreement**

**FORM B**

**Format of covering letter of the annual audit on the Consolidated Annual Accounts for the FY 2014-15 report to be filed with the stock exchanges (Applicable for HOCL)**


1.	Name of the Company:	Hindustan Organic Chemicals Limited.
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2015
3.	Type of Audit qualification	Qualified- Auditors qualifications contained in pg no. 2 & 3 of the * Independent Auditors report of the Statutory Auditors of the Company which is included in pg no. 14 to 15 in the HOCL 54 <sup>th</sup> AGM Annual Report – 2014-15 *As given in the Annexure to Independent Auditors Report of the Auditors viz. M/s Ford, Rhodes, Parks & Co. (CAs) - Pg No. 2&3 of the Independent Auitors Report.
4.	Frequency of qualification	Continued from the previous years.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Given in the Annexure V to the Directors Report which is in Pg No.8 of the 54 <sup>th</sup> Annual Reprot 2014-15 of the Company. (Copy of the same enclosed)
6.	Additional comments from the board/audit committee chair:	This may relate to nature of the qualification including materiality, Agreement/disagreement on the qualification, steps taken to resolve the qualification, etc.- Included in the reports- as given in Directors Report, Management discussion and Analysis Report.

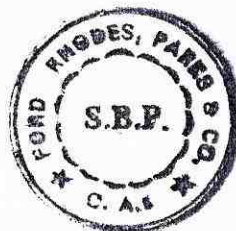
**For Hindustan Organic Chemicals Ltd.,**

  
( Mrs. Susheela S. Kulkarni )  
Company Secretary  
Date : 1<sup>st</sup> October, 2015

  
1. CMD of HOCL  
Shri. V. B. Ramachandran Nair

  
3. Auditor of the Company  
Mr. Srikant Prabhu, Partner of FRP&Co., CAs  
Membership No. 35296  
Mumbai.

  
2. Director (Finance), HOCL  
Shri. Suresh Kumar R





Annexure-IV

Reply of the Management on the Auditors Report to the members for the Financial Year 2014-15.

SI No	Significant Qualifications made by the Statutory Auditor	Management Reply
A.	No Provision has been made in the Financial Statements for the following Amounts:-	
(i)	Penal interest of Rs. 1062.51 lacs on overdue loan from Government of India (Note No 5A(iv))	The Company has provided the liability for Interest on loan received from the Government of India at the rate stipulated in the Sanction letter of the Government. As per the terms of sanction, Govt. of India (GOI) reserves the right to charge additional (penal) rate of Interest in case of default in payment of Principal/Interest on due dates. In the absence of any intimation/demand from GOI for payment of additional (penal) interest, no provision was made in the accounts towards the same. The amount has been included under contingent liability and disclosed in the Annual Accounts for the Year 2014-15 under Note 5A(iv).
(ii)	Loss on account of misappropriation of Company's funds amounting to Rs. 64.81 Lacs pending final report from CBI and outcome of the civil suit (Note no 37)	During 2001-02 a case of misappropriation of Company's funds to the tune of Rs 64.81 by one official of the company was detected. The case is under investigation of CBI. In the meantime based on the report of Vigilance Department, a civil suit has been filed for recovery of the amount from the concerned employee who was dismissed from the service of the company. Since in the opinion of the Management the value of assets seized by CBI is sufficient to cover the losses occurred on account of fraud, no provision in the accounts is made and the amount is shown as recoverable.
(iii)	Liabilities of wages revision for the period 01.01.1997 to 31.12.2000- Rs. 1887.79 Lacs at Rasayani Unit ( Note no 33A)	No provision has been made for liability towards wage revision of employees of Rasayani Unit for the period from 01/01/1997 to 31/12/2000 amounting to Rs.1887.79 lacs, since the arrears are payable when the company generate

		<p>adequate surplus with the prior approval of administrative Ministry. Accordingly no provision for the arrears payable as above was made in the accounts.</p> <p>However, during the year 2011-12 the Board of Directors with the concurrence of the administrative Ministry have decided to settle the dues of employees of Rasayani Unit during the next 4 years' time period. During the current year the company has paid an amount of Rs. 40.73 lacs towards the above dues and charged as current year wage expenses. On the same basis necessary accounting of the arrears payable will be made in the accounts depending on the release of dues in the subsequent years.</p>
(iv)	<p>Liabilities of wages Revision for the period 01.01.2007 to 31.03.2008 Rs 161.55 Lacs to Officers and Rs 148.26 Lacs to Staff at Rasayani Unit.( Note no 33B and 33C)</p>	<p>In respect of revision of wages with effect from 01.01.2007, the Board in its 327th Meeting held on 9-8-2010 decided to release arrears subject to the condition that the Company generates adequate cash surplus. Accordingly, no provision has been made for arrears payable for the period 01.01.2007 to 31.03.2008 amounting to Rs 161.55 lacs in respect of officers &amp; Rs 148.26 Lacs to staff of Rasayani Unit. During the current year an amount of Rs. 3.19 lacs to officers and Rs.0.67 lacs to staff has been paid and charged to current year wage expenses. On the same basis necessary accounting will be made in subsequent years as and when the above dues are paid to the employees.</p>
B	<p>The balances of trade receivables, trade payables, loans and advances and other current assets and other debit / credit balances are pending for confirmations and reconciliation (note no.42). The effect of the same on the loss for the year is not ascertainable.</p>	<p>The company has a system of calling for confirmation of balances from the Debtors and Creditors annually by sending letters to the party's with request to send the confirmations directly to auditors and copy to company. The details of the cases where variation has been noted by the auditor is given Annexure to the Audit Report.</p>
C	<p>The financials of HOC - CHEMATUR Limited in which the Holding Company holds 60 % of the</p>	<p>HOC Chematur Ltd., is a defunct company and the Holding company has decided to opt for winding up of the company under early exit</p>

<p>Equity has not been consolidated by the management in the consolidated financial statements for the reasons stated in Note No.48 (b) to the consolidated financial statements. We have not been provided with the audited financial statements of the this joint venture subsidiary as on 31.3.2015. The subsidiary has not commenced business operations. The latest audited balance sheet of this subsidiary as on 31<sup>st</sup> March 2014 shows total assets of Rs.1132 lakhs.</p>	<p>scheme of the Ministry of Corporate Affairs for which necessary approvals have been obtained from the administrative ministry. The application necessary for the same is being submitted for closure as on 31.3.2016. There are no transactions in the accounts except provisioning for the audit fees and hence there are no changes in the assets and liabilities position of the company.</p>
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