



# KANORIA CHEMICALS & INDUSTRIES LIMITED

CIN: L24110WB1960PLC024910

Registered Office: "Park Plaza", South Block, 7th Floor, 71, Park Street, Kolkata - 700 016

Phone: (033) 2249 9472/3/4, Fax: (033) 2249 9466

email: investor@kanoriachem.com Website: www.kanoriachem.com

**NOTICE** is hereby given that the Fifty Fourth Annual General Meeting of the Members of **Kanoria Chemicals & Industries Limited** will be held at **Shripati Singhania Hall in Rotary Sadan**, 94/2, Chowringhee Road, Kolkata - 700 020, **on Friday, the 5<sup>th</sup> September 2014 at 10.30 A. M.** for the transaction of the following business:

## ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet as at 31st March 2014, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the year ended 31st March 2014.
3. To appoint Auditors and fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED** that pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, Messrs Singhi & Co, Chartered Accountants (Registration Number 302049E), the retiring Auditors be and are hereby re-appointed as Statutory Auditors of the Company, to hold office as such from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 57th AGM of the Company, subject to ratification by shareholders at every AGM held after this AGM, at such remuneration, as may be mutually agreed between the Board of Directors of the Company and the Auditors, plus applicable service tax and reimbursement of travelling and other incidental expenses to be incurred by them in the course of their audit."

## SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification(s), the following resolutions:

### 4. As an Ordinary Resolution

**"RESOLVED** that pursuant to Sections 149, 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri A. Vellayan (DIN: 00148891), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for five consecutive years for a term up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019."

### 5. As an Ordinary Resolution

**"RESOLVED** that pursuant to Sections 149, 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Prof. S. L. Rao (DIN: 00005675), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for five consecutive years for a term up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019."

### 6. As an Ordinary Resolution

**"RESOLVED** that pursuant to Sections 149, 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri G. Parthasarathy (DIN: 00068510), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a



member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for five consecutive years for a term up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019."

**7. As an Ordinary Resolution**

"**RESOLVED** that pursuant to Sections 149, 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Amitav Kothari (DIN: 01097705), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for five consecutive years for a term up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019."

**8. As an Ordinary Resolution**

"**RESOLVED** that pursuant to Sections 149, 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri H. K. Khaitan (DIN: 00220049), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for five consecutive years for a term up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019."

**9. As an Ordinary Resolution**

"**RESOLVED** that pursuant to Sections 149, 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Ravinder Nath (DIN: 00062186), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for five consecutive years for a term up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019."

**10. As an Ordinary Resolution**

"**RESOLVED** that the vacancy caused by the retirement of Shri B. D. Sureka (DIN: 00049713), a Director of the Company who retires by rotation at this Annual General Meeting and does not seek re-appointment, be not filled for the time being."

**11. As a Special Resolution**

"**RESOLVED** that in supersession of the Ordinary Resolution passed under Section 293(1)(d) of the Companies Act, 1956, at the 50th Annual General Meeting of the Company held on 29th July 2010, and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 or any amendment thereof, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof) for borrowing monies from time to time for the purpose of the business of the Company on such security and on such terms and conditions in all respects as the Board may deem fit, notwithstanding that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided, however, that the total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed a sum of Rs.750 Crore (Rupees Seven Hundred Fifty Crore only) apart from temporary loans obtained from the Bankers in the ordinary course of business."

"**RESOLVED FURTHER** that the Board be and is hereby authorised and empowered to arrange or settle the terms and conditions as to interest, repayment, security or otherwise on which such monies are to be borrowed from time to time as it may think fit."

"**RESOLVED FURTHER** that for the purpose of giving effect to this Resolution, the Board of the Company be and is hereby authorised to do all such acts, deeds, matters and things and give such directions as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and also to delegate to the extent permitted by law, all or any of the powers herein conferred to any Committee of Directors or the Managing Director or any Director(s) or any Key Managerial Personnel (KMP) or any other Officer(s) of the Company."

## 12. As a Special Resolution

**"RESOLVED** that in supersession of the Ordinary Resolution passed under Section 293(1)(a) of the Companies Act, 1956, at the 50th Annual General Meeting of the Company held on 29th July 2010, and pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 or any amendment thereof, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof) to mortgage and/or charge, in addition to the mortgages/charges created/to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board of Directors may determine, the undertaking(s) and/or any of the movable/immovable properties of the Company, wheresoever situated, both present and future and/or whole or any part of undertaking(s) of the Company together with the power to take possession of the assets of the Company in certain events of default, in favour of the Banks, Indian and Foreign Financial Institutions, Multilateral Financial Institutions, other Lender(s), Agent(s) and Trustee(s), for securing the borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or rupee currency in the form of Term Loan/Cash Credit/other credit facilities) and Securities (comprising fully/partly Convertible Debentures and/or Non-Convertible Debentures, with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rates notes/bonds or other debt instruments) issued/to be issued by the Company, from time to time, subject to the limit as approved under Section 180(1)(c) of the Companies Act, 2013, together with interest at the respective agreed rates, additional interest, compound interest, accumulated interest, liquidated damages, commitment charges, remuneration of the Agent(s)/Trustee(s), premium, if any, on redemption, all other costs, charges and expenses as a result of devaluation/revaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s)/Heads of Agreement(s), Trust Deed(s) or any other document, entered into/to be entered into between the Company and the Banks, Indian and Foreign Financial Institutions, Multilateral Financial Institutions, other Lender(s), Agent(s) and Trustee(s), in respect of the said loans/borrowings/ debentures/bonds or other securities and containing such specific terms and conditions, covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors and the Banks, Indian and Foreign Financial Institutions, Multilateral Financial Institutions, other Lender(s), Agent(s) and Trustee(s)."

**"RESOLVED FURTHER** that for the purpose of giving effect to this resolution, the Board of Directors or the officers authorized by it in this regard be and are hereby authorized to finalise, settle and execute such documents/deeds/writings/ papers/agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise with regard to borrowings and creating mortgages/charges as aforesaid."

## 13. As a Special Resolution

**"RESOLVED** that pursuant to Section 14 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) and re-enactment thereof for the time being in force) and provisions of other statutes, as applicable and subject to such other approvals, consents, permissions, and sanctions as may be necessary from the appropriate authorities, or bodies, Articles 112 and 169 of the existing Articles of Association of the Company be and are hereby substituted respectively with the following new Articles:

**112.** The Board may choose a Chairman from among the Directors. The Board may also appoint the same individual as the Chairman as well as the Managing Director of the Company at the same time. Such person shall preside at all Meetings of the Board as well as the General Meetings of the Company.

If at any Board Meeting the Chairman is not present within five minutes after the time appointed for holding the Meeting, the Directors present shall choose someone of their number to be Chairman of such Meeting.

**169.** Any Member, beneficial owner, debenture-holder, other security-holder or other person entitled to copies of any documents/registers/records to be kept or maintained by the Company in physical or electronic form under the provisions of the Companies Act, 2013 or the Rules thereunder or any earlier enactment or rules, shall be provided copies thereof upon request on payment of Rs. 10/- per page or such other fee as may be prescribed from time to time and as may be determined by the Board."

**"RESOLVED FURTHER** that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution".

## 14. As an Ordinary Resolution

**"RESOLVED** that pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactment thereof, for the time being in force), the remuneration of Rs. 1,25,000/- (Rupees One Lakh Twenty Five Thousand only) plus applicable service tax and reimbursement of travelling and out of pocket expenses, as approved by the Board of Directors of the Company to be paid to Messrs N. D. Birla & Co., the Cost Auditors (Registration Number 000028), for conducting the audit of the cost records of the Company in respect of



Organic/inorganic Chemicals and Industrial Alcohol for the financial year ending 31st March, 2015, be and is hereby ratified and confirmed."

**"RESOLVED FURTHER** that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**Registered Office**

'Park Plaza'  
71, Park Street  
Kolkata-700 016  
17<sup>th</sup> May 2014

By Order of the Board of Directors

N. K. Sethia  
Company Secretary

**NOTES**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received by the Company/Registrar & Share Transfer Agent not less than 48 hours before commencement of the Annual General Meeting (AGM).**

**A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total Share Capital of the Company carrying voting rights. A Member holding more than ten percent of the total Share Capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as a proxy for any other person or shareholder.**

2. A Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to Special Business set out in the Notice is annexed hereto.
3. Corporate Members are requested to send to the Company/Registrar & Share Transfer Agent, a duly certified copy of the Board Resolution/ Power of Attorney authorising their representative to attend and vote at the AGM.
4. The Register of Members and Share Transfer Books in respect of Equity Shares of the Company will remain closed from 21st August 2014 to 5th September 2014 (both days inclusive).
5. Members are requested to produce the attendance slip duly signed as per the specimen signature recorded with the Company for admission to the Meeting Hall.
6. Members who hold shares in dematerialised form are requested to furnish their Client ID and DP ID Nos. for easy identification of attendance at the Meeting.
7. Members holding shares in physical form are requested to inform the Company/Registrar & Share Transfer Agent, the changes, if any, in their address or Bank particulars so that the same can be incorporated in the Dividend Instrument and in case their shares are held in dematerialised form, this information should be furnished to their respective Depository Participants immediately.
8. Members who are holding Shares in physical form and desire to avail the facility of Electronic Credit of Dividend are requested to furnish their Bank particulars, together with a photocopy of blank cancelled cheque for verification of MICR Code, to the Company or its Registrar & Share Transfer Agent, C. B. Management Services Pvt. Limited. Members holding Shares in electronic form are requested to furnish the said information to their respective Depository Participants.
9. Members, who have not dematerialised their shares as yet, are advised to have their shares dematerialised to avail the benefits of paperless trading as well as easy liquidity as the trading in shares of the Company is under compulsory dematerialised form.
10. Members holding Shares of the Company in physical form through multiple folios are requested to consolidate their shareholding into single folio, by sending their original share certificates along with a request letter to consolidate their shareholding into one single folio, to the Registrar & Share Transfer Agent of the Company.
11. In all correspondence with the Company/Registrar & Share Transfer Agent, Members are requested to quote their Folio Number and in case their shares are held in the dematerialised form, they must quote their DP ID and Client ID Number.
12. Dividend on Equity Shares as recommended by the Board, if declared at the Meeting, will be paid:
  - a) to those Members whose names appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company on or before 20th August 2014, and

- b) in respect of shares held in electronic form, to those "deemed members" whose names appear on the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the end of business hours on 20th August 2014.
13. In accordance with the provisions of Sections 205A and 205C of the Companies Act, 1956, the unclaimed/unpaid dividend relating to financial year ended 31st March 2006 has been deposited on 7th September 2013 with the Investor Education and Protection Fund established by the Central Government.
- Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on 13th August 2013 (date of last Annual General Meeting) on the Company's website and on the website of the Ministry of Corporate Affairs. Members who have a valid claim to any of the unpaid or unclaimed dividends are requested to lodge their claim with the Share Department of the Company at its Registered Office. Members are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date(s) they first became due for payment.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their respective Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar & Share Transfer Agent of the Company.
15. Members who wish to obtain any information on the Company or the Accounts for the financial year ended 31st March 2014 may send their queries to the Company Secretary at the Registered Office of the Company at least 10 days before the AGM.
16. Pursuant to Section 72 of the Companies Act, 2013, Members can make nomination in respect of shares held by them in physical form, in the prescribed Form SH 13.
17. Members are requested to bring their copy of the Annual Report to the Meeting.
18. Copies of the Annual Report 2014 are being sent by electronic mode to all the Members whose email addresses are registered with the Company/Depository Participant(s) for communication purposes, unless any Member has requested for a hard copy of the same. For Members who have not registered their email addresses, physical copies of the Annual Report 2014 are being sent by the permitted mode.
19. The Notice of the 54th AGM and instructions for e-voting, along with the Attendance Slip and Proxy Form is being sent by electronic mode to all Members whose email addresses are registered with the Company/Depository Participant(s), unless a Member has requested for a hard copy of the same. For Members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
20. Members may note that the Notice of the 54th AGM and the Annual Report 2014 will be available on the Company's website [www.kanoriachem.com](http://www.kanoriachem.com). The physical copy of the relevant documents referred to in the Notice and Explanatory Statement will also be available for inspection at the Registered Office of the Company on all working days, except Saturdays, during normal business hours upto the date of the AGM. Members who require communication in physical form in addition to e-communication, may write to us at [investor@kanoriachem.com](mailto:investor@kanoriachem.com)
21. Members who have not registered their e-mail address so far, are requested to register their e-mail address for receiving all communications from the Company electronically.
22. All the three Directors liable to retire in the ensuing AGM are Independent Directors, of which Shri A. Vellayan (DIN: 00148891) and Shri S. L. Rao (DIN: 00005675) are being re-appointed as Independent Directors in the AGM and Shri B. D. Sureka (DIN: 00049713) retiring at the ensuing AGM, has not sought reappointment.
23. All the Directors to be appointed/reappointed in the AGM have furnished the requisite consents/declarations as required under the applicable laws.
24. Voting through Electronic Means:
- i. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide Members the facility to exercise their right to vote at the 54th AGM of the Company by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).





The instructions for e-voting are as under:

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:
- (i) Open email and open PDF file viz: "Kanoria Chemicals e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
  - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
  - (iii) Click on Shareholder - Login
  - (iv) Put user ID and password as initial password noted in step (i) above. Click Login.
  - (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note the new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
  - (vii) Select "EVEN" of Kanoria Chemicals & Industries Limited.
  - (viii) Now you are ready for e-voting as Cast Vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (x) Upon confirmation, the message "Vote cast successfully" will be displayed
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [kanoriachemscrutinizer@gmail.com](mailto:kanoriachemscrutinizer@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
- (i) E-voting particulars as mentioned below, including initial password is provided at the bottom of the Attendance Slip for the AGM :

<b>EVEN</b> (E Voting Event Number)	<b>USER ID</b>	<b>PASSWORD</b>
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  - (ii) Please follow all the steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
- III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The e-voting period commences on 30th August 2014 (9:00 am) and ends on 1st September 2014 (6:00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 18th July 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up Equity Share Capital of the Company as on the cut-off date of 18th July 2014.
- VII. Shri H. M. Choraria (Membership No. FCS 2398), practicing company secretary and proprietor of H. M. Choraria & Co., Kolkata has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VIII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

- IX. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.kanoriachem.com](http://www.kanoriachem.com) and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited..
25. Additional information pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointed/re-appointed is given as under:

**Shri A. Vellayan**

Shri A. Vellayan (DIN:00148891), aged about 61 years, is the Executive Chairman of the Murugappa Group of Companies. He holds diploma in Industrial Administration from the University of Aston, UK and Masters Degree in Business Studies from University of Warwick Business School, UK.

He has vast experience in the fields of finance, banking, foreign trade, management and industrial administration.

He is a Member of the Southern India Chamber of Commerce & Industry. Shri Vellayan has been conferred Doctor of Science (Honoris Causa) by the Tamil Nadu Agricultural University, Coimbatore. He has also served in the past on the Board of Directors of Exim Bank and Indian Overseas Bank.

He is the past President of the All India Cycle Manufacturers Association and the past Chairman of the Fertiliser Association of India, Delhi. He is also the past President of ICC-India and past Vice President of the Federation of Indian Export Organisation and All India Shippers' Council.

He holds the following Committee chairmanship/ membership in other companies:

Name of the Company	Name of Committee	Position held
Coromandel International Limited	Investors' Grievances Committee	Member

His directorship in other companies:

Name of the Company	Position held
E.I.D. Parry (India) Limited	Chairman
Roca Bathroom Products Pvt. Limited	Chairman
Coromandel International Limited	Chairman
Murugappa Holdings Limited	Chairman
Indfrag Limited	Director
Ambadi Investments Pvt. Limited	Director
Foskor Pvt. Limited, Johannesburg	Chairman
CFL Mauritius Limited	Director

He holds 15,000 Equity Shares of the Company. He is not related to any other Director of the Company

**Prof. S.L. Rao**

Prof. S.L. Rao (DIN: 00005675), aged about 78 years, is an economist with B.Com from Bombay University and M.A. (Economics) from Delhi School of Economics. He has vast experience and knowledge in the fields of management and administration.

Prof. Rao is Distinguished Fellow Emeritus at TERI and a columnist in the "Deccan Herald" (Bangalore), "Financial Express" and the "Telegraph" (Kolkata). He has held middle and top management positions for 28 years in multi-national companies and as an independent management consultant for five years. He has taught management for many years as visiting faculty in IIMA, IIMB and MDI, and as the first Executive Chairman, designed and ran the National Management Programme. He was Director-General of NCAER (National Council of Applied Economic Research) from 1990 to 1996. From 1998 to 2001 he was the first Chairman of the Central Electricity Regulatory Commission. In both, he significantly enhanced their independence and image. He has written or edited fifteen books, many papers and hundreds of articles. His latest book is "Powering India" (2011). Some earlier books are "From Servants or Masters? The Evolution of Professional Management in India" (2007), "Successful Negotiation" (1994), "Indian Market Demographics - the Consuming Classes" (1996), "Elephants Can't Dance - Managing in a Reforming Economy" (2001) and "Governing Power" (2004).



He holds the following Committee chairmanship/ membership in other companies:

Name of the Company	Name of Committee	Position held
Honeywell Automation India Limited	Audit Committee	Chairman
	Remuneration Committee	Member
Rain CII Carbon (Vizag) Limited	Audit Committee	Chairman
	Remuneration Committee	Member
Rain Industries Limited	Audit Committee	Chairman
	Remuneration Committee	Member

He is also Director of the following companies:

Name of the Company	Position held
Honeywell Automation india Limited	Director
Rain CII Carbon (Vizag) Limited	Director
Rain Industries Limited	Director
Insight Alpha Research & Solutions Pvt. Limited	Director
Global Trustcapital Finance Pvt. Limited	Chairman

He has also served on not-for-profit Boards that include IIM Kozikode, Institute for Social and Economic Change, Bangalore, the Aga Khan Foundation (India), Dakshinachitra Museum, Bangalore International Centre.

He holds 100 Equity Shares of the Company. He is not related to any other Director of the Company

### Shri G. Parthasarathy

Shri G. Parthasarathy (DIN:00068510), aged about 74 years, is a retired Government Officer in Indian Foreign Service. He has graduated with a B.E. Degree in Electrical Engineering from the College of Engineering, Guindy, Madras in 1962. He has vast experience in the fields of administration and public relations.

Prior to his entry to the Indian Foreign Service, Shri Parthasarathy was a Commissioned Officer in the Indian Army (1963-1968).

He has served in Indian Missions abroad as Second/First Secretary, Embassy of India, Moscow (1969-1973), Deputy High Commissioner to Tanzania (1974-1976), Counsellor (Political and Press), Embassy of India, Washington D.C., (1978-1981); and Consul General of India, Karachi (1982-1985). He has also served as High Commissioner of India to Cyprus (1990-92), Ambassador of India to Myanmar (1992-95), High Commissioner of India to Australia (1995-98) and High Commissioner of India to Pakistan (1998-2000).

Shri Parthasarathy was Deputy Secretary in the Foreign Secretary's Office (1976-1978) in New Delhi. He has served as Spokesman, Ministry of External Affairs and Information Adviser and Spokesman in the Prime Minister's Office with the then Prime Minister Rajiv Gandhi (1985-90). He has been a member of Indian Delegations in several international conferences including summits at United Nations, Non-Aligned Movement and SAARC.

Shri Parthasarathy is presently Visiting Professor in the Centre for Policy Research in New Delhi. He is also a Senior Fellow of the Centre for Strategic and International Studies and a member of the Executive Committee of the Centre for Air Power Studies in New Delhi. His main areas of interest are developments in India's neighbourhood and issues of economic integration, energy and national security and terrorism. Shri Parthasarathy is a widely read Columnist, writing for a number of newspapers and news agencies in India and abroad, on foreign policy and national security issues. He is a member of the Editorial Board of the "Indian Defence Review". He is on the Panel of Experts from India for Track 2 Dialogue with ASEAN. He is also a member of the Indian Delegation to the high level Indo-U.S. Strategic Dialogue organized in collaboration with the Aspen Institute in the USA.

He is a Director of Promerica Asset Managers Pvt. Limited. He does not hold Committee membership in any other company.

He holds 1 Equity Share of the Company. He is not related to any other Director of the Company



### Shri Amitav Kothari

Shri Amitav Kothari (DIN: 01097705), aged about 61 years, M. Com., LL.B., FCA, FICA, FBIM (UK), is a practising Chartered Accountant since 1975 and the Managing Partner of Messrs Kothari & Company, Chartered Accountants..

He is an expert in the fields of Banking and Financial Services, Tax Planning and Representation, Corporate Laws and Foreign Collaboration.

Presently, besides being a Member of Executive Committees of Federation of Indian Chambers of Commerce & Industry, New Delhi (FICCI), Associated Chambers of Commerce & Industry, New Delhi (ASSOCHAM), MCC Chamber of Commerce & Industry, Kolkata (MCCI), Bharat Chamber of Commerce, Kolkata, He is also a Life Member of the Indian Council of Arbitration, New Delhi and Fellow of the British Institute of Management. He is on the Panel of Arbitrators of the ICC Council of Arbitration, Kolkata.

He has served on the Board of Directors of Life Insurance Corporation of India (LIC) and Allahabad Bank, South Eastern Coal Fields Ltd (SECL), Andrew Yule & Company Ltd as a Government Director in the past. He is also associated as a Director, Member, Advisor etc. with many other reputed Bodies. He is past President of Merchants Chamber of Commerce, Kolkata (1989-90), Association of Company Secretaries, Executive and Advisers, Kolkata. He was nominated by the Government of India to serve as a Member of the Central Council of the Institute of Chartered Accountants of India (ICAI) during 1998-2001. He has also chaired the Taxation Committee and Corporate Laws Committee of ICAI. He was conferred outstanding Young Person of West Bengal Award by Indian Jaycees in the field of Law and Taxation in 1988. He is also a frequent author of articles on the topics concerning business and economic matters.

He holds the following Committee chairmanship/ membership in other companies:

Name of the Company	Name of Committee	Position held
National Insurance Co. Limited	Audit Committee	Chairman
Maharaja Shree Umaid Mills Limited	Audit Committee	Member
Anmol Biscuits Limited	Audit Committee	Member

He is also Director of the following companies:

Name of the Company	Position held
National Insurance Co. Limited	Director
Anmol Biscuits Limited	Director
Maharaja Shree Umaid Mills Limited	Director
Kiran Vyapar Limited	Director

He holds 4 Equity Shares of the Company. He is not related to any other Director of the Company

### Shri H. K. Khaitan

Shri H. K. Khaitan (DIN: 00220049), aged about 60 years, is a Commerce Graduate. He has vast experience and knowledge in the administration of industrial enterprises in India and abroad.

He holds the following Committee chairmanship/ membership in other companies:

Name of the Company	Name of Committee	Position held
India Carbon Limited	Audit Committee	Chairman
	Investors' Grievances Committee	Chairman
	Remuneration Committee	Chairman



He is also Director of the following companies:

Name of the Company	Position held
Steel Products Limited	Managing Director
India Carbon Limited	Director
Kirtivardhan Finvest Services Limited	Director
Hind Galvanizing & Engineering Company Limited	Director
Hind Petrofilament Pvt. Limited	Director
Parichay Management Pvt. Limited	Director
Gangotri Tradelink Pvt. Limited	Director

He holds 100 Equity Shares of the Company. He is not related to any other Director of the Company

### Shri Ravinder Nath

Shri Ravinder Nath (DIN:00062186), aged about 69 years is a practicing Advocate since 1967. He is B.Com. (Hons.), LL.B. (Delhi), International and Comparative Laws (King's College, London), PIL (Harvard) and had legal training & work experience with erstwhile Sinclair Roche Temperley, London.

He is one of India's leading lawyers in the fields of Mergers & Acquisitions, Aviation, Asset Finance, and Cross Border issues.

He is a Senior Partner at one of India's oldest law firms, RNClegal /Rajinder Narain & Co. and has been recognized several times by Euromoney and others for his outstanding knowledge and performance in the field of law. He is listed in Who's Who and Legal 500. In the year 2004, he was the President of Inter Pacific Bar Association, which has a membership of 2000 International Lawyers across the world, and the first Indian lawyer to lead this body. He was also the Chairman of a Committee of International Bar Association, London in the past and now serves on its Credentials Committee.

Some of the more well known companies he advises are ABN Amro, AerCap, Airbus, Aircastle, Airlease, Avions de Transport Regional GIE, Avolon, Bank of America, Bank of China Aviation Limited, Barclays Bank, BBAM, Bechtel, BNP Paribas, Boeing, Bombardier, BMW, China Aircraft Lease Company Limited, Citibank, COFACE, Dassault, Deutsche Bank, Dubai Aero Space, DVB, ECGD, ELFC, Embraer, Euler Hermes, GECAS, HKAC, Honda, ICBC, ILFC, JP Morgan Chase, Macquarie, Natixis, Standard Chartered, Sony, UBS, US Exim, Willis Lease Finance Corporation et al. He has rich experience of having advised on a number of joint ventures and ventures in India for some of the aforesaid clients which ventures are successfully operating in India. He is frequently invited to address International gathering on investments in India.

The Bar Association of India's highest honour was conferred on Shri Ravinder Nath. At the invitation of the US State Department, he, along with the President of the Bar Association of India conducted a two day seminar on India's Commercial and Corporate Laws which was attended by many leading lawyers. He was invited to contribute a paper on certain aspects of India's Corporate laws (along with India's former Finance Minister). Both are available as Books.

He holds the following Committee chairmanship/ membership in other companies:

Name of the Company	Name of Committee	Position held
Voith Paper Fabrics India Limited	Investors' Grievances Committee	Chairman
	Audit Committee	Member
	Remuneration Committee	Member
Hero MotoCorp Limited	Remuneration Committee	Member

He is also Director of the following companies:

Name of the Company	Position held
Hero MotoCorp Limited	Director
Somany Ceramics Limited	Director
Voith Paper Fabrics India Limited	Director
Citron Holdings Pvt. Limited	Director
Rajinder Narain & Co. Consultants Pvt. Limited	Director
Kadimi Constructions Pvt. Limited	Director
Agora Developers Pvt. Limited	Director
Knowcross Solutions Pvt. Limited	Director
RNC IT Solutions Pvt. Limited	Director
Geeztek Solutions Pvt. Limited	Director
Air Partner Jet Charter and Sales Pvt. Limited	Director
Lego India Pvt. Limited	Director

He holds 100 Equity Shares of the Company. He is not related to any other Director of the Company

### **Explanatory Statement pursuant to Section 102 of the Companies Act, 2013**

#### **Re: Item No. 4**

Shri A. Vellayan (DIN:00148891) joined the Board of Directors of the Company as a Non-executive Independent Director on 1st October 1997, liable to retire by rotation. He holds diploma in Industrial Administration from the University of Aston, UK and Masters Degree in Business Studies from University of Warwick Business School, UK.

Shri Vellayan retires by rotation at the ensuing Annual General Meeting (AGM) of the Company under the erstwhile applicable provisions of Companies Act, 1956. In terms of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 ("Act") and, being eligible he has offered himself for appointment as an Independent Director of the Company.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, proposes the appointment of Shri A. Vellayan at the ensuing Annual General Meeting of the Company as an Independent Director under Section 149 of the Act, not liable to retire by rotation, to hold office for five consecutive years for a term up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019.

Shri Vellayan has declared to the Company that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. Notice in writing has been received from a member along with the deposit of requisite amount under Section 160 of the Act, proposing Shri A. Vellayan as a candidate for the office of Director of the Company.

In the opinion of the Board, Shri A. Vellayan fulfills the conditions for appointment as Independent Director as specified in the Act and the Listing Agreement and he is independent of the Management.

Copy of the draft letter for his appointment as an Independent Director setting out the terms and conditions will be available for inspection by members at the Registered Office of the Company during normal business hours on any working day.

The Board wishes to continue to avail the services of Shri Vellayan as an Independent Director and hence recommends the shareholders for passing of the resolution of his appointment as an Independent Director.

Except Shri A. Vellayan, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Ordinary Resolution set out as Item No. 4 of the Notice.



**Re: Item No. 5**

Prof. S.L. Rao (DIN: 00005675) joined the Board of Directors of the Company as a Non-executive Independent Director on 25th October 2002, liable to retire by rotation. He is an economist with B.Com from Bombay University and M.A. (Economics) from Delhi School of Economics.

He is the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee of the Board of Directors of the Company.

Prof. Rao retires by rotation at the ensuing Annual General Meeting (AGM) of the Company under the erstwhile applicable provisions of Companies Act, 1956. In terms of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 ("Act") and, being eligible he has offered himself for appointment as an Independent Director of the Company.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, proposes the appointment of Prof. S. L. Rao at the ensuing Annual General Meeting of the Company as an Independent Director under Section 149 of the Act, not liable to retire by rotation, to hold office for five consecutive years for a term up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019.

Prof. Rao has declared to the Company that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. Notice in writing has been received from a member along with the deposit of requisite amount under Section 160 of the Act, proposing Prof. S. L. Rao as a candidate for the office of Director of the Company.

In the opinion of the Board, Prof. S. L. Rao fulfills the conditions for appointment as Independent Director as specified in the Act and the Listing Agreement and he is independent of the Management.

Copy of the draft letter for his appointment as an Independent Director setting out the terms and conditions will be available for inspection by members at the Registered Office of the Company during normal business hours on any working day.

The Board wishes to continue to avail the services of Prof. Rao as an Independent Director and hence recommends the shareholders for passing of the resolution of his appointment as an Independent Director.

Except Prof. S. L. Rao, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Ordinary Resolution set out as Item No. 5 of the Notice.

**Re: Item No. 6**

Shri G. Parthasarathy (DIN:00068510) joined the Board of Directors of the Company as a Non-executive Independent Director on 14th May 2003. He holds B.E. Degree in Electrical Engineering and is a retired Government Officer in Indian Foreign Service.

Shri Parthasarathy is a member of Nomination and Remuneration Committee of the Board of Directors of the Company.

Shri Parthasarathy is a Director whose term of office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 ("Act") and, being eligible, he has offered himself for appointment as an Independent Director of the Company.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, proposes the appointment of Shri G. Parthasarathy at the ensuing Annual General Meeting of the Company as an Independent Director under Section 149 of the Act, not liable to retire by rotation, to hold office for five consecutive years for a term up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019.

Shri Parthasarathy has declared to the Company that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. Notice in writing has been received from a member along with the deposit of requisite amount under Section 160 of the Act, proposing Shri G. Parthasarathy as a candidate for the office of Director of the Company.

In the opinion of the Board, Shri G. Parthasarathy fulfills the conditions for appointment as Independent Director as specified in the Act and the Listing Agreement and he is independent of the Management.

Copy of the draft letter for his appointment as an Independent Director setting out the terms and conditions will be available for inspection by members at the Registered Office of the Company during normal business hours on any working day.

The Board wishes to continue to avail the services of Shri Parthasarathy as an Independent Director and hence recommends the shareholders for passing of the resolution of his appointment as an Independent Director.

Except Shri G. Parthasarathy, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Ordinary Resolution set out as Item No. 6 of the Notice.

**Re: Item No. 7**

Shri Amitav Kothari (DIN: 01097705) joined the Board of Directors of the Company as a Non-executive Independent Director on 5th May 2009. He is M. Com., LL.B., FCA, FICA, FBIM (UK) and a practising Chartered Accountant since 1975.

Shri Kothari is the Chairman of the Audit Committee and a member of the Stakeholders Relationship Committee and Finance Committee of the Board of Directors of the Company.

Shri Kothari is a Director whose term of office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 ("Act") and, being eligible, he has offered himself for appointment as an Independent Director of the Company.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, proposes the appointment of Shri Amitav Kothari at the ensuing Annual General Meeting of the Company as an Independent Director under Section 149 of the Act, not liable to retire by rotation, to hold office for five consecutive years for a term up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019.

Shri Kothari has declared to the Company that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. Notice in writing has been received from a member along with the deposit of requisite amount under Section 160 of the Act, proposing Shri Amitav Kothari as a candidate for the office of Director of the Company.

In the opinion of the Board, Shri Kothari fulfills the conditions for appointment as Independent Director as specified in the Act and the Listing Agreement and he is independent of the Management.

Copy of the draft letter for his appointment as an Independent Director setting out the terms and conditions will be available for inspection by members at the Registered Office of the Company during normal business hours on any working day.

The Board wishes to continue to avail the services of Shri Kothari as an Independent Director and hence recommends the shareholders for passing of the resolution of his appointment as an Independent Director.

Except Shri Amitav Kothari, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Ordinary Resolution set out as Item No. 7 of the Notice.

**Re: Item No. 8**

Shri H. K. Khaitan (DIN: 00220049) joined the Board of Directors of the Company as a Non-executive Independent Director on 9th January 1982. Shri Khaitan is a Commerce Graduate and has a vast experience in the administration of industrial enterprises in India and abroad.

He is the Chairman of the Stakeholders Relationship Committee and a member of the Audit Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee and Finance Committee of the Board of Directors of the Company

Shri Khaitan is a Director whose term of office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 ("Act") and, being eligible, he has offered himself for appointment as an Independent Director of the Company.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, proposes the appointment of Shri H. K. Khaitan at the ensuing Annual General Meeting of the Company as an Independent Director under Section 149 of the Act, not liable to retire by rotation, to hold office for five consecutive years for a term up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019.

Shri Khaitan has declared to the Company that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. Notice in writing has been received from a member along with the deposit of requisite amount under Section 160 of the Act, proposing Shri H. K. Khaitan as a candidate for the office of Director of the Company.





In the opinion of the Board, Shri Khaitan fulfills the conditions for appointment as Independent Director as specified in the Act and the Listing Agreement and he is independent of the Management.

Copy of the draft letter for his appointment as an Independent Director setting out the terms and conditions will be available for inspection by members at the Registered Office of the Company during normal business hours on any working day.

The Board wishes to continue to avail the services of Shri Khaitan as an Independent Director and hence recommends the shareholders for passing of the resolution of his appointment as an Independent Director.

Except Shri H. K. Khaitan, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Ordinary Resolution set out as Item No. 8 of the Notice.

**Re: Item No. 9**

Shri Ravinder Nath (DIN:00062186) joined the Board of Directors of the Company as a Non-executive Independent Director on 26th April 2002. He is B.Com. (Hons.), LL.B. (Delhi), International and Comparative Laws (King's College, London), PIL (Harvard) and had legal training & work experience with erstwhile Sinclair Roche Temperley, London.

He is a member of the Nomination and Remuneration Committee of the Board of Directors of the Company

Shri Nath is a Director whose term of office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 ("Act") and, being eligible, he has offered himself for appointment as an Independent Director of the Company.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, proposes the appointment of Shri Ravinder Nath at the ensuing Annual General Meeting of the Company as an Independent Director under Section 149 of the Act, not liable to retire by rotation, to hold office for five consecutive years for a term up to the conclusion of the 59th Annual General Meeting of the Company in the calendar year 2019.

Shri Nath has declared to the Company that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. Notice in writing has been received from a member along with the deposit of requisite amount under Section 160 of the Act, proposing Shri Ravinder Nath as a candidate for the office of Director of the Company.

In the opinion of the Board, Shri Nath fulfills the conditions for appointment as Independent Director as specified in the Act and the Listing Agreement and he is independent of the Management.

Copy of the draft letter for his appointment as an Independent Director setting out the terms and conditions will be available for inspection by members at the Registered Office of the Company during normal business hours on any working day.

The Board wishes to continue to avail the services of Shri Nath as an Independent Director and hence recommends the shareholders for passing of the resolution of his appointment as an Independent Director.

Except Shri Ravinder Nath, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Ordinary Resolution set out as Item No. 9 of the Notice.

**Re: Item No. 10**

Shri B.D. Sureka (DIN: 00049713) joined the Company's Board as an Independent Non-executive Director on 25th May 1985. Shri B.D. Sureka retires by rotation at the ensuing Annual General Meeting under the applicable provisions of the erstwhile Companies Act, 1956 but is not seeking re-appointment. The Board has decided not to fill, for the time being, the vacancy to be caused due to his retirement. The Ordinary Resolution set out as Item No. 10 of the Notice is placed for your approval.

None of the Directors or Key Managerial Personnel (KMPs) of the Company is concerned or interested in the proposed Ordinary Resolution set out as Item No. 10 of the Notice.

**Re: Item No. 11**

At the 50th Annual General Meeting of the Company held on 29th July 2010, consent of the shareholders, by way of passing an Ordinary Resolution in terms of Section 293(l)(d) of the Companies Act, 1956, was earlier given to the Board of Directors to borrow moneys, on behalf

of the Company, in excess of the paid up Capital and its free Reserves upto Rs. 750 Crore (apart from temporary loans obtained from the Company's bankers in the ordinary course of business).

However, pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013, read with the Ministry of Corporate Affairs' General Circular No. 04/2014 dated 25th March 2014, consent of the Company is required by way of a Special Resolution to borrow moneys in excess of the paid up Capital and free Reserves of the Company, within one year of the enforcement of the Section 180(1)(c). Section 180(1)(c) has been enforced w.e.f. 12th September 2013. Accordingly, to enable the Company to continue to avail the said borrowing limits, the Special Resolution set out as Item No. 11 of the Notice is placed for your approval.

None of the Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives are, in any way, concerned or interested, whether financially or otherwise, in the proposed Resolution.

The Board recommends the Special Resolution for approval by the shareholders.

**Re: Item No. 12**

The Company would be borrowing monies from time to time for the purpose of its business and this, in turn, would necessitate further creation of security by way of suitable mortgages, hypothecation, and/or charges on all or some of the moveable and/or immoveable properties and/or undertaking(s) of the Company, both present and/or future, in favour of various lenders and this may be regarded as disposal of the Company's assets and/or undertaking(s) within the meaning of Section 180(1)(a) of the Companies Act, 2013.

You are aware that at the 50th Annual General Meeting of the Company held on 29th July 2010, consent of the shareholders, by way of passing an Ordinary Resolution in terms of Section 293(l)(a) of the Companies Act, 1956, was given to the Board of Directors for the creation of mortgage and/or charge on Company's undertaking(s) and/or properties as security towards its borrowings.

However, pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013, read with the Ministry of Corporate Affairs' General Circular No. 04/2014 dated 25th March 2014, consent of the Company is required by way of a Special Resolution to enable the Board of Directors to mortgage, hypothecate, and/or create charge as security on the moveable and/or immoveable properties and/or undertaking(s) of the Company, from time to time within the limits approved by the shareholders under Section 180 (1) (c) of the Act. The Special Resolution is required to be passed within one year from the date of enforcement of Section 180(1)(a). Section 180(1)(a) has been enforced w.e.f. 12th September 2013. Accordingly, to enable the Company to continue to create mortgage and/or charge on Company's undertaking(s) and/or properties for securing its borrowings, the Special Resolution set out as Item No. 12 of the Notice is placed for your approval.

None of the Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives are, in any way, concerned or interested, whether financially or otherwise, in the proposed Resolution.

The Board recommends the Special Resolution for approval by the shareholders.

**Re Item No. 13**

Section 203 (1) of the Companies Act, 2013 (Act), inter-alia, provides that an individual shall not be appointed or reappointed as the Chairperson in pursuance of the Articles of the Company as well as the Managing Director or Chief Executive Officer of the Company at the same time after the date of commencement of the Act unless the Articles of such Company provide otherwise. Accordingly, an enabling provision is sought to be included in the Articles of Association of the Company to permit the appointment of the same individual as the Chairperson and Managing Director of the Company. Accordingly, the existing Article 112 of the Articles of Association of the Company which contains provisions for appointment of Chairman is sought to be substituted with a new Article 112 which also grants necessary power to the Board to appoint the same individual as the Chairman and Managing Director of the Company at the same time.

The Companies Act, 2013 (Act) provides that companies may charge fees from members, beneficial owners, debenture-holders, other security-holders or other persons seeking copies of documents / registers / records kept or maintained by the Company as prescribed under the Act or the Rules thereunder, provided charging of such fees is specified in the Articles of Association of the Company. Accordingly, the existing Article 169 of the Articles of Association of the Company which provides for charging of such fees as per the provisions of the erstwhile Companies Act, 1956, is sought to be substituted with a new Article 169 which provides for charging of fees as per the provisions of the Companies Act, 2013.



In the above context, the Board of Directors of the Company at its Meeting held on 17th May 2014 recommended the above amendments by substituting the existing Articles 112 and Article 169 respectively with new Articles. Consent of the Members by way of Special Resolution is required for such amendment/alteration of Articles of Association in terms of the provisions of Section 14 of the Act. Accordingly, the Special Resolution set out as Item No. 13 of the Notice is placed for your approval.

A copy of the Memorandum and Articles of Association of the Company will be available for inspection by the shareholders at the Registered Office of the Company between 11.00 A. M. and 1.00 P. M. on working days up to the date of this Annual General Meeting.

None of the Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives is in any way, concerned or interested, whether financially or otherwise, in the proposed Resolution.

The Board recommends the Special Resolution for approval by the shareholders.

**Re: Item No. 14**

The Board of Directors, on the recommendation of the Audit Committee, has considered and approved the appointment of Messrs N. D. Birla & Co., Cost Accountants, to conduct the audit of the cost records of the Company in respect of Organic/inorganic Chemicals and Industrial Alcohol for the financial year ending 31st March 2015 at a remuneration of Rs. 1,25,000/- (Rupees One Lakh Twenty Five Thousand only) plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred in the course of their audit.

Pursuant to Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, the Ordinary Resolution set out as Item No. 14 of the Notice is placed for ratification of the remuneration of the Cost Auditor in terms of Section 148 of the Companies Act, 2013.

None of the Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives is in any way, concerned or interested, whether financially or otherwise, in the proposed Resolution.

The Board recommends the Ordinary Resolution for approval by the shareholders.

**Registered Office**

'Park Plaza'  
71, Park Street  
Kolkata-700 016  
17<sup>th</sup> May 2014

By Order of the Board of Directors

N. K. Sethia  
Company Secretary



# KANORIA CHEMICALS & INDUSTRIES LIMITED

## PROXY FORM

### Form No.MGT-11

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

CIN : L24110WB1960PLC024910  
Name of the Company : KANORIA CHEMICALS & INDUSTRIES LIMITED  
Registered Office : "Park Plaza", 71, Park Street, Kolkata - 700 016

Name of the Member (s):	
Registered Address:	
E-mail Id:	Folio / DP ID & Client ID No.:

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

1. Name:.....Address:.....  
E-mail Id:.....Signature: ..... or failing him
2. Name: ..... Address.....  
E-mail Id:.....Signature: .....or failing him
3. Name: .....Address:.....  
E-mail Id:.....Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 54th Annual General Meeting of the Company, to be held on Friday, the 5th day of September, 2014 at 10.30 A.M. at Shripati Singhania Hall in Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions
<b>Ordinary Business</b>	
1.	Adoption of Balance Sheet, Statement of Profit and Loss, Reports of the Board of Directors and Auditors for the year ended 31st March 2014.
2.	Declaration of Dividend on Equity Shares.
3.	Re-appointment of Auditors and fixing their remuneration.
<b>Special Business</b>	
4.	Appointment of Shri A. Vellayan as an Independent Director.
5.	Appointment of Prof. S. L. Rao as an Independent Director.
6.	Appointment of Shri G. Parthasarathy as an Independent Director.
7.	Appointment of Shri Amitav Kothari as an Independent Director.
8.	Appointment of Shri H. K. Khaitan as an Independent Director.
9.	Appointment of Shri Ravinder Nath as an Independent Director.
10.	Resolve not to fill for the time being, the vacancy caused by retirement of Shri B. D. Sureka, a Director of the Company, who retires by rotation and does not seek re-appointment.
11.	Special Resolution under Section 180(1)(c) of the Companies Act, 2013 for borrowing monies upto Rs. 750 Crore over and above the aggregate of the paid up Capital and free Reserves of the Company.
12.	Special Resolution under Section 180(1)(a) of the Companies Act, 2013 for creation of mortgage and/or charge on the Company's undertakings and/or properties as security for its borrowings.
13.	Special Resolution for alteration of the Articles of Association.
14.	Ratification of the remuneration of the Cost Auditors.

Signed this .....day of .....2014

Signature of shareholder(s) .....

Signature of Proxy holder(s) .....



**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company/Registrar & Share Transfer Agent, C.B. Management Services (P) Limited, P-22 Bondel Road, Kolkata-700 019 not less than 48 hours before the commencement of the Meeting.**



**KANORIA CHEMICALS & INDUSTRIES LIMITED**

CIN: L24110WB1960PLC024910

Registered Office: "Park Plaza", 71, Park Street, Kolkata – 700 016

Phone: (033) 2249 9472/3/4, Fax: (033) 2249 9466

email: [investor@kanoriachem.com](mailto:investor@kanoriachem.com) Website: [www.kanoriachem.com](http://www.kanoriachem.com)

**54<sup>th</sup> Annual General Meeting**

**ATTENDANCE SLIP**

1. Name(s) of Member(s) :	
Including joint holders, if any	
2. Registered address of the Sole/ :	
First named Member	
3. DP ID No. & Client ID No./ :	
Registered Folio No.	
4. No. of Shares held :	

1. I hereby record my presence at the **54<sup>th</sup> Annual General Meeting** of the Company being held at Shripati Singhanian Hall in Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020, on Friday, the 5<sup>th</sup> September 2014 at 10.30 A. M.
2. Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover at the entrance duly signed.

Signature of the Shareholder/Proxy present .....



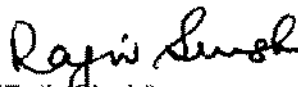
17<sup>th</sup> May, 2014

Form A


Covering letter of the Annual Audit Report to be filed with the Stock Exchange  
(Pursuant to Clause 31(a) of the Listing Agreement)

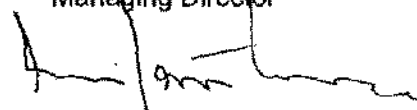
Name of the Company	Kanoria Chemicals & Industries Limited
Annual Financial statements for the year ended	31 <sup>st</sup> March, 2014
Type of Audit Observation	Un-qualified
Frequency of observation	Not Applicable

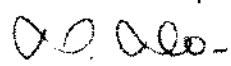
For Singhi & Co.  
Chartered Accountants  
Firm Registration No. 302049E

  
(Rajiv Singhi)  
Partner  
Membership No. 53518

For Kanoria Chemicals & Industries Limited

  
(R. V. Kanoria)  
Managing Director

  
(Amitav Kothari)  
Chairman – Audit Committee

  
(N. K. Nolkha)  
Chief Financial Officer



Kanoria Chemicals  
& Industries Limited



**ANNUAL REPORT**  
2013-14



**Kanoria Chemicals  
& Industries Limited**

**COMPANY SECRETARY**

N.K. Sethia

**REGISTERED OFFICE**

'Park Plaza'

71, Park Street

Kolkata - 700 016

CIN: L24110WB1960PLC024910

Phone: (033) 2249 9472/3/4

Fax: (033) 2249 9466

email: [investor@kanoriachem.com](mailto:investor@kanoriachem.com)

Website: [www.kanoriachem.com](http://www.kanoriachem.com)

**CHIEF FINANCIAL OFFICER**

N.K. Nolkha

**AUDITORS**

Singhi & Co.

Chartered Accountants

1-B, Old Post Office Street

Kolkata - 700 001

**BANKERS**

DBS Bank Limited

HDFC Bank Limited

Yes Bank Limited



# Board of Directors



R V Kanoria  
Chairman &  
Managing Director

## INDEPENDENT DIRECTORS



H K Khaitan



Amitav Kothari



Ravinder Nath



G Parthasarathy



S L Rao



B D Sureka



A Vellayan



J P Sonthalia  
Non-Executive Director



T D Bahety  
Wholetime Director







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# Chairman's Statement

The people of India have elected a government with a majority mandate. It has been 30 years since this last happened. It is indeed historic.

The mood has changed, expectations are high, and the burden of dealing with coalitions has eased. We look forward to speedy action from the government to galvanize the economy and improve the business environment.

Businesses look forward to measures that restore investor confidence. Critical to this objective is certainty and continuity in tax policy, transparent, fair and judicious tax administration and a roadmap to deter and minimize tax litigation. The environment must be fair to both the tax payer and the tax collector.

Better fiscal management is a precursor to sustainable economic growth. High fiscal deficit has been stoking inflation and has remained a cause of concern for several years now. Apart from the volume, it is also necessary to look at the quality of deficit. The rising trend in consumptive expenditure needs to be reversed with more emphasis on productive expenditure. Similarly non-plan expenditure needs to be minimized.

Subsidies need review and must be evaluated based on economic consideration. Wherever considered necessary, these should be targeted and must be effectively transferred to beneficiaries. The best form is direct transfer where the choice of the medium of receipt is left to the recipient.

Introduction of the Goods & Services Tax (GST) could be the single biggest driver of growth. I believe that the majority government at the centre would now be able to arrive at a mechanism for judicious compensation to address the concerns of manufacturing and industrially developed states versus high consumption states. Most states are now aligned to the centre and thus create a favourable environment for implementation of GST.

The quicker this happens, the better would be the impact in improving business confidence and competitiveness.

The government needs to provide a stimulus to investment. The reintroduction of Investment Allowance has been a half baked measure and needs to be suitably extended for investments below Rs. 100 crores. There is no reason why this should only be limited to large companies. It should cover all business entities irrespective of their size.

It is also time that investment unfriendly taxes such as the Minimum Alternate Tax (MAT) and Dividend Distribution Tax (DDT) are swiftly reviewed, amended or just repealed.

There is expectation that the manufacturing sector would get the much needed policy impetus to realize its potential. Lately the sector has been constrained with ground level issues such as difficulties faced in land acquisition and environment clearances. Growth of the manufacturing sector can have a salutary spiralling impact on the rest of the economy and create much needed employment.

The Land Acquisition Act needs a relook. Concerted effort towards strengthening the infrastructure sector is necessary.

Limited availability and high costs of power in the country erodes the competitiveness of industry. With high dependence on thermal power generation, it is critical to ensure supply of coal to power plants. This reinforces the need for either privatization of the coal sector or an enabling transparent mechanism for possible lease of coal blocks.

It is imperative that investor confidence is restored. It is unlikely that policy decisions alone, such as allowing higher FDI, would be sufficient. It has to be necessarily accompanied by simpler and swift procedures and a welcoming stance by the



government machinery that would genuinely rekindle interest of global investors. Good governance is crucial for this transformation and I have great faith in the expressed motto of "less government, more governance".

With regard to Kanoria Chemicals & Industries Limited; I had reported last year the commissioning of an automated Resin Plant in our manufacturing facility at Vishakhapatnam in the state of Andhra Pradesh. During the year under review, the Company signed a non-binding memorandum of understanding with Momentive Specialty Chemicals Inc., USA for cooperation in manufacture and sale of specialty phenolic resins, Formaldehyde and Hexamine. The end market of these products continues to grow and we are hopeful that we would be able to take this cooperation agreement to its logical conclusion.

Our plant at Vishakhapatnam received the Occupation Health and Safety Assessment Series (OHSAS) 18001 certification for health and safety management systems. In recognition of the Company's efforts in this regard, the National Safety Council awarded the Division a Certificate of Appreciation on the World Day for Safety and Health at Work on 28 April 2014.

The Company's solar power generation activity at Village Bap in the Jodhpur district of Rajasthan remained satisfactory. Government policies in this sector, however, remain apathetic, which is affecting the viability of projects for renewable energy generation in the country. The government needs to provide a renewed policy thrust and sort out procedural issues to prevent jeopardizing existing investment in this area. The Renewable Energy Purchase Obligation scheme needs to be enforced. The government needs to provide the necessary framework to ensure that obligations under the scheme are met.

APAG Holdings AG, Switzerland has become a wholly owned subsidiary of the Company, as

notified on 30 June 2014. The past year was a successful one for APAG with revenue growth exceeding targets. APAG is collaborating in India to enhance its engineering activities. The work related to increasing APAG's manufacturing capacity in the Czech Republic has started. We expect the new plant to be completed on schedule later this year. We believe that with increased capacity and enhanced engineering capability, APAG would be able to cater to increasing demand more effectively.

Kanoria Africa Textiles PLC, a subsidiary of the Company in Ethiopia has made considerable progress in its greenfield project to manufacture denim fabrics at Debre Zeit, about 44 kilometres from the capital Addis Ababa. Orders for all major equipment and machinery have been placed. Significant work has also been completed with regard to recruitment of personnel and building effective production and support teams. The first phase of production is expected to start within this year and the composite plant with spinning, dyeing, weaving and processing will become operational within the fiscal year 2014-15.

The Company is poised well to consolidate its diversification. Our management philosophy is based on the tenets of good governance, sustainable policies and ethical business practices. These are the pillars on the strength of which we are confident that the future of the Company is bright.

**R V Kanoria**  
Chairman &  
Managing Director

# The Year in Review



## MANAGEMENT DISCUSSION & ANALYSIS

### Financial Performance with respect to Operational Performance

During the year under review, the Company delivered strong financial performance with healthy growth in revenues and earnings. Revenue from Operations increased by 40% to Rs. 3,398 million as compared to Rs. 2,426 million in the previous year. Backed by this strong operational performance and higher investment income, the earnings of the company increased manifold. The Profit before exceptional and extraordinary items and Tax was at Rs. 346 million as against Rs. 75 million in the previous year. The Net Profit for the year was Rs. 273 million as against Rs. 48 million in the previous year. The Earnings per Share for the year stood at Rs. 6.25 as against Rs. 0.89 in the previous year.

Revenues of APAG Holding AG, the Switzerland based subsidiary of the company, increased by over 56%. As a result the consolidated Revenue from Operations of the company increased by 46% to Rs. 5,414 million as compared to Rs. 3,714 million in the previous year. The consolidated Profit before exceptional and extraordinary items and Tax was at Rs. 426 million as against Rs. 116 million in the previous year. The consolidated Net Profit for the year was Rs. 337 million as against Rs. 79 million in the previous year. The consolidated Earnings per Share for the year stood at Rs. 7.71 as against Rs. 1.48 in the previous year.

**T**he economy continued to face constraints and GDP growth was below the 5% level for the second consecutive year. With lack of new investments and a tight money policy, the industrial production in the country remained flat during 2013-14.

The business philosophy of the Company is based on the tenets of good governance, sustainable policies and ethical business practices. These have provided the Company the strength to face challenging market conditions. KCI was able to maintain profitability and returns to shareholders with its steady vigil on costs and a well placed diversification plan.

The diversification initiatives of the Company are described in the subsequent section titled 'New Frontiers'.

## ALCO CHEMICALS SEGMENT

### Industry structure and development

The Alco Chemicals Division located at Ankleshwar in the state of Gujarat is engaged in the production of Formaldehyde, which is sold as well as further synthesized into value added products. These products include Pentaerythritol, Sodium Formate, Acetaldehyde and Hexamine. The Company's Division at Vishakhapatnam in the state of Andhra Pradesh also produces Formaldehyde and Hexamine.

### Opportunities

- Further forward integration with resins.
- Shift from gas to solid fuel for steam generation.
- Upgrade technology to increase production and reduce costs.
- Offer value added services

### Threats

- Slow growth of the manufacturing and construction sectors could affect demand.
- Cheaper imports and dumping of Pentaerythritol and Hexamine could squeeze margins.
- Erratic supply of electricity and declaration of 'power holidays' may increase input costs.

### Performance

The operations of the Alco Chemicals Division remained stable during the year. There was significant increase in sale of Formaldehyde and revenue accruing from it increased from Rs. 1,114 million in 2012-13 to Rs. 1,888 million in 2013-14.





### Outlook

- Continuous adaptation of technology should result in stable operations.
- Stability of rupee and pricing of methanol will prevent volatility.
- Approvals for manufacture of resins to translate into business.
- No significant improvement in margins.

### SOLAR POWER SEGMENT

#### Industry structure and development

The Company's Solar Power Division located at Village Bap in Jodhpur District in the state of Rajasthan is engaged in the generation of power from solar energy using Photo Voltaic (PV) technology.

### Opportunities

- The government will start enforcing Renewable Energy Purchase Obligation (RPO) scheme.
- If RPO scheme is seriously implemented, the sector can witness significant growth.

### Threats

- Apathy of the government towards the sector.
- Procedural hurdles prevent larger investment.
- Lack of enforcement of the Renewable Energy Purchase Obligation scheme.

### Performance

The operations of the Solar Power Division improved over the previous year mainly on account of commissioning of the second phase of the project in February 2013 and increasing

the generation capacity from 2.5 MW to 5.0 MW. Choice of technology for the project resulted in the Division to be amongst the highest generation per MW in the country. Revenue from the sale of electricity during 2013-14 was Rs. 114 million compared to Rs. 45 million in the previous year.

### Outlook

- The Division expects stable operations to continue.
- The policy framework of the government and associated procedural requirements are expected to be streamlined. This would provide better commercial environment for solar power projects.



## QUALITY ACCREDITATION AND OHSAS

During the year, both manufacturing units of the Company at Ankleshwar and Vishakhapatnam renewed the ISO 9001 certification for quality management systems, the ISO 14001 certification for environment management systems and practices, and OHSAS 18001 certification for organizational health and safety systems.

## SAFETY AND ENVIRONMENT

During 2013-14, the Company maintained its safety record and it remained an accident free year at all units.

Proactive practices in managing and protecting the environment ensured control on wastage and recycling resources.

## RISKS AND CONCERNS

Currently, the Company perceives the following main business risks:

- Threat from cheap imports and dumping by other countries negatively impacts domestic prices.
- Extreme volatility in prices of raw materials and other inputs.
- Insufficient power availability on account of power holidays declared by state government.
- Government inaction on solar RPO policy.





## INTERNAL CONTROL SYSTEMS AND ADEQUACY

An adequate system of internal control is in place. The assets, buildings, plant and machinery, vehicles and stocks of the Company are insured, including for loss of profits.

The key elements of the control system are:

- Clear and well defined organisation structure and limits of financial authority.
- Corporate policies for financial reporting, accounting, information security, investment appraisal and corporate governance.
- Annual budgets and business plan, identifying key risks and opportunities.
- Internal audit for reviewing all aspects of laid down systems and procedures as well as risks and control.
- Risk Management Committee that monitors and reviews all risk and control issues.

## HUMAN RESOURCE AND INDUSTRIAL RELATIONS

The Company adopts good human resource policies and practices to impart excellence, fairness and transparency in all its operations. Each employee is guided by a Code of Conduct that helps the organisation to achieve its goals in an ethical manner.

KCI regularly conducts training programmes for different levels of employees. During the year, KCI conducted training programmes and workshops including behavioural and skill development initiatives.

The industrial relations at the Company continue to remain cordial and harmonious with focus on improving productivity, quality and safety.

The number of persons permanently employed by the Company during the year was approximately 312.



*Employees with long service award*

### Cautionary Statement

Statement in this 'Management Discussion and Analysis' describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations.

# New Frontiers



The year 2013-14 was a period of consolidation of the Company's diversification initiatives. With focus on value-added chemicals and other knowledge based sectors, KCI has emerged as a company with multidimensional growth potential, as well as with enhanced international footprint.

## Renewable Energy

KCI's foray into the area of solar energy by way of a grid-interactive solar photovoltaic technology based power plant at Phalodi in Jodhpur district in the state of Rajasthan gained momentum with the second phase addition of 2.5 MW taking the total generation capacity to 5.0 MW. Further growth is contingent on government policy.



*Solar Project, Village Bap, District Jodhpur, Rajasthan*



## Textile Project, Ethiopia

Kanoria Africa Textiles Plc, is a wholly owned subsidiary of the Company incorporated in Ethiopia, Africa. The plant is under construction. When completed, it will initially manufacture 12 million metres of Denim fabrics per annum.

All major machinery and equipment have been ordered and personnel are in place to provide effective support to erection and subsequent operation of the plant. The first phase of production is expected to start within the year 2014. The composite plant starting with spinning and ending with processing and final production of fabric, is expected to become operational within the fiscal year 2014-15.



Textile Project Site, Debre Zeyit, Ethiopia

APAG Elektronik manufacturing facility

## Automotive & Industrial Electronics

APAG Elektronik, a subsidiary company of Kanoria Chemicals & Industries Limited, is engaged in design, development and sale of electronic and mechatronic modules and control devices for the automotive, consumer goods, power tool electronics and building automation industries. The designing and engineering facility of the company is located in Switzerland, and the manufacturing facility is located in the Czech Republic.

For APAG, the past year was a successful one with revenues increasing by 11% over budgeted figures. The largest customers were BMW and AUDI in the automobile segment, and the German company Ziehl-Abegg, world leader in industrial fans.

*APAG has initiated a research programme to develop Gesture Controlled applications in automobiles, such as on/off switch for power windows, interior lighting and air-conditioning control. The result of the research is expected later in 2014.*





The year witnessed a spate of engineering activities for execution of projects acquired in the previous year. APAG has decided to collaborate with Group Company, Intrust Global eServices Private Limited to enhance its engineering activities.

APAG was able to secure new business orders with scheduled delivery over the coming years. These include:

### Automotive industry

- Volkswagen: ECU Electronic Control Unit for German Police Cars
- Volkswagen Scirocco: LED Turn Indicators
- BMW 7series: LED Door Handle Illumination
- Landrover: ECU Electronic Control Unit for Window Lifter



### Industrial Applications

- Ziehl-Abegg: ECU Electronic Control Unit for Fan Control
- Kesseböhmer: ECU Electronic Control Unit for Office Table Lifter
- Optrel: ECU Electronic Control Unit to automatically dim the protection glass in welding helmets

Work related to increasing APAG's manufacturing capacity in the Czech Republic has started. The new plant is expected to be completed on schedule later this year.

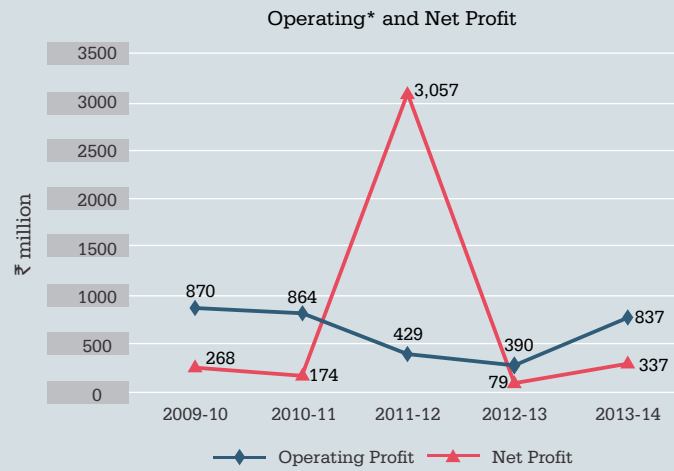
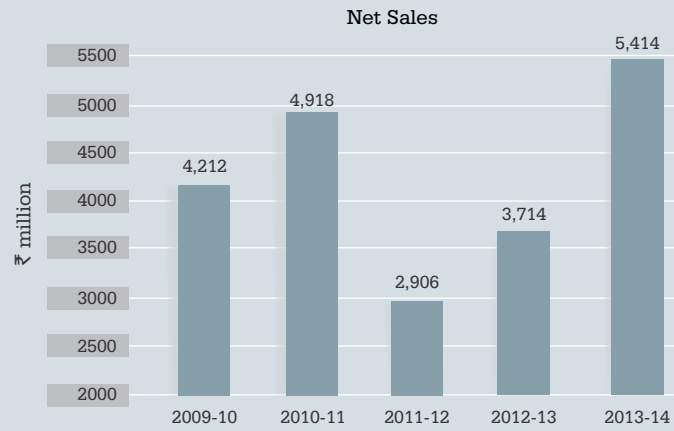
During the year, APAG decided to replace the existing Enterprise Resource Planning (ERP) system and integrate both locations at Switzerland and the Czech Republic. It selected the

Swedish software Industrial & Financial Systems (IFS), which fulfils all requirements of a multi-national ERP system for an automotive supplier. It is planned that the first phase of the new ERP system will become active in October 2014.

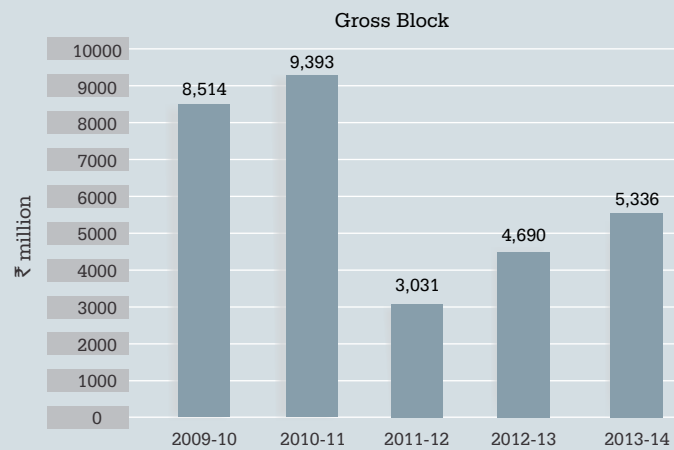
APAG also restructured its departments in 2013 to bring about closer coordination between the two locations despite being 800km apart and to impart a holistic identity for the company. Several positions were established and personnel roles redefined to achieve this objective.

Value



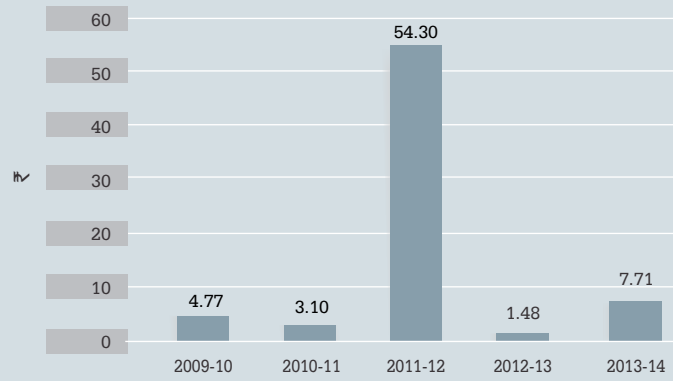


\* excluding profit from divestment of Chloro Chemicals Division

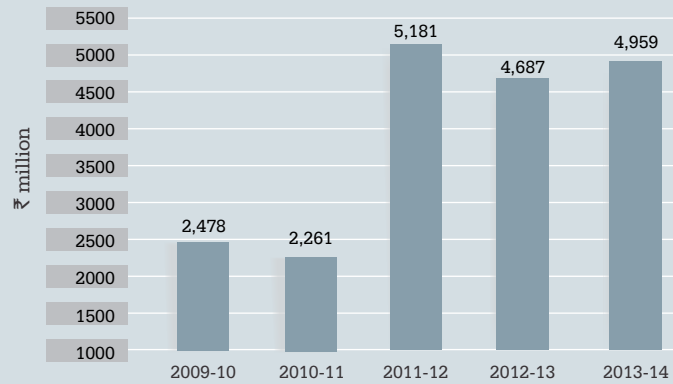


Figures pertain to consolidated financials

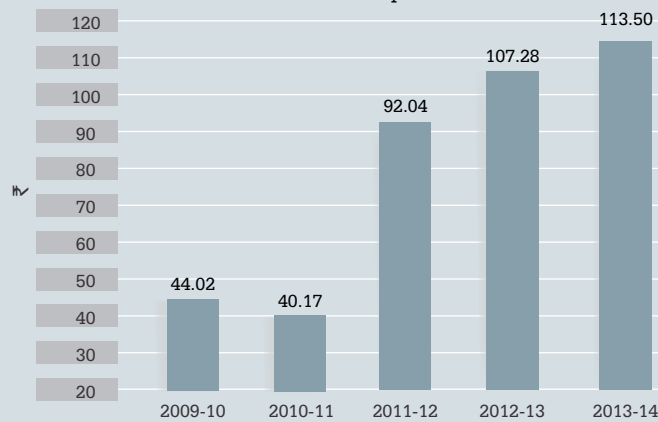
### Earning per Share



### Equity Shareholders Fund



### Book Value per Share



# Directors' Report



# DIRECTORS' REPORT

## TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the fifty fourth Annual Report, along with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2014.

The detailed information on the performance of your Company appears in the Annual Report. A discussion on the operations of the Company is given in the sections titled 'Year in Review' and 'New Frontiers'. Some of the statutory disclosures, however, appear in this Report. Read along with the other sections, this would provide a comprehensive overview of the Company's performance and plans.

## FINANCIAL RESULTS

The financial performance of the Company for the year ended 31<sup>st</sup> March 2014 is summarised below:

	(₹ in million)	
	2013-14	2012-13
Profit before Depreciation and Amortisation, Finance Costs and Tax Expenses	655.19	275.76
Less: Finance Costs	155.32	68.94
Depreciation and Amortisation	<u>153.58</u>	<u>131.36</u>
<b>Profit before Tax</b>	<b>346.29</b>	<b>75.46</b>
Add: Taxation For earlier year	-	0.04
Less: Current Tax	65.91	10.44
Deferred Tax	<u>7.36</u>	<u>17.39</u>
<b>Profit for the year</b>	<b>273.02</b>	<b>47.67</b>
Add: Balance in Statement of Profit & Loss	<u>1515.57</u>	<u>1549.58</u>
	<u>1788.59</u>	<u>1597.25</u>
<b>Less: Appropriations</b>		
Transfer to General Reserve	1000.00	5.00
Proposed Dividend on Equity Shares	65.54	65.54
Provision for Dividend Tax	<u>11.14</u>	<u>11.14</u>
	<u>1076.68</u>	<u>81.68</u>
<b>Closing Balance</b>	<b>711.91</b>	<b>1515.57</b>

## OVERVIEW

The Company witnessed stable operations during the year under review against a backdrop of sluggish market conditions. Both the chemicals manufacturing and solar power generation segments reported higher revenues compared to the previous year.

The Company signed a non-binding Memorandum of Understanding (MoU) with Momentive Specialty Chemicals Inc., USA for cooperation in manufacturing and marketing of specialty Phenolic Resins, Formaldehyde and Hexamine in India.

Work on a composite textile plant to manufacture denim fabrics in Ethiopia by the Company's wholly owned subsidiary, Kanoria Africa Textiles PLC is progressing satisfactorily. The first phase of production is expected within this year and the full plant is expected to be operational within the fiscal year 2014-15.

The past year was a successful one for APAG Holdings AG, Switzerland, a subsidiary of the Company, with revenue growth exceeding targets. APAG is collaborating in India to enhance its engineering activities. Work related to increasing APAG's manufacturing capacity in the Czech Republic has started and is expected to be completed on schedule later this year. With increased capacity and enhanced engineering capability, APAG would be able to cater to increasing demand more effectively.

## DIVIDEND

The Board of Directors recommends, for consideration of shareholders at the Annual General Meeting, a Dividend @ 30% (Rs. 1.50 per share) on Equity Shares of Rs.5/- each for the year ended 31<sup>st</sup> March 2014.

## CREDIT RATINGS

Credit Analysis & Research Limited (CARE) has reaffirmed CARE A1+ (A One Plus) rating for the short term facilities of the Company. This is their highest rating for short term debt obligations and it signifies very strong degree of safety for timely payment of financial obligations and carries lowest credit risk.

CARE has also reaffirmed CARE AA- (Double A Minus) rating for the long term facilities of the Company. This rating signifies high degree of safety for timely servicing of financial obligations and carries very low credit risk.

## FIXED DEPOSITS

The Company has neither accepted nor renewed any Fixed Deposits from the public during the year and as on 31<sup>st</sup> March 2014, there were no outstanding deposits.

## CONSOLIDATED FINANCIAL STATEMENT

As per the Listing Agreement with the Stock Exchanges, Consolidated Financial Statement has been annexed with the Annual Report.



## DIRECTORS

Shri B. D. Sureka (DIN: 00049713), Shri A. Vellayan (DIN: 00148891), Prof. S. L. Rao (DIN: 00005675), Shri G. Parthasarathy (DIN: 00068510), Shri Amitav Kothari (DIN: 01097705), Shri H. K. Khaitan (DIN: 00220049) and Shri Ravinder Nath (DIN: 00062186), the existing Non-executive Independent Directors of the Company, were appointed as Directors liable to retire by rotation. They have held the positions as such for more than 5 (five) years.

Shri B. D. Sureka, Shri A. Vellayan and Prof. S. L. Rao retire by rotation at the ensuing Annual General Meeting (AGM) of the Company under the erstwhile applicable provisions of the Companies Act, 1956.

Shri G. Parthasarathy, Shri Amitav Kothari, Shri H. K. Khaitan and Shri Ravinder Nath are Directors whose terms of office is liable to determination by retirement of Directors by rotation, at the respective AGMs subsequent to the ensuing Annual General Meeting, under the erstwhile applicable provisions of the Companies Act, 1956.

In terms of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 ("Act") and, being eligible, Shri A. Vellayan, Prof. S. L. Rao, Shri G. Parthasarathy, Shri Amitav Kothari, Shri H. K. Khaitan and Shri Ravinder Nath have offered themselves for appointment as Independent Directors at the ensuing Annual General Meeting.

Due to health reason, Shri B. D. Sureka is not seeking reappointment and the Board has decided not to fill, for the time being, the vacancy to be caused due to his retirement.

Shri A. Vellayan, Prof. S. L. Rao, Shri G. Parthasarathy, Shri Amitav Kothari, Shri H. K. Khaitan and Shri Ravinder Nath have given their consent to act as Directors and also declared to the Company that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act.

The Company has received notices in writing from members along with the deposit of requisite amount under Section 160 of the Act, proposing the candidatures of Shri A. Vellayan, Prof. S. L. Rao, Shri G. Parthasarathy, Shri Amitav Kothari, Shri H. K. Khaitan and Shri Ravinder Nath for the office of Director of the Company.

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors proposes the appointment of Shri A. Vellayan, Prof. S. L. Rao, Shri G. Parthasarathy, Shri Amitav Kothari, Shri H. K. Khaitan and Shri Ravinder Nath at the ensuing AGM of the Company, as Independent Directors not liable to retire by rotation, to hold office for 5 (five) consecutive years for a term up to the conclusion of the 59<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019.

In the opinion of the Board, the Directors proposed to be appointed as Independent Directors in the Company, fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. They are also independent of the Management.

Additional information pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/re-appointment is given in the AGM Notice.

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

## AUDIT COMMITTEE

The Audit Committee has been reconstituted on 17<sup>th</sup> May 2014 and Shri R. V. Kanoria, Managing Director has been appointed as a Member of the Committee in place of Shri B. D. Sureka. Shri Amitav Kothari, Shri H. K. Khaitan and Prof. S. L. Rao, all Independent Directors, are other Members of the Committee. Shri Amitav Kothari is the Chairman of the Committee.

The Audit Committee's constitution, terms of reference and role are in compliance with the Companies Act, 2013 and Clause 49 of the Listing Agreement with Stock Exchanges, as amended. The Board may also refer other matters for its consideration from time to time. The Members of the Committee have requisite knowledge of finance, accounts and Company law.

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As required under Section 135 of the Companies Act, 2013, a Corporate Social Responsibility Committee has been constituted on 17<sup>th</sup> May 2014. The Committee comprises of Shri T. D. Bahety as the Chairman and Shri R. V. Kanoria, Managing Director and Shri H. K. Khaitan, an Independent Director, as its Members. The Committee's constitution, terms of reference and role are in compliance with the provisions of the Companies Act, 2013. The Board may also refer other matters for its consideration from time to time.

## CORPORATE GOVERNANCE

The Company adheres to good governance practices. Corporate Governance at KCI extends to all stakeholders and is embodied in every business decision. The Company places prime importance on reliable financial information, integrity, transparency, empowerment and compliance with the law in letter and spirit. The Management certifies its adherence to the Listing Agreement with the Stock Exchanges. While Management Discussion and Analysis that is an annexure to the Directors' Report, appears in the Section titled Year in Review in the Annual Report, the Corporate Governance Report and the Certificate from the Auditors of the Company confirming compliance of the conditions of Corporate Governance are annexed hereto and form a part of the Directors' Report.

There is a conscious effort to ensure that the values enshrined in the Codes of Conduct for the Board of Directors and employees respectively, are followed in true spirit across all levels of the Company.

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

As required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the statements containing necessary information in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo are annexed hereto and form a part of the Directors' Report.

## SAFETY AND ENVIRONMENT

The Company is committed to sustainable development and a safe workplace. Its approach to environment management is guided by the principle of provision of safe working environment through continuous up-gradation of technologies, prevention of pollution and conservation of resources and recycling waste.

As a result of its sustained compliance to Health, Safety, Environment and Quality standards, the Company's Alco Chemical Divisions at Ankleshwar and Vizag are recertified under OHSAS 18001 (Occupational Health & Safety Assessment Series).

In recognition of its efforts in achieving Occupational Health and Safety Series - OHSAS: 18001: 2007 Certification, the Vizag Division has been awarded Certificate of Appreciation by the National Safety Council, Andhra Pradesh Chapter, on the occasion of the World Day for Safety and Health at Work on 28<sup>th</sup> April 2014.

The Company has a documented Health & Safety Policy that is displayed and communicated to all employees at plant locations. With the view to achieve a 'Zero Accidents' status, the Company has developed health and safety procedures as well as safety targets and objectives.

The Company also lays thrust on renewable energy sources such as bio-power, wind power and solar energy

## HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

The Company's human resource development is founded on a strong set of values. The policies seek to instil spirit of trust, transparency and dignity among all employees. The Company continues to provide ongoing training to its employees at different levels.

Industrial relations with the employees and workers across all locations of the Company continued to be cordial during the year.

As required under Section 217(2A) of the Companies Act, 1956 and the rules framed thereunder, the names and other particulars of employees receiving remuneration above prescribed threshold are set out in the annexure appended to this Report.

## SOCIAL CONTRIBUTION

The Company has continuously strived to make socially useful investment and corporate social responsibility is an important component of KCI's business strategy. Subsequent to the divestment of its Chlor Alkali manufacturing at Renukoot where the Company had a strong CSR programme, KCI has decided to focus on women empowerment and skills development as key components of its CSR strategy and is now in the process of identifying specific areas of intervention.

## SUBSIDIARY COMPANIES

In accordance with the General Circular of the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However, the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said Circular. The Company will provide a copy of separate annual accounts in respect of each of its subsidiary to any shareholder of the Company who asks for it and the said annual accounts will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The consolidated financial statements of the Company include the financial results of its subsidiary companies.

## AUDITORS

Messrs Singhi & Co., Chartered Accountants, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed. The observations of the Auditors are in the nature of general disclosures and are self-explanatory.

## COST AUDITORS

The Central Government has approved the appointment of M/s N. D. Birla & Co., Cost Accountants, Ahmedabad, for conducting the cost audit of the Company for the financial year 2013-14 for Organic and Inorganic Chemicals and Industrial Alcohol.

The Cost Audit Reports of the Company for the financial year 2012-13 have been filed by the Cost Auditors with the Ministry of Corporate Affairs on 20<sup>th</sup> September 2013, within the due date.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby confirms:

- i) That in the preparation of the annual accounts, all the applicable accounting standards have been followed.
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgements 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 of the Company for the year ended 31<sup>st</sup> March 2014.
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors have prepared the annual accounts on a going concern basis.

## ACKNOWLEDGEMENTS

Your Directors acknowledge with gratitude the commitment and dedication of the employees for their untiring personal efforts as well as their collective contributions at all levels that have led to the growth and success of the Company. The Directors would like to thank other stakeholders including lenders and business associates who have continued to provide support and encouragement.

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### Registered Office

'Park Plaza'  
71, Park Street  
Kolkata - 700 016  
Dated, the 17<sup>th</sup> day of May 2014

For and on behalf of the Board

R.V. Kanoria  
Chairman & Managing Director

## ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (1) (e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March 2014

### A. CONSERVATION OF ENERGY

#### Measures taken, additional investments and impact of the measures

The Company continues its initiatives to reduce energy consumption as follows:

- Recovery of process heat/flash steam to improve Boiler feed water temperature.
- Replacement of high rated motors with low rated motors.
- Installation of VFDs to optimize the power consumption in various sections

Total energy consumption and energy consumption per unit of production as per form 'A' for disclosure of particulars with respect to Conservation of Energy is given below:

#### Power and Fuel Consumption

		2013-14	2012-13
<b>Electricity</b>			
i) a) Purchased (includes inter unit transfer)			
Unit (thousand KWH)		20,626	15,833
Total Amount (₹ million)		117.86	103.61
Rate/Unit (₹)		5.71	6.54
ii) Own Generation:			
a) Through Diesel Generator			
Units (thousand KWH)		9	35
Units per litre of Diesel Oil		1.55	2.75
Cost/Unit (₹)		35.86	17.38
b) Other Internal Generation			
Units (thousand KWH)		1,386	5,675
Cost/Unit (₹)		3.07	7.40
<b>Furnace Oil</b>			
Quantity (Litres)		16,068	15,829
Total Cost (₹ million)		0.69	0.60
Average Rate/Ltr. (₹)		42.88	37.91
<b>Diesel Oil</b>			
Quantity (Litres)		5,654	12,706
Total Cost (₹ million)		0.31	0.60
Average Rate/Ltr. (₹)		54.83	47.22
<b>Natural Gas</b>			
Quantity (thousand SM <sup>3</sup> )		4,636	6,334
Total Cost (₹ million)		161.68	186.07
Cost/Unit (₹)		34.87	29.38
<b>Consumption per unit of production</b>			
<b>Electricity (KWH)</b>			
Pentaerythritol	M.T.	848	896
Formaldehyde	M.T.	94	94
Hexamine	M.T.	127	128
Industrial Alcohol	K.L.	-	323

## B. TECHNOLOGY ABSORPTION

Efforts made in Technology Absorption as per Form 'B' are given below:

### 1. Research & Development (R & D)

a) Specific areas in which efforts are being made:

- The company is carrying out R&D work for development of value added products.

b) Benefits derived as a result of above efforts:

- Developed a few value added products.

c) Future plan of action:

- To commercialise the products developed.
- To develop products on Contract Research.

d) Expenditure on R & D:

i. Capital	₹ Nil
ii. Recurring	₹ 4.35 million
iii. Total	₹ 4.35 million
iv. % of Total turnover	0.13%

### 2. Technology absorption, adaptation and innovation

a) Efforts made:- NIL

b) Benefits derived as a result of the above efforts: NIL

c) Technology imported during the last five years :

Technology Imported	Year of Import	Has the Technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons thereof and plans of action
Formox AB of Sweden (Formaldehyde Process Technology)	2008-09	Yes	Not Applicable

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Export activities:

The Company is continuously making efforts to increase its exports.

b) Total foreign exchange used and earned:

Used	₹ 1412.13 million
Earned	₹ 118.13 million

### Registered Office

'Park Plaza'  
71, Park Street  
Kolkata - 700 016  
Dated, the 17<sup>th</sup> day of May 2014

For and on behalf of the Board

R.V. Kanoria  
Chairman & Managing Director

## ANNEXURE TO THE DIRECTORS' REPORT

### Particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956, forming part of the Directors' Report for the year ended 31<sup>st</sup> March 2014

Name	Designation	Remuneration (₹)	Qualification(s)	Age (Years)	Experience (Years)	Date of joining	Last Employment
Kanoria R.V.	Chairman & Managing Director	11,228,972	B.Sc., MBA (Hons)	59	40	10.01.1983	–

**Notes :**

1. Remuneration includes Salary, House Rent Allowance, Company's contribution to Provident Fund, Leave Travel Assistance, Medical and other facilities, as applicable.
2. The appointment is contractual.
3. Shri R. V. Kanoria is not a relative of any Director of the Company and does not hold more than 2% of Paid up Capital of the Company.

**Registered Office**  
'Park Plaza'  
71, Park Street  
Kolkata - 700 016  
Dated, the 17<sup>th</sup> day of May 2014

For and on behalf of the Board

R.V. Kanoria  
Chairman & Managing Director

# REPORT ON CORPORATE GOVERNANCE

## INTRODUCTION

Your Company has complied with the provisions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

A report on the implementation of Corporate Governance by the Company as per the Listing Agreement is given below.

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is commitment to values and integrity in directing the affairs of the Company. It is an integral part of the Company's strategic management. Its basic tenets – adherence to ethical business practices; delegation; responsibility and accountability; honesty and transparency in the functioning of management and the Board; true, complete and timely disclosures; and compliance of law, ultimately result in maximising shareholders value and in protecting the interests of stakeholders.

The Company is committed to and always strives for excellence through adoption of and adherence to good corporate governance in the true spirit.

The Company is guided by a well-balanced Board comprising Directors, who are all outstanding professionals of eminence and integrity. Strategic management by a professional Board is the focal point of the Company's Corporate Governance philosophy and practice.

A core group of top-level executives further strengthens and reinforces the foundation of Corporate Governance in the Company. Competent professionals across the organisation have put in place the best in terms of systems, processes, procedures and technologies.

## BOARD OF DIRECTORS

### Composition

The Board as on 31<sup>st</sup> March 2014 consisted of ten Directors including eight Non-executives Directors out of which seven are Independent Directors. Shri R.V. Kanoria, B.Sc., MBA (Hons.), representing the promoters is holding executive position and is designated as the Chairman & Managing Director of the Company. He has 40 years of commercial and industrial experience. Shri T.D. Bahety, B.Sc., Chem (Hons), Jute Technologist, having 56 years of industrial and administrative experience, is the Wholtime Director of the Company.

During the year under review, the Board met four times; on 23<sup>rd</sup> May 2013, 13<sup>th</sup> August 2013, 6<sup>th</sup> November 2013 and 11<sup>th</sup> February 2014.

The constitution of the Board during the year ended 31<sup>st</sup> March 2014 and attendance at the Board Meetings, last Annual General Meeting and the Directorship, Chairmanship and/or Membership of Committees held as on 31<sup>st</sup> March 2014 by each Director in other companies are as under:

Name of Director	Attendance at		Category of Directors	Other Directorship <sup>1</sup>	Other Committee Chairmanship <sup>2</sup>	Other Committee Membership <sup>2</sup>
	Board Meetings	Last AGM				
Shri R.V. Kanoria (DIN: 00003792)	4	Yes	Promoter - Chairman & Managing Director	7	1	1
Shri Amitav Kothari (DIN:01097705)	4	Yes	Independent Director	4	1	2
Shri H.K. Khaitan (DIN:00220049)	3	Yes	Independent Director	4	2	-
Shri Ravinder Nath (DIN:00062186)	4	Yes	Independent Director	3	1	1
Shri G. Parthasarathy (DIN:00068510)	2	Yes	Independent Director	-	-	-
Prof. S.L. Rao (DIN:00005675)	3	No	Independent Director	3	3	-
Shri B.D. Sureka (DIN:00049713)	2	Yes	Independent Director	4	1	-
Shri A. Vellayan (DIN:00148891)	-	No	Independent Director	4	-	1
Shri J. P. Sonthalia (DIN:01292249)	3	Yes	Non-executive Director	4	-	1
Shri T.D. Bahety (DIN:00031572)	4	Yes	Executive Director	1	-	-

1. This excludes Directorship held in Indian Private Limited Companies, Foreign Companies, Companies under Section 25 of the Companies Act, 1956 and Membership of various Chambers of Commerce and Non-Corporate Organisations.

2. Committee includes Audit Committee and Shareholders'/Investors' Grievance Committee

### Notes

- None of the Directors is related to any other Director.
- None of the Directors has any business relationship with the Company.



- c) None of the Directors received any loans and advances from the Company during the year.
- d) None of the Directors holds Directorships in more than 10 Indian Public Limited Companies and is Member of more than 10 Committees or Chairman of more than 5 Committees (as specified in Clause 49).
- e) All the Directors have certified that they are not disqualified for appointment as a Director in any company.

#### **Responsibilities**

The Board's prime concentration is on strategy, policy and control, delegation of power and specifying approvals that remain in the Board's domain besides review of corporate performance and reporting to shareholders. The Board and Management's roles are clearly demarcated.

The Management is required to:

- a) provide necessary inputs and basis to assist the Board in its decision making process in respect of the Company's strategies, policies, performance targets and code of conduct;
- b) manage day-to-day affairs of the Company to achieve targets and goals set by the Board in the best possible manner;
- c) implement all policies and the code of conduct as approved by the Board;
- d) provide timely, accurate, substantive and material information, including on all financial matters and any exceptions, to the Board and/or its Committees;
- e) ensure strict compliance with all applicable laws and regulations; and
- f) implement sound and effective internal control systems.

The management and the conduct of the affairs of the Company lie with the Managing Director (De-facto the Chief Executive Officer) who heads the management team. The Wholtime Director(s) {De-facto the Chief Operating Officer(s)} is/are entrusted with the task of ensuring that the management functions are executed professionally and is/are accountable to the Board for his/their actions and results.

#### **Role of Independent Directors**

The Independent Directors play an important role in deliberations and decision-making at the Board Meetings and bring to the Company wide experiences in their respective fields. They also contribute in significant measure to Board Committees. Their independent role vis-à-vis the Company means that they have a special contribution to make in situations where they add a broader perspective by ensuring that the interests of all stakeholders are kept in acceptable balance and in providing an objective view in instances where a (potential) conflict of interests may arise between stakeholders.

## **BOARD MEETINGS**

#### **Selection of Agenda Items for Board Meetings**

- i) The Company holds a minimum of four Board Meetings in each year, which are pre-scheduled after the end of each financial quarter. Apart from the four pre-scheduled Board Meetings, additional Board Meetings are convened by giving appropriate notice to address the specific needs of the Company.
- ii) All divisions and departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussion and approval by the Board or by Committees. All such matters are communicated to the Company Secretary in advance so that these may be included in the Agenda for the Board or Committee Meetings.
- iii) At the beginning of each meeting of the Board, the Chairman & Managing Director briefs the Board members about the key developments relating to the Company.
- iv) At each of the four pre-scheduled Board Meetings, managers are invited to make presentations on the major business segments and operations of the Company before taking on record the results of the Company for the preceding financial quarter. Sufficient support information is provided to the Board in advance for all strategic matters of significance pertaining to expansion plans, financing and diversifications. These are discussed and deliberated in detail at the Board level.
- v) The following items are placed at the Board Meetings for the consideration/review/approval of the Board:
  - Annual Operating Plans and Budgets and any updates.
  - Capital Budgets and any updates.
  - Quarterly results for the Company and its Business Segments.
  - Minutes of Meetings of the Board Committees.
  - The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
  - Show cause, demand, prosecution notices and penalty notices, which are materially important
  - Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
  - Any material default in financial obligations to and by the Company, or substantial non payment for goods sold by the Company.
  - Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
  - Details of any Joint Venture or Collaboration Agreement.

- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

In addition, the other matters requiring the Board's consideration/review/approval, from time to time, are also placed at the Board Meetings. The Board's annual agenda includes recommending dividend, determining Directors who shall retire by rotation and recommending appointment/reappointment of Directors and Auditors, authentication of annual accounts and approving the Directors' Report, long term strategic plans for the Company and the principal issues that the Company expects to face in the future. Board Meetings also note and review functions of its Committees.

The Chairman of the Board and the Company Secretary in consultation with other concerned persons in senior management finalise the agenda papers for the Board Meeting. Directors have access to the Company Secretary's support for all information of the Company and are free to suggest inclusion of any matter in the Agenda.

#### **Board Material Distributed in Advance**

- Agenda Papers are circulated to the Directors in advance. All material information is incorporated in the Agenda Papers for facilitating meaningful and focussed discussions at the Meeting. Where it is not practicable to attach any documents to the Agenda, the same are placed on the table at the Meeting with specific reference to this effect in the Agenda.
- In special and exceptional circumstances, additional or supplementary items on the Agenda are permitted to be taken at the Meeting.

#### **Recording Minutes of Proceedings at Board and/or Committee Meetings**

The Company Secretary records the minutes of the proceedings of each Board and Committee Meeting. Draft Minutes are circulated to all the members of the Board for their comments. The minutes of proceedings of a Meeting are entered in the Minutes Book within 30 days from the conclusion of the Meeting.

#### **Compliance**

The Company Secretary while preparing the agenda, notes on agenda and minutes of the Meetings, is responsible for and is required to ensure adherence to the applicable provisions of law including the Companies Act and the Secretarial Standards recommended by the Institute of Company Secretaries of India.

## **BOARD COMMITTEES**

To enable better and focussed attention on the affairs of the Company, the Board delegates specific matters to its Committees. These Committees also prepare the groundwork for decision-making and report at the subsequent Board Meetings. No matter, however, is left to the final decision of any Committee, which under the law or the Articles may not be delegated by the Board or may require the Board's explicit approval. Minutes of the Committee Meetings are circulated to all Directors and discussed at the Board Meetings.

#### **Audit Committee**

The Audit Committee has been reconstituted on 17<sup>th</sup> May 2014 and Shri R. V. Kanoria, Managing Director has been appointed as a Member of the Committee in place of Shri B. D. Sureka. Shri Amitav Kothari, Shri H. K. Khaitan and Prof. S. L. Rao, all Independent Directors, are other Members of the Committee. Shri Amitav Kothari is the Chairman of the Committee.

The Audit Committee's constitution, terms of reference and role are in compliance with the Companies Act, 2013 and Clause 49 of the Listing Agreement with Stock Exchanges, as amended. The Board may also refer other matters for its consideration from time to time. The Members of the Committee have requisite knowledge of finance, accounts and Company law.

Before its reconstitution, the terms of reference, role and scope of the Committee were in line with those prescribed by Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the erstwhile Companies Act, 1956, pertaining to Audit Committee and its functioning. The Committee comprised of Shri Amitav Kothari as the Chairman and Shri B. D. Sureka, Shri H. K. Khaitan and Prof. S. L. Rao, all Independent Directors as its Members.

During the year under review, the Committee met four times; on 23<sup>rd</sup> May 2013, 13<sup>th</sup> August 2013, 6<sup>th</sup> November 2013 and 11<sup>th</sup> February 2014.

Attendance of Members at Audit Committee Meetings held during the year 2013-14:

<b>Name of Director</b>	<b>No. of Meetings attended</b>
Shri Amitav Kothari	4
Shri H.K. Khaitan	3
Shri B.D. Sureka	2
Prof. S. L. Rao	3

#### **Stakeholders Relationship Committee**

In compliance with the provisions of Section 178 of the Companies Act, 2013, the existing Shareholders'/Investors' Grievances Committee has been reconstituted on 17<sup>th</sup> May 2014 and named as the Stakeholders Relationship Committee to consider and resolve the grievances of the security holders of the Company, including complaints related to the transfer of shares, non receipt of Balance Sheet, non receipt of declared dividends. The Board may also refer other matters for its consideration from time to time. The Committee comprises of Shri H. K. Khaitan as the Chairman and includes Shri Amitav Kothari and Shri T.D. Bahety as its Members.

Shri N.K. Sethia, Company Secretary and Compliance Officer under the relevant regulations, has been delegated authority to attend to Share transfer formalities at least once in a fortnight.

The erstwhile Shareholders'/Investors' Grievances Committee was formed to specifically look into shareholders'/investors' grievances. There were no pending share transfers as at the end of the financial year 2013-14, except sub-judice matters, which would be solved on final disposal by Hon'ble Courts. Shri B.D. Sureka was the Chairman of the Committee and Shri H.K. Khaitan and Shri T.D. Bahety were its Members. During the year under review, the Committee met two times; on 23<sup>rd</sup> May 2013 and 6<sup>th</sup> November 2013.

Attendance of Members at Shareholders'/Investors' Grievances Committee Meetings held during the year 2013-14:

Name of Director	No. of Meetings attended
Shri B. D. Sureka	1
Shri H. K. Khaitan	1
Shri T.D. Bahety	2

#### Nomination and Remuneration Committee

In compliance with the provisions of Section 178 of the Companies Act, 2013, the existing Remuneration and Selection Committee has been reconstituted on 17<sup>th</sup> May 2014 and named as the Nomination and Remuneration Committee, comprising of five Directors viz. Prof. S. L. Rao, Shri H. K. Khaitan, Shri G. Parthasarathy and Shri Ravinder Nath, all Independent Directors and Shri R. V. Kanoria, the Chairman and Managing Director of the Company. Prof S. L. Rao is the Chairman of the Committee.

The Nomination and Remuneration Committee's constitution, terms of reference and role are in compliance with the Companies Act, 2013 and Clause 49 of the Listing Agreement with Stock Exchanges, as amended. The Board may also refer other matters for its consideration from time to time.

The erstwhile Remuneration and Selection Committee had been constituted to review and recommend the remuneration of Managing and Wholetime Directors, based on performance and defined criteria and to perform the functions as prescribed under erstwhile Section 314 (1B) of the Companies Act, 1956. The Committee comprised of three independent Directors viz. Prof. S. L. Rao, as the Chairman and Shri H.K. Khaitan and Shri Ravinder Nath as its Members. During the financial year 2013-14, the Committee met once on 11<sup>th</sup> February 2014 and all the Members attended the Meeting.

The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing Industry practice.

The Managing Director and Wholetime Director(s) are paid remuneration as per their agreements with the Company. These agreements are placed for approval before the Board and the shareholders and such other authorities as may be necessary. The remuneration structure of the Managing Director and the Wholetime Director(s) comprises salary, commission, perquisites and other benefits. There are no stock option benefits to any of the Directors.

The Managing Director and Wholetime Director(s) are not paid sitting fee for attending Meetings of the Board or Committees thereof. Other Directors were paid a sitting fee of Rs.20,000/- for attending each Board, Audit and Remuneration and Selection Committee Meeting and Rs.5,000/- for attending each other Committee Meeting.

#### Details of Remuneration paid or payable to Directors for the Financial Year ended 31<sup>st</sup> March 2014

(Figures in ₹)

Name of the Director	Salary	Perquisites and other benefits	Commission	Sitting Fees*	Total
Shri R.V. Kanoria	6,375,484	4,853,488	-	-	11,228,972
Shri Amitav Kothari	-	-	-	160,000	160,000
Shri H.K. Khaitan	-	-	-	145,000	145,000
Shri Ravinder Nath	-	-	-	100,000	100,000
Shri G. Parthasarathy	-	-	-	40,000	40,000
Prof. S.L. Rao	-	-	-	140,000	140,000
Shri B.D. Sureka	-	-	-	85,000	85,000
Shri A. Vellayan	-	-	-	-	-
Shri J. P. Sonthalia	-	-	-	60,000	60,000
Shri T.D. Bahety	2,544,000	2,086,768	-	-	4,630,768

\* Includes Sitting Fee paid for Committee Meetings.

#### Details of Agreement

Name	From	To	Tenure
Shri R.V. Kanoria	10.01.2012	09.01.2015	3 years
Shri T.D. Bahety*	20.05.2013	19.05.2016	3 years

\* For termination of agreement, the Company and the Whole time Director are required to give a notice of three months or three months' salary in lieu thereof.

### Equity Shares of the Company held by Directors

The Directors, who hold the Equity Shares of the Company as on 31<sup>st</sup> March 2014 are Shri R.V. Kanoria (434,985), Shri B.D. Sureka (1,500), Shri T.D. Bahety (3,024), Shri A. Vellayan (15,000), Shri H. K. Khaitan (100), Prof. S. L. Rao (100), Shri Ravinder Nath (100), Shri Amitav Kothari (4), Shri J. P. Sonthalia (2) and Shri G. Parthasarathy (1).

### Corporate Social Responsibility Committee

As required under Section 135 of the Companies Act, 2013, a Corporate Social Responsibility Committee has been constituted on 17<sup>th</sup> May 2014. The Committee comprises of Shri T. D. Bahety as the Chairman and Shri R. V. Kanoria, Managing Director and Shri H. K. Khaitan, an Independent Director, as its Members. The Committee's constitution, terms of reference and role are in compliance with the provisions of the Companies Act, 2013. The Board may also refer other matters for its consideration from time to time.

### Finance Committee

The Finance Committee of the Directors is constituted to determine on behalf of the Board, the matters relating to Debentures, Term Loans and any other types of Financial Assistance from Financial Institutions, Banks, Mutual Funds and Others, creation of securities and allotment of securities etc.

The Committee has been reconstituted on 17<sup>th</sup> May 2014 and Shri Amitav Kothari has been appointed as a Member of the Committee w.e.f. 17<sup>th</sup> May 2014 in place of Shri B. D. Sureka. The Committee is chaired by Shri R.V. Kanoria and includes Shri H.K. Khaitan, and Shri T.D. Bahety as its other Members. There was no Meeting of the Committee during the year 2013-14.

### Nomination Committee

After the coming into effect of Section 178 of the Companies Act, 2013, the functions of the Nomination Committee have been assumed by the Nomination and Remuneration Committee of the Company and, consequently, the existing Nomination Committee has been dissolved with effect from 17<sup>th</sup> May, 2014.

The Nomination Committee consisted of three Directors to decide on the composition of the Board and make recommendations to the Board for filling up the Board vacancies that might arise from time to time.

The Committee comprised of Shri R.V. Kanoria as the Chairman and Shri G. Parthasarathy and Shri Ravinder Nath as its Members. There was no Meeting of the Committee during the year 2013-14.

### Project Management Committee

The Project Management Committee consisting of four Directors to monitor the progress of implementation of various expansion programmes of the Company has been dissolved with effect from 17<sup>th</sup> May 2014.

The Committee comprised of Shri R.V. Kanoria as the Chairman and Prof. S.L. Rao, Shri G. Parthasarathy and Shri T.D. Bahety as its Members. There was no Meeting of the Committee during the year 2013-14.

## OTHER COMMITTEES

### Risk Management Committee

The Risk Management Committee consists of Executives of the Company to identify and assess significant risks that might impact the achievement of the Company's objectives and to develop risk management strategies to minimise identified risks and to design appropriate risk management procedures. Presently, the Committee consists of Shri N.K. Nolkha -Chief Financial Officer, Shri N.K. Sethia - Company Secretary and Shri Arun Agarwal - President (Works). During the year under review the Committee met on 27<sup>th</sup> September 2013 and 27<sup>th</sup> March 2014.

## GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held as per details given below:

Year	Date	Time	Venue	No. of Special Resolution(s) passed
2012-13	13 <sup>th</sup> August 2013	2.30 P. M.	'Shripati Singhanian Hall',	NIL
2011-12	8 <sup>th</sup> August 2012	2.30 P. M.	Rotary Sadan, 94/2 Chowringhee Road,	3
2010-11	12 <sup>th</sup> August 2011	2.30 P. M.	Kolkata-700 020	3

At the ensuing Annual General Meeting, there is no resolution proposed to be passed by Postal Ballot.

## SUBSIDIARY COMPANIES

The Company has no material non-listed Indian subsidiary company. The Audit Committee reviews the financial statements, particularly the investments made by the subsidiary companies. The minutes of the Board Meetings of the subsidiary companies are placed at the Board Meetings of the Company.

## DISCLOSURES

Related parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished under Note No. 38 of the Notes on Accounts attached with the financial statement for the year ended 31<sup>st</sup> March 2014. There are no pecuniary relationships or transactions with the non-executive independent Directors.

None of the transactions with any of the related parties were in conflict with the interest of the Company.

There has been no non-compliance, penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authorities, on any matter related to capital markets during the last three years.

## MEANS OF COMMUNICATION

The quarterly financial results as prescribed under the Listing Agreements and the audited annual results were taken on record and approved within the prescribed time limits. The approved results were thereafter sent to the Stock Exchanges and also published in English newspapers having nationwide circulation and in vernacular language (Bengali) newspaper within 48 hours of the Meeting.

As the Company publishes its half-yearly results in English newspapers having nationwide circulation and in a vernacular language (Bengali), the same are not sent individually to each shareholder of the Company.

The Company issues official press releases to the print media from time to time and also updates Analysts on the activities of the Company.

The Company has its own website [www.kanoriachem.com](http://www.kanoriachem.com) where information about the Company is displayed and regularly updated. An e-mail ID [investor@kanoriachem.com](mailto:investor@kanoriachem.com) has been created and displayed on the Company's website for the purpose of interaction including registering complaints by the investors.

## GREEN INITIATIVE IN CORPORATE GOVERNANCE

The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including annual report to its members can be done by sending the same by e-mail.

Your Company supports this Green Initiative of the Government and encourages its Members who have not registered their e-mail addresses so far, to register their e-mail addresses with the Depository through their respective Depository Participants in case of shares held in electronic form and with the Company/Registrar & Transfer Agent, C. B. Management Services Pvt. Limited in case of shares held in physical form and also to update/intimate changes in their e-mail addresses from time to time.

## MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is a part of the Annual Report.

## CEO AND CFO CERTIFICATION

The Managing Director (de-facto Chief Executive Officer) and the Chief Financial Officer of the Company have certified to the Board regarding review of financial statement for the year, compliance with the accounting standards, maintenance of internal control for financial reporting and accounting policies.

## CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

In compliance with the Securities & Exchange Board of India (Prevention of Insider Trading) Regulations, 1992, the Company has framed a Code of Conduct for prevention of insider trading by Company insiders. The Code, inter alia, prohibits purchase and/or sale of shares of the Company by the Directors, Officers and designated employees while in possession of unpublished price sensitive information in relation to the Company.

## CODE OF CONDUCT

The Company has Codes of Conduct for its Directors and Employees. The Directors and Senior Management Personnel have affirmed their compliance with the Code of Conduct. The Code of Conduct is available on the Company's web site.

## WHISTLE BLOWER POLICY

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. The Company has a Whistle Blower Policy for its Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

## UNCLAIMED SHARES

Clause 5A (I) of the Listing Agreement is not applicable to the Company. As per Clause 5A (II), the shares, issued in physical form and remained unclaimed even after sending three reminders to the respective shareholders, have been transferred to the "Unclaimed Suspense Account." The particulars of Unclaimed Suspense Account are as follows:

	No. of Shareholders	No. of Shares
Aggregate number of shareholders and outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	199	120,456
Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year	1	171
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	1	171
Aggregate number of shareholders and outstanding shares lying in the Unclaimed Suspense Account at the end of the year	198	120,285

## COMPLIANCE CERTIFICATE OF THE AUDITORS

The Statutory Auditors' Certificate that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto.



## MANDATORY AND NON-MANDATORY PROVISIONS OF THE CODE

The Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement. Following is the status of the compliance with the non-mandatory requirements of the Clause 49 of the Listing agreement:

- i) During the year under review, the Company had a Remuneration and Selection Committee to review and recommend remuneration of Managing and Wholetime Directors and also to perform the functions as prescribed under Section 314 (1B) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003.
- ii) During the year under review, there is no audit qualification in the financial statements. The Company adopts the best practices to ensure unqualified financial statements.

## GENERAL SHAREHOLDERS' INFORMATION

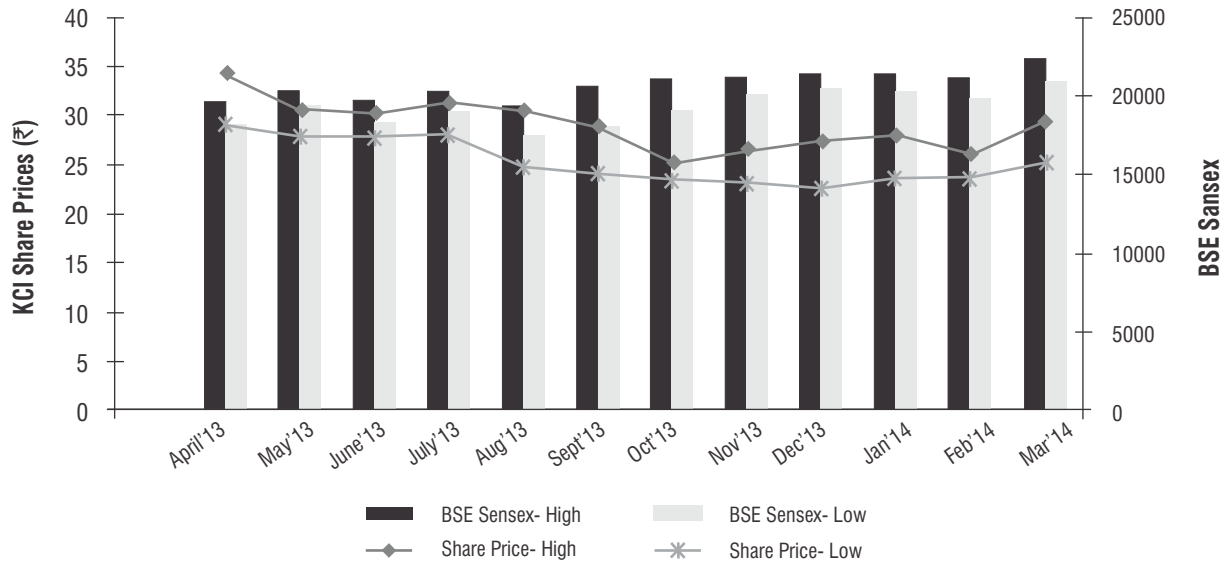
1. Annual General Meeting
  - Date and time 5<sup>th</sup> September 2014 at 10.30 A. M.
  - Venue 'Shripati Singhanian Hall', Rotary Sadan  
94/2 Chowringhee Road, Kolkata-700 020
2. Financial Calendar 2014-15  
(tentative and subject to change)
  - Financial Results for the:
    - quarter ending 30<sup>th</sup> June 2014
    - quarter ending 30<sup>th</sup> September 2014
    - quarter ending 31<sup>st</sup> December 2014
    - year ending 31<sup>st</sup> March 2015
  - Annual General Meeting 2014-15
3. Date of Book Closure 21<sup>st</sup> August 2014 to 5<sup>th</sup> September 2014 (both days inclusive)
4. Dividend Payment Date On or after 6<sup>th</sup> September 2014 (subject to shareholders' approval)
5. Listing on Stock Exchanges:
  - National Stock Exchange of India Ltd.  
'Exchange Plaza'  
Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051  
www.nseindia.com
  - BSE Limited  
P. J. Towers, Dalal Street, Fort, Mumbai - 400 001  
www.bseindia.com
  - Note: Listing fee for the year 2014-15 has been paid to the above Stock Exchanges.
6. Stock Code:
  - BSE Ltd. 50 6525
  - National Stock Exchange of India Ltd. KANORICHEM

### 7. Stock Price Data (in ₹/per share):

Months	National Stock Exchange (NSE) *		Bombay Stock Exchange (BSE) *	
	High	Low	High	Low
April 2013	35.40	29.15	34.85	29.25
May 2013	31.05	27.90	31.00	28.10
June 2013	30.90	27.20	30.75	28.00
July 2013	31.90	28.10	31.80	28.20
August 2013	30.00	25.15	30.95	25.00
September 2013	28.00	24.05	29.35	24.25
October 2013	25.50	23.40	25.65	23.60
November 2013	26.80	23.20	27.00	23.25
December 2013	27.85	22.55	27.80	22.70
January 2014	28.45	23.70	28.50	23.85
February 2014	26.45	23.00	26.55	23.70
March 2014	29.45	25.25	29.75	25.25

\*Source: Website of NSE and BSE

### KCI Share Prices/BSE Sensex (Monthly High/Low)



8. Registrar and Share Transfer Agent

C. B. Management Services (P) Limited  
P-22, Bondel Road, Kolkata -700 019  
Phone : (033) 22806692 (3 lines), 40116700  
Fax : (033) 40116739  
Email : rta@cbmsl.com

9. (a) Share Transfer System

The share transfers which are received in physical form are processed and the share certificates are returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

Details of the share transfers during the year 2013-14:	
No. of valid share transfer applications received, processed and registered	8
No. of shares transferred	7083
No. of share transfers in process as on 31.03.2014	NIL
No. of shares dematerialised	15915
No. of shares rematerialized	171

During the year 2013-14, the Company attended to most of the investors' grievances and/or correspondence within a period of seven days from the date of the receipt of such grievances and/or correspondence.

As per Complaints Receipt Register maintained by the Company and/or Registrar, 1(one) complaint was received during the period 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014 and the same was redressed as per details given below:

Nature	No. of Complaints	Redressed	Pending
1. Non-receipt of Dividend Warrants	-	-	-
2. Non-receipt of Share Certificates	-	-	-
3. Non-receipt of Annual Reports	-	-	-
4. Complaint through SEBI	-	-	-
5. Complaint through Stock Exchanges	1	1	-
<b>Total</b>	<b>1</b>	<b>1</b>	<b>-</b>

(b) Dematerialisation of Shares and liquidity

Depositories:

National Securities Depository Limited, Mumbai and Central Depository Services (India) Limited, Mumbai. The Equity Shares of the Company are compulsorily traded and settled through Stock Exchanges only in the dematerialised form.

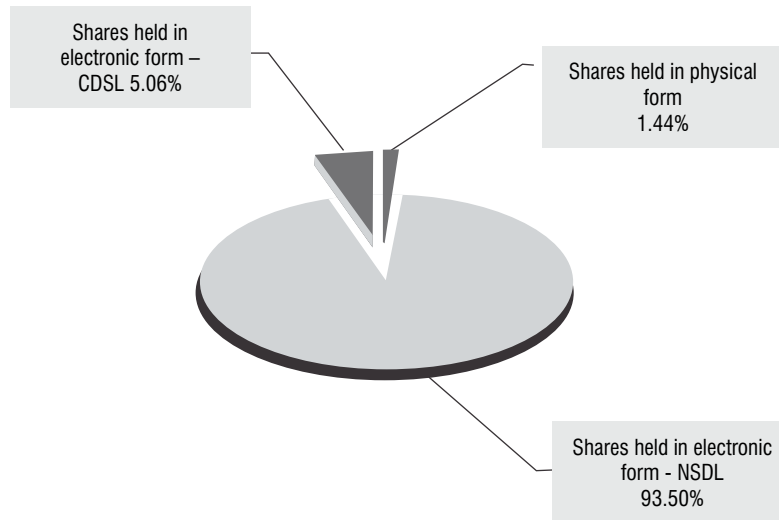
A total of 43,064,492 Equity Shares of the Company representing 98.56% of the Share Capital are dematerialised as on 31<sup>st</sup> March 2014

Under the Depository System, International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE 138C01024.

Shares held in the dematerialised form are electronically transferred by the Depository Participant and the Company is informed periodically by the Depositories about the beneficiary holdings to enable the Company to send corporate communication, dividend etc.

The requests received for dematerialisation are processed within a period of 10 days from the date of receipt of request provided they are in order in every respect.

The shareholders may kindly note that the Company has paid the custody charges for the financial year 2014-15 to both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with whom it has established connectivity.



(c) National Electronic Clearing Service (NECS) for Dividend

Your Company provides shareholders the option to receive dividend through the NECS facility. To avoid risk of loss and/or interception of dividend instruments in postal transit and/or fraudulent encashment, shareholders are requested to avail the NECS facility, where dividends are directly credited in electronic form to their respective bank accounts.

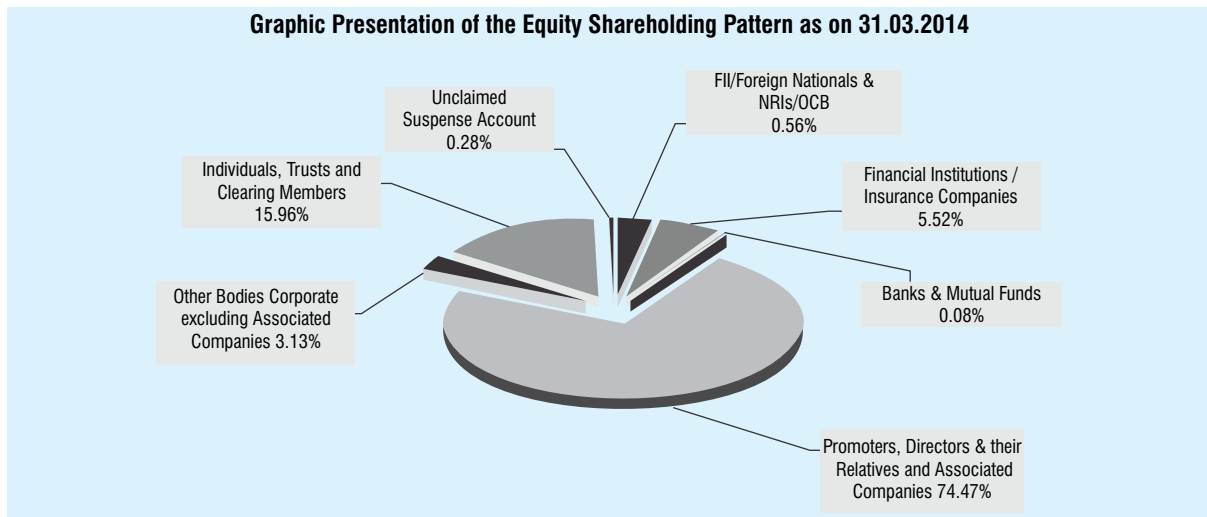
Shareholders located in places where NECS facility is not available may submit their bank details. This will enable the Company to incorporate this information in dividend instruments to minimise the risk of fraudulent encashment.

10. Distribution of Equity Shareholding as on 31<sup>st</sup> March 2014

Nominal value of Shareholding	Number of Shareholders		Number of Equity Shares	
	Total	% of Shareholders	Total	% of Share Capital
Up to ₹ 5,000	8685	87.04	1,983,928	4.54
₹ 5,001 - ₹ 10,000	625	6.26	936,807	2.14
₹ 10,001 - ₹ 20,000	350	3.51	992,474	2.27
₹ 20,001 - ₹ 30,000	128	1.28	633,972	1.45
₹ 30,001 - ₹ 40,000	42	0.42	293,710	0.67
₹ 40,001 - ₹ 50,000	36	0.36	331,143	0.76
₹ 50,001 - ₹ 1,00,000	54	0.54	775,251	1.78
₹ 1,00,001 and above	59	0.59	37,746,048	86.39
<b>Total</b>	<b>9979</b>	<b>100.00</b>	<b>43,693,333</b>	<b>100.00</b>

11. Equity Shareholding Pattern as on 31<sup>st</sup> March 2014

Category	No. of Shares held	% of Shareholding
FI/Foreign Nationals & NRIs/OCB	244,864	0.56
Financial Institutions / Insurance Companies	2,413,306	5.52
Banks & Mutual Funds	32,925	0.08
Promoters, Directors & their Relatives and Associated Companies	32,538,855	74.47
Other Bodies Corporate excluding Associated Companies	1,366,800	3.13
Individuals, Trusts and Clearing Members	6,976,298	15.96
Unclaimed Suspense Account	120,285	0.28
<b>Total</b>	<b>43,693,333</b>	<b>100.00</b>



12. Top Ten Shareholders of the Company as on 31<sup>st</sup> March 2014

Sl. No.	Name of Shareholders	No. of shares	% of shareholding
1	Vardhan Limited	26,133,872	59.81
2	R V Investment & Dealers Limited	3,210,120	7.35
3	IFCI Limited	1,200,000	2.75
4	Kirtivardhan Finvest Services Limited	1,154,907	2.64
5	United India Insurance Co. Limited	756,693	1.73
6	Saumya Vardhan Kanoria	556,440	1.27
7	Madhuvanti Kanoria	498,321	1.14
8	The Oriental Insurance Co. Limited	454,313	1.04
9	Rajya Vardhan Kanoria	434,985	1.00
10	Anand Vardhan Kanoria	434,739	0.99
	<b>Total</b>	<b>34,834,390</b>	<b>79.72</b>

13 Outstanding GDR/ADRs/Warrants or any convertible Instruments, conversion date and likely impact on equity.

The Company has not issued GDRs/ ADRs/ Warrants or any other convertible Instruments.

14 Plant Locations

**I - Alcochem Ankleshwar Division**

**Ankleshwar Chemical Works**

3407, GIDC Industrial Estate,  
P.O. Ankleshwar-393 002,  
Dist. Bharuch (Gujarat).

**Bio-Compost Plant**

Vill. Sengpur,  
Taluka: Ankleshwar-393 002,  
Dist. Bharuch (Gujarat).

**Windfarm**

Vill. Dhank , Taluka: Upleta,  
Dist. Rajkot (Gujarat).

**II - Alcochem Vizag Division**

Plot No.32, Jawaharlal Nehru Pharma City,  
Parwada, Vishakhapatnam - 531 021,  
Andhra Pradesh

**III -Solar Power Plant**

Vill. Bawdi Barsinga,  
P.O. Bap, Tehsil: Phalodi,  
Dist. Jodhpur (Rajasthan)

15 Address for Correspondence:  
For Investors' matters

The Company Secretary  
Kanoria Chemicals & Industries Limited  
'Park Plaza', 71 Park Street,  
Kolkata-700 016.  
Phone : (033) 2249-9472/73/74  
Fax : (033) 2249-9466  
Email : nksethia@kanoriachem.com  
Website: <http://www.kanoriachem.com>

For queries relating to Financial Statements

The Chief Financial Officer  
Kanoria Chemicals & Industries Limited  
'Park Plaza', 71 Park Street,  
Kolkata-700 016.  
Phone : (033) 2249-9472/73/74  
Fax : (033) 2249-9466  
Email : nolkha@kanoriachem.com  
Website: <http://www.kanoriachem.com>

16 Deposit of unclaimed dividend amount to Investor Education and Protection Fund

During the year under review, the Company has deposited unclaimed dividend of Rs. 209,835/- for the year 2005-06 to the Investor Education and Protection Fund on 7<sup>th</sup> September 2013, pursuant to Section 205C of the Companies Act, 1956 and the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

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**Registered Office**

'Park Plaza'  
71, Park Street  
Kolkata - 700 016  
Dated, the 17<sup>th</sup> day of May 2014

For and on behalf of the Board

R.V. Kanoria  
Chairman & Managing Director



## AUDITORS' CERTIFICATE

### AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE TO THE MEMBERS OF KANORIA CHEMICALS & INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by **KANORIA CHEMICALS & INDUSTRIES LIMITED** ("the Company") for the year ended 31<sup>st</sup> March 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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.

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Camp: New Delhi  
Dated, the 17<sup>th</sup> day of May, 2014

For SINGHI & CO.  
Chartered Accountants  
Firm Registration No.302049E

Rajiv Singhi  
(Partner)  
Membership No. 53518

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF KANORIA CHEMICALS & INDUSTRIES LIMITED

We have audited the accompanying financial statements of KANORIA CHEMICALS & INDUSTRIES LIMITED (the company), which comprise the balance sheet as at 31<sup>st</sup> March, 2014, and the statement of profit and loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2014
- b) In the case of the statement of profit and loss, of the profit for the year ended on that date, and
- c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

### Report on other legal and regulatory requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2) As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) in our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - c) the balance sheet, statement of profit and loss and cash flow statement dealt with in this report are in agreement with the books of account.
  - d) in our opinion, the balance sheet, statement of profit and loss, and cash flow statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
  - e) on the basis of written representations received from the directors as on 31<sup>st</sup> March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Camp : New Delhi  
Dated : the 17<sup>th</sup> day of May, 2014

For SINGHI & CO.  
Chartered Accountants  
Firm Registration No.302049E  
  
(RAJIV SINGHI)  
(Partner)  
Membership No. 53518

## ANNEXURE TO THE AUDITORS' REPORT

**Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date**  
Re: Kanoria Chemicals & Industries Limited (the company)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) As per the information and explanations given to us, physical verification of fixed assets has been carried out in terms of the phased program of verification of its fixed assets adopted by the Company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to size of the Company and nature of its business.
- (c) There was no substantial disposal of fixed assets during the year.
- II. (a) The inventories have been physically verified at reasonable intervals during the year by the management except materials lying with third parties, where confirmations are obtained.
- (b) In our opinion, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventories. The discrepancies between the physical stocks and book stocks, which are not significant, have been properly dealt with in the books of account.
- III. (a) As per the information furnished, the Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Hence Clauses 3 (b), (c), (d) of the order are not applicable to the company.
- (e) As per the information furnished, the Company has not taken any loans secured or unsecured from Companies, firms or other parties covered in the Register maintained U/S 301 of the Companies Act, 1956. Hence Clauses 3(f) and (g) of the order are also not applicable to the Company.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books of accounts and according to the information and explanation given to us, we have not come across nor have we been informed of any instances of major weaknesses in the aforesaid internal control system.
- V. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contract or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees of five lacs in respect of any party during the year have been made at price, which are reasonable having regard to the prevailing market price at the relevant time.
- VI. The Company has not accepted any fixed deposit from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made there under.
- VII. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- VIII. We have broadly reviewed the Books of Account maintained by the Company in respect of its product as prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. However, we have not carried out a detailed examination of accounts and records
- IX. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us and the records of the Company examined by us, no undisputed statutory dues as above were outstanding as at 31<sup>st</sup> March, 2014 for a period of more than 6 months from the date they became payable.
- (b) As per the information and explanations given to us and as per the records of the company there are no dues of Wealth Tax, Custom Duty, Excise Duty, Cess and sales Tax which have not been deposited on account of any dispute. The dues of the Income Tax and Service Tax which has not been deposited on account of any dispute and forum where the dispute is pending is given as under :-

Name of the statute	Nature of Dues	Amount (₹ in Million)	Period to which the amount relates	Forum where the disputes are pending
The Service Tax under the Finance Act, 1994	Service Tax Demand	6.60	Apr-2009 to Aug-2012	Commissioner (A) Central Excise
The Income Tax Act, 1961	Income Tax Demand	34.34	A.Y. 2002-03 & A.Y. 2008-09 to 2010-11	C.I.T (A)

- X. The Company has no accumulated losses as at 31<sup>st</sup> March 2014 and has not incurred cash losses in the current financial year ended on that date and in the immediately preceding financial year.
- XI. Based on our audit procedures and on the basis of information and explanations given to us we are of the opinion that the Company has not defaulted in repayment of dues to Financial Institutions or Banks. There were no outstanding debentures during the year.
- XII. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. The Company is not a chit fund/nidhi/mutual benefit fund/society to which the provision of the special statutes as specified in paragraph 4(xiii) of the order are applicable.
- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. The company has maintained proper records of transactions and contracts in respect of Shares, Securities, Debentures and other Investments and timely entries have been made therein. The Shares, Securities, Debentures and other Investments have been held by the company, in its own name except to the extent of exemption granted under section 49 of the Companies Act, 1956.
- XV. The company has given the corporate guarantee amounting to Rs.11.63 million to Gujarat Industrial Development Corporation for securing loan by Bharuch Eco-Aqua Infrastructure Ltd., Rs. 1322.20 million to Export-Import Bank of India for securing loan to its subsidiary company, Kanoria Africa Textiles PLC, Ethiopia and Rs. 330.31 million to Ceskoslovenska obchodni banka for securing loan to APAG Elektronik s.r.o., Czech Republic. The terms and conditions of which, prima facie, are not prejudicial to the interest of the company.
- XVI. Based on information and explanations given to us and records of the Company examined by us, the Company has not obtained any term loans during the year.
- XVII. On the basis of our examination of the Cash Flow Statement, records and as per the information and explanations given to us, the fund raised on Short Term basis, during the year, have not been used for Long Term investments. Long Term investments during the year have been financed through internal accrual of the Company.
- XVIII. The company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under section 301 of the Act.
- XIX. The company has not issued debentures during the year.
- XX. The Company has not raised any money by Public Issue during the year.
- XXI. During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practice in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor we have been informed of such cases by the management.

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Camp : New Delhi  
Dated : the 17<sup>th</sup> day of May, 2014

For SINGHI & CO.  
Chartered Accountants  
Firm Registration No.302049E  
(RAJIV SINGHI)  
(Partner)  
Membership No. 53518

## BALANCE SHEET

AS AT 31<sup>ST</sup> MARCH, 2014

(₹ in million)

Particulars	Note No.	31.3.2014	31.3.2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	218.49	218.49
Reserves & Surplus	3	4,604.10	4,407.76
		<u>4,822.59</u>	<u>4,626.25</u>
<b>Non-current Liabilities</b>			
Long-term Borrowings	4	503.85	646.92
Deferred Tax Liabilities (Net)	5	194.70	187.34
Other Long-term Liabilities	6	1.87	1.54
Long-term Provisions	7	49.00	39.33
		<u>749.42</u>	<u>875.13</u>
<b>Current Liabilities</b>			
Short-term Borrowings	8	382.27	604.11
Trade Payables	9	545.88	200.95
Other Current Liabilities	10	273.96	269.02
Short-term Provisions	7	79.07	80.66
		<u>1,281.18</u>	<u>1,154.74</u>
<b>Total</b>		<u>6,853.19</u>	<u>6,656.12</u>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets	11		
Tangible Assets		2,385.85	2,435.43
Intangible Assets		0.56	1.71
Capital Work-in-Progress		1.09	17.81
		<u>2,387.50</u>	<u>2,454.95</u>
Non-current Investments	12	2,411.04	2,648.00
Long-term Loans & Advances	13	133.35	130.38
<b>Current Assets</b>			
Current Investments	12	255.83	286.36
Inventories	14	629.01	269.87
Trade Receivables	15	522.96	368.76
Cash and Bank Balances	16	34.94	111.70
Short-term Loans & Advances	13	352.53	316.60
Other Current Assets	17	126.03	69.50
		<u>1,921.30</u>	<u>1,422.79</u>
<b>Total</b>		<u>6,853.19</u>	<u>6,656.12</u>

Significant Accounting policies 1

The accompanying notes are an integral part of the Financial Statements

As per our report annexed  
For SINGHI & CO.  
Chartered Accountants  
Firm Registration No.302049E

For and on behalf of the Board

RAJIV SINGHI  
Partner  
Membership No. 53518

Camp: New Delhi  
Dated, the 17<sup>th</sup> day of May, 2014

AMITAV KOTHARI  
Director

R. V. KANORIA  
Managing Director

N. K. NOLKHA  
Chief Financial Officer

N. K. SETHIA  
Company Secretary



# STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

(₹ in million)

Particulars	Note No.	2013-2014	2012-2013
<b>INCOME</b>			
Revenue from Operations (net)	18	3,397.64	2,425.51
Other Income	19	405.77	241.48
Total Revenue		<u>3,803.41</u>	<u>2,666.99</u>
<b>EXPENSES</b>			
Cost of Raw Materials Consumed	20	2,303.59	1,626.68
Purchases of Stock-in-Trade	21	102.69	-
Change in Inventories of finished goods, work-in-progress and Stock-in-Trade	22	(19.01)	(2.06)
Employees Benefits Expense	23	167.30	158.06
Finance Costs	24	155.32	68.94
Depreciation & Amortization	25	153.58	131.36
Other Expenses	26	593.65	608.55
Total Expenses		<u>3,457.12</u>	<u>2,591.53</u>
<b>Profit before exceptional and extraordinary items and Tax</b>		346.29	75.46
Exceptional items		-	-
<b>Profit before extraordinary items and Tax</b>		346.29	75.46
Extraordinary items		-	-
<b>Profit before Tax</b>		346.29	75.46
Add: Taxation for earlier year		-	0.04
Less: Tax Expense			
Current Tax		65.91	10.44
Deferred Tax		7.36	17.39
<b>Profit for the year</b>		<u>273.02</u>	<u>47.67</u>
<b>Earning per Equity Share (Face Value ₹ 5 each)</b>	27		
- Basic & Diluted (₹)		6.25	0.89

Significant Accounting policies

1

The accompanying notes are an integral part of the Financial Statements

As per our report annexed  
For SINGHI & CO.  
Chartered Accountants  
Firm Registration No.302049E

RAJIV SINGHI  
Partner  
Membership No. 53518

Camp: New Delhi  
Dated, the 17<sup>th</sup> day of May, 2014

For and on behalf of the Board

AMITAV KOTHARI  
Director

R. V. KANORIA  
Managing Director

N. K. NOLKHA  
Chief Financial Officer

N. K. SETHIA  
Company Secretary

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

(₹ in million)

	2013-2014	2012-2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax & Exceptional items	346.29	75.46
Adjustments for:		
Depreciation & Amortization	153.58	131.36
Finance Costs	155.32	68.94
(Profit)/Loss on Sale of Fixed Assets (Net)	3.76	9.73
(Profit)/Loss on Sale Investments (Net)	(255.79)	(105.44)
Interest Income	(108.15)	(129.80)
Dividend Income	(26.79)	(0.60)
Operating Profit before Working Capital changes	<u>268.22</u>	<u>49.65</u>
Adjustments for:		
Trade Receivables, Loans & Advances and Other Current Assets	(193.82)	(82.71)
Inventories	(359.14)	(73.47)
Trade Payables, Other liabilities & Provisions	<u>340.50</u>	<u>23.68</u>
Cash generated from Operations	55.76	(82.85)
Income Tax Paid	(85.65)	(20.18)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>(29.89)</u>	<u>(103.03)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(98.33)	(162.45)
Sale of Fixed Assets	8.45	8.97
Loan & Advances to Subsidiaries	(23.61)	(88.70)
Investments in Subsidiaries	(198.97)	(420.42)
Purchase of Investments	(6,152.18)	(8,188.29)
Sale of Investments	6,874.43	9,254.51
Interest received	95.68	134.35
Dividend received	26.79	0.60
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>532.26</u>	<u>538.57</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/Payments of Borrowings (net)	(349.16)	182.39
Buy-back of Equity Shares	-	(494.20)
Dividend Paid (including Dividend Tax)	(76.68)	(98.14)
Finance Charges paid	(153.76)	(83.84)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(579.60)</u>	<u>(493.79)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(77.23)</u>	<u>(58.25)</u>
CASH AND CASH EQUIVALENTS - AS AT 01.04.2013	107.83	166.08
CASH AND CASH EQUIVALENTS - AS AT 31.03.2014	30.60	107.83
<b>Notes:</b>		
a. Cash and Cash equivalents included in the Cash Flow Statement comprise the following Balance Sheet amounts:		
Cash and Bank Balances	34.94	111.70
Less: Unpaid Dividend	4.34	3.87
Cash and Cash equivalents	<u>30.60</u>	<u>107.83</u>
b. Above statement has been prepared under indirect method except in case of interest, dividend and taxes which have been considered on the basis of actual movement of cash, with corresponding adjustments in assets & liabilities.		
c. Additions to Fixed Assets are stated inclusive of movements of capital work in progress in between beginning and end of the year and treated as part of Investing Activities.		

As per our report annexed  
For SINGHI & CO.  
Chartered Accountants  
Firm Registration No.302049E

For and on behalf of the Board

RAJIV SINGHI  
Partner  
Membership No. 53518

AMITAV KOTHARI  
Director

R. V. KANORIA  
Managing Director

Camp: New Delhi  
Dated, the 17<sup>th</sup> day of May, 2014

N. K. NOLKHA  
Chief Financial Officer

N. K. SETHIA  
Company Secretary

# NOTES TO FINANCIAL STATEMENTS

## 1. SIGNIFICANT ACCOUNTING POLICIES

### a. Accounting Convention:

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India, applicable Accounting Standards as prescribed by Companies (Accounting Standards) Rule, 2006 issued by Ministry of Corporate Affairs and the provisions of the Companies Act, 1956, except for certain fixed assets which have been revalued.

All items of income and expenditure have been recognized on accrual basis. The accounting policies applied by the Company are consistent with those used in the previous years.

### b. Use of Estimates:

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

### c. Revenue Recognition:

(i) Sales revenue is recognized on transfer of significant risk and rewards of the ownership of the goods to the buyer and stated at net of trade discounts and rebates. Other income is recognized on accrual basis. Dividend income on investments is accounted for when the right to receive the payment is established.

(ii) Renewable Energy Certificates (RECs) are recognized as accrued on the basis of notification issued by Central Electricity Regulatory Commission (CERC). Revenue from RECs is recognized on the basis of actual sale price on transfer of certificates and on the basis of CERC prescribed floor price for RECs held by/accrued to the company.

(iii) Sale of Certified Emission Reductions (CERs) is recognized as Income on the delivery of the CERs to the buyer(s).

### d. Fixed Assets:

(i) Fixed Assets, including modernization expenses incurred are stated at cost of acquisition, construction and improvement made, which is inclusive of freight, duties, taxes, incidental expenses, interest & fund raising cost and other pre-operative expenses apportioned and also includes revaluation amount.

(ii) Capital Work-in-Progress is stated at cost including interest and related expenses incurred during construction or pre-operative period.

(iii) Intangible Assets are stated at cost.

### e. Depreciation & Amortization :

(i) Depreciation on Tangible Assets, except leasehold land, has been provided using Straight Line Method at the rates and manner prescribed under Schedule XIV of the Companies Act, 1956. Leasehold lands are amortized over the period of lease on straight line basis.

(ii) Depreciation on revalued amount of Fixed Assets has been calculated on pro-rata basis to their residual life and charged to Profit & Loss Account in absence of Revaluation Reserve.

(iii) Intangible Assets are amortized over their estimated useful lives on straight line basis.

### f. Foreign Currency Transactions :

(i) Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Year end balance of foreign currency monetary items are translated at the year end rates and the corresponding effect is given in the accounts excepting those transactions covered by the fixed forward contract for conversion of foreign currency loan in rupee loan which are stated at contracted amount. Transactions completed during the year are adjusted on actual basis.

(ii) In respect of transactions covered under forward foreign exchange contracts, the difference between the forward rate and exchange rate at the inception of contract is recognized as income or expense over the life of the contract.

(iii) Effects arising of interest swap contracts are being adjusted on the date of settlement. Year end liabilities/assets are recognized at the relevant rate prevailing on that date.

### g. Inventories:

Inventories are valued as under:-

Stores & Spare Parts etc. #

Raw Materials #

Finished Goods

Work-in-Process

At Cost or net realizable value whichever is lower

At Cost or net realizable value whichever is lower

At Cost or net realizable value, whichever is lower and in case of products, where cost cannot be ascertained, at net realizable value.

At Raw Material Cost and/or at cost or net realizable value, whichever is lower

# The Cost has been arrived at using Weighted Average method.

## NOTES TO FINANCIAL STATEMENTS

h. Investments :

Long term Investments are stated at cost less provision, if any, for diminution, which is considered as permanent in nature. Current Investments are stated at cost or fair value whichever is lower.

i. Employee Benefits:

Employee benefits of short-term nature are recognized as expenses as and when it accrues. Long-term employee benefits (e.g. long- service leave) and post employment benefits (e.g., gratuity), both unfunded, are recognized on expenses based on actuarial valuation at year end using projected unit credit method. Actuarial gain and losses are recognized immediately in the profit and loss account.

j. Taxes on Income:

(i) Provision for current Income tax is made in accordance with the Income Tax Act,1961. Deferred Tax is measured in accordance with Accounting Standard 22- 'Accounting for Taxes on Income', as specified in the Companies (Accounting Standard) Rule, 2006 issued by Ministry of Corporate Affairs.

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses.

(ii) Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which minimum alternative tax credit becomes eligible to be recognized as an asset in accordance with the recommendation contained in guidance note issued by The Institute of Chartered Accountants of India, the said asset is created by way of credit to Profit & Loss Account. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

k. Borrowing Cost:

Interest and other costs in connection with the borrowing of the funds to the extent related/attributed to the acquisition/construction of qualifying fixed assets are capitalized up to the date when such assets are ready for its intended use and other borrowing costs are charged to Profit & Loss Account.

l. Impairment:

Impairment loss is recognized wherever the carrying amount of an assets is in excess of its recoverable amount and the same is recognized as an expense in the statement of Profit and Loss and carrying amount of the assets is reduced to its recoverable amount. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased.

m. Commodity hedging contracts :

The realized gain or loss in respect of commodity hedging contracts, the pricing period of which has expired during the year are recognized in Profit and Loss Account. However, in respect of contracts, the pricing period of which extends beyond the Balance Sheet date, provisions for net loss on mark to market basis is made.

n. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes on Accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

o. Government Grants:

Government Grants are recognized when there is a reasonable assurance that the same will be received. Revenue grants are recognized in the Statement of Profit and Loss. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other capital grants are credited to Capital Reserve.

# NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	31.3.2014	31.3.2013
<b>2. SHARE CAPITAL</b>		
(a) AUTHORISED 100,000,000 (Previous year 100,000,000) Equity Shares of ₹ 5 each	500.00	500.00
ISSUED, SUBSCRIBED AND FULLY PAID 43,693,333 (Previous year 43,693,333) Equity Shares of ₹ 5 each Add: Forfeited Shares (Amount paid up)	218.47 0.02 218.49	218.47 0.02 218.49
(b) Reconciliation of number of Shares (Nos.): Outstanding at the beginning of the year Less: Shares brought-back Outstanding at the end of the year	43,693,333 - 43,693,333	56,296,500 12,603,167 43,693,333

(c) The Company has only one class of issued shares i.e. Equity Share having par value of ₹ 5 per share. Each holder of Equity Share is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.

(d) Vardhan Limited, the holding company, holds 26,133,872 Equity Shares of ₹ 5 each in the company.

(e) Details of shareholders holding more than 5 percent equity shares.

Name of the Shareholders	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	No. of shares	% of Holding	No. of shares	% of Holding
Vardhan Limited	26,133,872	59.81	25,733,079	58.89
R V Investment & Dealers Limited	3,210,120	7.35	3,210,120	7.35

(f) No Shares have been reserved for issue under options and contracts/commitments for the sale of shares/disinvestment as at the Balance Sheet date.

(g) The Company, during the year 2012-13, had bought back 12,603,167 Equity Shares of ₹ 5 each.

(h) None of the securities are convertible into shares at the end of the reporting period.

(i) No calls are unpaid by any Director or Officer of the Company during the year.



## NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	31.3.2014		31.3.2013	
<b>3. RESERVES &amp; SURPLUS</b>				
(a) CAPITAL RESERVE				
As per last financial statements		34.17		34.17
(b) CAPITAL REDEMPTION RESERVE				
As per last financial statements	72.69		9.67	
Add: Transfer from General Reserve	-	72.69	63.02	72.69
(c) SECURITIES PREMIUM ACCOUNT				
As per last financial statements	161.51		592.70	
Less: Utilized towards buy-back of Equity Shares	-	161.51	431.19	161.51
(d) GENERAL RESERVE				
As per last financial statements	2,623.82		2,681.84	
Less: Transfer to Capital Redemption Reserve	-		63.02	
	2,623.82		2,618.82	
Add : Transfer from Surplus	1,000.00	3,623.82	5.00	2,623.82
(e) SURPLUS				
Balance as per last Account	1,515.57		1,549.58	
Add: As per annexed Statement of Profit & Loss	273.02		47.67	
	1,788.59		1,597.25	
Less:				
Proposed Dividend on Equity Shares	65.54		65.54	
Provision for Dividend Tax	11.14		11.14	
Transfer to General Reserve	1,000.00		5.00	
	1,076.68	711.91	81.68	1,515.57
Total		4,604.10		4,407.76

(₹ in million)

	Non-current		Current maturities	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
<b>4. LONG-TERM BORROWINGS</b>				
<b>SECURED</b>				
(a) Term Loans				
From Banks	503.85	646.51	201.54	184.72
(Secured/to be secured by first charge and mortgage by deposit of title deeds of immovable properties and hypothecation of movable fixed assets, both present and future and pending creation of such security temporarily secured by pledge of units of mutual fund)				
(Repayable in ten half yearly installments beginning from 3 <sup>rd</sup> December, 2012)				
Vehicle Financing from Banks				
(Secured by hypothecation of related vehicles.)	-	0.41	0.41	1.50
	503.85	646.92	201.95	186.22
Less: Amount disclosed under the head "other current liabilities" (Note no.10)	-	-	201.95	186.22
	503.85	646.92	-	-

# NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	31.3.2014	31.3.2013
<b>5. DEFERRED TAX LIABILITIES (NET)</b>		
DEFERRED TAX LIABILITY		
Depreciation	212.17	202.06
DEFERRED TAX ASSETS		
Retirement Benefits	17.47	14.72
	<u>194.70</u>	<u>187.34</u>
<b>6. OTHER LONG-TERM LIABILITIES</b>		
Security Deposits	1.87	1.54

## 7. PROVISIONS

- (a) Provision for employee benefits  
     For Gratuity  
     For Accrued Leave  
 (b) Proposed Dividend  
 (c) Dividend Tax

	Long-term		Short-term	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
(a) Provision for employee benefits				
For Gratuity	39.54	32.42	2.00	3.12
For Accrued Leave	9.46	6.91	0.39	0.86
(b) Proposed Dividend	-	-	65.54	65.54
(c) Dividend Tax	-	-	11.14	11.14
	<u>49.00</u>	<u>39.33</u>	<u>79.07</u>	<u>80.66</u>

## 8. SHORT-TERM BORROWINGS

### SECURED

- From Banks  
 Buyer's Credit

(₹ 34.60 million is secured against hypothecation by way of a subservient charge on all current assets and movable fixed assets of Ankleshwer plant and ₹ 347.67 million is secured by pledge of units of mutual funds)

## 9. TRADE PAYABLES

- (a) Due to Micro, Small & Medium Enterprises  
 (b) Due to Others

	31.3.2014	31.3.2013
(a) Due to Micro, Small & Medium Enterprises	-	-
(b) Due to Others	545.88	200.95
	<u>545.88</u>	<u>200.95</u>

## 10. OTHER CURRENT LIABILITIES

- (a) Current maturities of Long term debts  
 (b) Interest accrued but not due on borrowings  
 (c) Investor Education & Protection Fund shall be credited by:  
     Unpaid Dividend \*  
 (d) Project liabilities  
 (e) Customers' Credit Balances  
 (f) Employee related liabilities  
 (g) Statutory liabilities  
 (h) Security & Trade deposits  
 (i) Other liabilities

	31.3.2014	31.3.2013
(a) Current maturities of Long term debts	201.95	186.22
(b) Interest accrued but not due on borrowings	4.85	3.28
(c) Investor Education & Protection Fund shall be credited by: Unpaid Dividend *	4.34	3.87
(d) Project liabilities	8.46	17.71
(e) Customers' Credit Balances	0.79	0.50
(f) Employee related liabilities	17.31	20.10
(g) Statutory liabilities	6.27	7.60
(h) Security & Trade deposits	1.96	2.94
(i) Other liabilities	28.03	26.80
	<u>273.96</u>	<u>269.02</u>

\*These figures do not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund except ₹ 0.23 million (previous year ₹ 0.15 million) which is held in abeyance due to legal case pending.

## NOTES TO FINANCIAL STATEMENTS

### 11. FIXED ASSETS

(₹ in million)

PARTICULARS	GROSS BLOCK				DEPRECIATION & AMORTIZATION					IMPAIRMENT				NET BLOCK	
	As at 31.3.13	Additions	Other adjustment (Borrowing Cost)	Sales and/or adjustment	As at 31.3.14	As at 31.3.13	For the Year	Sales and/or adjustment	Up to 31.3.14	As at 31.3.13	For the Year	Sales and/or adjustment	Up to 31.3.14	As at 31.3.14	As at 31.3.13
<b>TANGIBLE ASSETS</b>															
Land & Site Development	321.13	0.85	-	1.00	320.98	-	-	-	-	-	-	-	-	320.98	321.13
Leasehold land & Site Development	15.63	-	-	-	15.63	3.79	0.17	-	3.96	-	-	-	-	11.67	11.84
Buildings	421.20	19.42	-	-	440.62	69.13	10.86	-	79.99	-	-	-	-	360.63	352.07
Plant & Machinery	2,812.35	91.02	0.01	33.55	2,869.83	1,129.77	134.02	23.49	1,240.30	17.85	-	-	17.85	1,611.68	1,664.73
Furniture & Fixtures	84.54	2.85	-	0.09	87.30	22.02	4.32	0.05	26.29	-	-	-	-	61.01	62.52
Vehicles and Fork Lifts	23.09	0.30	-	3.13	20.26	10.27	1.63	2.32	9.58	-	-	-	-	10.68	12.82
Office Equipment	24.33	0.61	-	0.97	23.97	15.92	1.29	0.67	16.54	-	-	-	-	7.43	8.41
Railway Siding & Weigh Bridge	2.89	-	-	-	2.89	0.98	0.14	-	1.12	-	-	-	-	1.77	1.91
	3,705.16	115.05	0.01	38.74	3,781.48	1,251.88	152.43	26.53	1,377.78	17.85	-	-	17.85	2,385.85	2,435.43
<b>INTANGIBLE ASSETS</b>															
Computer Software	7.69	-	-	-	7.69	5.98	1.15	-	7.13	-	-	-	-	0.56	1.71
	3,712.85	115.05	0.01	38.74	3,789.17	1,257.86	153.58	26.53	1,384.91	17.85	-	-	17.85	2,386.41	2,437.14
Capital Work-in-Progress														1.09	17.81
Intangible Assets under Development														-	-
<b>TOTAL</b>														2,387.50	2,454.95
Figures for the corresponding Previous year	3,030.88	724.18	8.59	50.80	3,712.85	1,158.60	131.36	32.10	1,257.86	17.85	-	-	17.85	2,454.95	

# NOTES TO FINANCIAL STATEMENTS

(₹ in million)

12. INVESTMENTS	Face Value ₹	31.3.2014		31.3.2013	
		No.	Amount	No.	Amount
<b>NON CURRENT</b>					
NON-TRADE INVESTMENTS (AT COST)					
<b>a. INVESTMENT IN EQUITY INSTRUMENTS</b>					
<b>FULLY PAID UP (QUOTED)</b>					
IFCI Ltd.	10	200	0.01	200	0.01
HDFC Bank Ltd.	2	2,500	0.01	2500	0.01
Bank Of India	10	9,000	0.40	9,000	0.40
<b>(UNQUOTED)</b>					
Enviro Technology Ltd.	10	10,000	0.10	10,000	0.10
Bharuch Enviro Infrastructure Ltd.	10	1,400	0.01	1,400	0.01
Mittal Tower Premises Co-op. Society Ltd.(₹ 250)	50	5		5	
Narmada Clean Tech Limited	10	822,542	8.23	822,542	8.23
KCI Alco Chem Limited (₹ 500)	5	100		100	
Woodlands Multispeciality Hospital Limited	10	2,180	0.02	2,180	0.02
<b>IN SUBSIDIARY COMPANIES</b> (Jointly held with Nominees)					
Pipri Ltd.	10	4,650,550	48.01	4,650,550	48.01
APAG Holding AG, Switzerland	CHF 1000	270	370.02	270	370.02
Kanoria Africa Textiles PLC, Ethiopia	ETB 10	7,755,000	249.37	1,690,000	50.40
<b>b. INVESTMENT IN PREFERENCE SHARES</b>					
<b>FULLY PAID UP (UNQUOTED)</b>					
8.75% L&T Finance Holdings Limited	100	913,130	91.31	913,130	91.31
16.06% Infrastructure Leasing & Financial services Limited	7,500	4,000	50.00	-	-
<b>c. INVESTMENT IN DEBENTURES/BONDS</b>					
<b>FULLY PAID UP (QUOTED)</b>					
11.7% India Infoline Finance Limited	1,000	-	-	50,000	50.00
11.9% India Infoline Finance Limited	1,000	59,749	56.32	50,000	46.72
12.75% India Infoline Finance Limited	1,000	50,000	51.20	-	-
11.85% Shriram City Union Finance Limited	1,000	35,122	35.33	35,122	35.33
12.25% Muthoot Finance Limited	1,000	-	-	50,000	50.00
8.46% Rural Electrification Corporation Ltd.	1,000,000	21	20.96	-	-
8.48% Indian Railway Finance Corporation Ltd.	1,000,000	50	50.00	-	-
8.48% NTPC Limited	1,000	31,665	31.66	-	-
8.48% India Infrastructure Finance Company Limited	1,000	100,000	100.00	-	-
8.5% National Highway Authority of India	1,000	100,000	100.00	-	-
8.68% National Housing Bank	5,000	10,000	50.76	-	-
11.6% ECL Finance Limited	1,000	50,000	50.00	-	-
<b>(UNQUOTED)</b>					
13% Future Corporate Resources Ltd	2,000,000	-	-	50	100.45
18% Galleria Developers Private Limited	44,450	-	-	400	18.34
19% Shambhavi Realty Private Limited	66,680	500	34.98	-	-
21% Wadhwagroup Holdings Private Limited	83,333	440	40.12	-	-
12.95% Cholamandalam Investment & Finance Company Ltd.	500,000	100	51.28	-	-
18% Eldeco Sohna Project Ltd.	5,000,000	6	30.00	-	-
<b>d. INVESTMENT IN VENTURE CAPITAL FUND</b>					
<b>PARTLY PAID UP (UNQUOTED)</b>					
IIFL Real Estate Fund (Domestic) Sr.1	96	485,955	46.73	485,955.00	23.59
<b>e. INVESTMENT IN MUTUAL FUNDS (QUOTED)</b>					
Tata FMP Series 32-Dividend Payout	10	-	-	20,000,000	200.00
Reliance Fixed Horizon Fund XIX Sr 20-Growth	10	-	-	25,000,000	250.00
Reliance Fixed Horizon Fund XIX Sr 21-Growth	10	-	-	20,000,000	200.00
Reliance Equity Opportunities Fund-Growth	10	-	-	1,027,655	45.00
Reliance Equity Opportunities Fund-Dividend Reinvest	10	2,043,215	44.55	-	-
IDFC SSIF-Investment Plan-Growth	10	-	-	1,761,308	50.00



# NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	Long-term		Short-term	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
<b>13. LOANS AND ADVANCES</b>				
(a) Capital Advances				
Unsecured, Considered Good	0.25	2.81	-	-
(b) Security Deposits				
Unsecured, Considered Good	18.79	37.67	-	-
(c) Loans and Advances to related parties				
Unsecured, Considered Good	113.06	89.45	-	-
(d) Advances Recoverable in cash or in kind				
Unsecured, Considered Good	0.64	0.28	20.76	16.87
(e) Other Loans and Advances				
Loans to Employees	0.61	0.17	1.59	1.31
Balance with Central Excise and other Government Authorities	-	-	79.29	67.27
Income & Wealth Tax Payments and Tax Deducted at Source less Provision	-	-	250.89	231.15
	<u>133.35</u>	<u>130.38</u>	<u>352.53</u>	<u>316.60</u>
<b>14. INVENTORIES</b>		<b>31.3.2014</b>		<b>31.3.2013</b>
(as certified by the Management)				
(a) Stores and Spare Parts etc.		57.16		43.37
(b) Raw Materials		444.46		112.70
Raw Materials in transit		-		7.92
(c) Finished Goods		113.01		88.28
Finished Goods in transit		-		-
(d) Work-in-Process		14.38		17.60
		<u>629.01</u>		<u>269.87</u>
<b>15. TRADE RECEIVABLES</b>				
(a) Outstanding for a period exceeding six months				
Unsecured, Considered Good		2.56		2.51
Doubtful		0.07		-
Provision for Doubtful		(0.07)		-
		<u>2.56</u>		<u>2.51</u>
(b) Others				
Unsecured, Considered Good		520.40		366.25
		<u>522.96</u>		<u>368.76</u>
<b>16. CASH AND BANK BALANCES</b>				
<b>CASH AND CASH EQUIVALENTS</b>				
(a) Cash in hand		0.39		0.43
(b) Cheques/Drafts in hand		-		0.06
(c) Balances with Scheduled Banks				
In Current Account		4.47		12.33
In Current Account (Foreign Currency)		0.92		0.83
In Cash Credit Account		14.15		67.13
<b>OTHER BANK BALANCES</b>				
Earmarked balances with Banks (Unpaid Dividend Account)		4.34		3.87
In Fixed deposit (Receipt deposited as security)		10.67		27.05
		<u>34.94</u>		<u>111.70</u>
<b>17. OTHER CURRENT ASSETS</b>				
(a) Interest and Dividend Receivable				
Unsecured, Considered Good		31.88		19.42
(b) Export Benefits and Claims Receivable				
Unsecured, Considered Good		94.15		50.08
		<u>126.03</u>		<u>69.50</u>



## NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	2013-2014		2012-2013	
<b>18. REVENUE FROM OPERATIONS</b>				
(a) Sale of Products				
Pentaerythritol	891.17		742.90	
Formaldehyde(37%)	1,888.11		1,114.40	
Hexamine	509.12		489.33	
Power Generation	26.15		8.57	
Others	215.68		292.72	
Traded Goods	112.09	3,642.32	-	2,647.92
(b) Other Operating Revenues				
Miscellaneous Sales	24.91		15.45	
Renewal Energy Certificate benefits	87.50		36.83	
Industrial Incentives	6.54		-	
Export benefits	3.65		2.06	
Others	0.25	122.85	0.15	54.49
Gross Revenue from Operations		3,765.17		2,702.41
(c) Excise Duty		367.53		276.90
Net Revenue from Operations		3,397.64		2,425.51
<b>19. OTHER INCOME</b>				
<b>Interest Income</b>				
On long term Investments	78.50		65.69	
On Current Investments	20.81		48.20	
From Others	8.84	108.15	15.91	129.80
<b>Dividend Income</b>				
On long term Investments (Including dividend from Subsidiary Company ₹ Nil)(previous year ₹ Nil)	26.79		0.40	
On Current Investments	-	26.79	0.20	0.60
<b>Net gain on Sale of Investments</b>				
On long term Investments	239.62		57.70	
On Current Investments	16.17	255.79	47.74	105.44
Rent Income		3.35		3.25
Liabilities no longer required written back		6.91		0.69
Other receipts		2.21		1.70
Previous Years Adjustments (Net)		2.57		-
		405.77		241.48
<b>20. COST OF MATERIAL CONSUMED</b>				
<b>Raw Material consumption</b>				
Methanol		1,867.68		1,218.15
Molasses		-		32.42
Anhydrous Ammonia		89.30		111.89
Ethanol		209.53		127.92
Others		137.08		136.30
		2,303.59		1,626.68
<b>21. PURCHASES</b>				
Methanol		102.69		-

# NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	2013-2014		2012-2013	
	Finished Goods	Work-in-Process	Finished Goods	Work-in-Process
<b>22. CHANGE IN INVENTORIES</b>				
<b>Opening Stock</b>				
Pentaerythritol	67.75	4.67	14.77	5.06
Formaldehyde (37%)	11.24	0.05	12.25	-
Hexamine	5.74	1.90	3.72	2.36
Others	3.55	10.98	51.63	10.99
	<u>88.28</u>	<u>17.60</u>	<u>82.37</u>	<u>18.41</u>
<b>Closing stock</b>				
Pentaerythritol	68.09	5.62	67.75	4.67
Formaldehyde (37%)	12.01	-	11.24	0.05
Hexamine	11.04	0.38	5.74	1.90
Others	21.87	8.38	3.55	10.98
	<u>113.01</u>	<u>14.38</u>	<u>88.28</u>	<u>17.60</u>
	<u>(24.73)</u>	<u>3.22</u>	<u>(5.91)</u>	<u>0.81</u>
Change in Excise Duty on Stocks	2.50	-	3.04	-
	<u>(22.23)</u>	<u>3.22</u>	<u>(2.87)</u>	<u>0.81</u>
Total		<u>(19.01)</u>		<u>(2.06)</u>
<b>23. EMPLOYEES BENEFITS EXPENSE</b>				
Salaries, Wages, Bonus & Gratuity etc. (including payments to Contractors)		147.41		140.96
Contribution to Provident Fund		6.92		6.50
Welfare Expenses		12.97		11.56
		<u>167.30</u>		<u>159.02</u>
Less: Transfer to Capital work in progress		-		0.96
		<u>167.30</u>		<u>158.06</u>
<b>24. FINANCE COST</b>				
Interest expense		27.48		40.98
Other borrowing Costs		3.22		4.42
Net gain/loss on foreign currency transaction attributable as adjustment to interest cost		<u>124.63</u>		<u>30.13</u>
		<u>155.33</u>		<u>75.53</u>
Less: Transfer to capital work in progress		0.01		6.59
		<u>155.32</u>		<u>68.94</u>
<b>25. DEPRECIATION AND AMORTIZATION</b>				
Depreciation		152.43		129.74
Amortization		1.15		1.62
		<u>153.58</u>		<u>131.36</u>

## NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	2013-2014		2012-2013	
<b>26. OTHER EXPENSES</b>				
Consumption of Stores & Spare parts etc.		63.80		69.23
Other Manufacturing Expenses		16.16		16.05
Power & Fuel		277.08		287.81
Repairs to				
Plant & Machinery		28.05		27.51
Buildings		3.24		5.94
Others		5.30		5.24
Water Charges & Cess		17.74		14.98
Rates & Taxes (including Provision for wealth tax ₹ 0.07 million) (Previous Year ₹ 0.08 million)		4.64		4.31
Rent		8.23		7.77
Insurance		5.50		6.19
Legal and Professional Charges		15.45		69.73
Miscellaneous Expenses		35.30		38.63
Foreign Exchange Rate Fluctuation		29.83		3.98
Commission & Brokerage to Others		7.39		7.10
Freight, Handling & Other Charges		38.84		12.26
Directors' Fees		0.82		0.87
Travelling Expenses (including Directors' Travelling ₹ 4.24 million) (Previous Year ₹ 8.48 million)		8.88		15.58
Charity & Donations		0.23		0.09
Payment to Auditors				
(a) Statutory Auditors				
Audit Fees	0.60		0.60	
For Certificates & Others	0.67		0.77	
For Travelling and out of pocket expenses	0.16		0.10	
(b) Cost Auditors				
Audit Fees	0.13		0.14	
For Travelling and out of pocket expenses	0.01		0.01	
(c) Tax Auditors				
Audit Fees	0.10	1.67	0.10	1.72
Directors' Remuneration		15.86		15.70
Provision for bad & doubtful Debts & Advances (net)		0.07		(1.74)
Unrealized Debts and Claims written off		5.84		1.95
Loss on Fixed Assets sold/discarded (Net)		3.76		9.73
Previous Years Adjustments (Net)		-		0.40
		<u>593.68</u>		<u>621.03</u>
Less: Transfer to Capital work in progress				
Power & Fuel	0.03		1.13	
Repairs & Maintenance to others	-		0.01	
Rates & Taxes	-		0.05	
Rent	-		0.05	
Insurance premium	-		0.27	
Legal & Professional Charges	-		7.60	
Miscellaneous expenses	-		3.17	
Travelling expenses	-	0.03	0.20	12.48
		<u>593.65</u>		<u>608.55</u>

# NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	2013-2014	2012-2013
<b>27. EARNINGS PER SHARE</b>		
(a) Net Profit available to Equity Shareholders	273.02	47.67
(b) Weighted average number of Equity Shares for EPS calculation Number of Equity Shares for Basic/Diluted EPS	43,693,333	53,396,616
(c) Earnings per Share Basic/Diluted (Rupees)	6.25	0.89
<b>28. CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>(to the extent not provided for)</b>		
(i) Contingent Liabilities		
(a) Claims/Disputed liabilities not acknowledged as debt		
<u>Nature of Contingent Liability</u>	<u>Status Indicating Uncertainties</u>	
Demand notices issued by Central Excise Department	The matter is pending with Commissioner (Appeal) (paid ₹ 0.37 million)	6.97 1.05
Sales tax/VAT demands issued by assessing authority	The matter is pending with Trade Tax Tribunal (paid ₹ 0.43 million)	0.43 0.43
Income tax demands issued by DCIT	The matter is pending with CIT (Appeal) (paid/adjusted ₹ 116.02 million)	150.36 146.37
(b) Outstanding Bank Guarantees		38.86 28.53
(c) Corporate Guarantee given to:		
(i) Gujarat Industrial Development Corporation for securing loan of Bharuch Eco-Aqua Infrastructure Limited		11.63 11.63
(ii) Export-Import Bank of India for securing loan of Kanoria Africa Textiles PLC, Ethiopia (outstanding Loan ₹ Nil)		1,322.20 -
(iii) Ceskoslovenska obchodni banka, a.s. for securing loan of APAG Elektronik s.r.o., Czech Republic (outstanding loan ₹ Nil)		330.31 -
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for		3.97 31.15
Advances paid		0.25 2.81
<b>29. C.I.F. VALUE OF IMPORTS</b>		
Raw Materials	1,323.17	641.46
Stores and Spares	58.51	60.29
Capital Goods	2.15	7.03
<b>30. EXPENDITURE IN FOREIGN CURRENCY (PAID/PROVIDED)</b>		
Travelling	0.85	4.33
Finance/Bank Charges	21.57	28.57
Professional Charges	2.54	13.78
Others	3.34	0.66
<b>31. EARNINGS IN FOREIGN CURRENCY</b>		
F.O.B. Value of Exports	115.21	48.49
Others	2.92	5.23
<b>32.</b> In the absence of revaluation reserve, depreciation on revalued assets has been charged to Profit & Loss Account.	0.36	0.69
<b>33.</b> For the year ended 31st March, 2014, the Board of Directors of the Company have recommended dividend of ₹ 1.50 per share (Previous year ₹ 1.50 per share) to equity shareholders aggregating to ₹ 65.54 million (Previous year ₹ 65.54 million). Together with the Corporate Dividend Distribution Tax of ₹ 11.14 million (Previous year ₹ 11.14 million), the total payout will be ₹ 76.68 million (Previous year ₹ 76.68 million).		
<b>34.</b> There are no Micro, Small & Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31 <sup>st</sup> March, 2014. This information is required to be disclosed under the Micro, Small & Medium enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.		
<b>35.</b> Income from Investments represent the income earned on the temporary investments made out of proceeds from sale of Chloro Chemicals Division. These temporary investments have been made due to surplus funds available in the interim and shall be deployed in businesses in due course.		

## NOTES TO FINANCIAL STATEMENTS

### 36. SEGMENT REPORTING

#### (A) Primary Segment Information (by Business Segment)

(₹ in million)

Business Segment	2013-2014			2012-2013		
	Alco Chemicals	Solar Power	Total	Alco Chemicals	Solar Power	Total
<b>Segment Revenue</b>						
Revenue from operations (net of excise)	3,283.99	113.65	3,397.64	2,380.10	45.41	2,425.51
<b>Segment Result</b>						
(Profit before Interest & Tax)	149.68	53.12	202.80	34.10	12.48	46.58
Less: (i) Finance Cost			155.32			68.94
(ii) Other Un-allocable expenditure net off Un-allocable income (including exceptional items)			(298.81)			(97.82)
Profit before Tax			346.29			75.46
Add: Taxation for earlier year			-			0.04
Less: Provision for Taxation -Current			65.91			10.44
-Deferred			7.36			17.39
<b>Net Profit:</b>			<b>273.02</b>			<b>47.67</b>
<b>Other Information</b>						
Segment Assets	2,992.37	662.89	3,655.26	2,535.68	654.94	3,190.62
Un-allocable Corporate Assets			3,197.93			3,465.50
<b>Total Assets:</b>			<b>6,853.19</b>			<b>6,656.12</b>
Segment Liabilities	619.26	14.24	633.50	276.83	15.11	291.94
Un-allocable Corporate Liabilities			114.32			113.34
<b>Total Liabilities:</b>			<b>747.82</b>			<b>405.28</b>
Segment Capital Employed	2,373.11	648.65	3,021.76	2,258.85	639.83	2,898.68
Un-allocable Capital Employed			3,083.61			3,352.16
<b>Total Capital Employed:</b>			<b>6,105.37</b>			<b>6,250.84</b>
Capital Expenditure	95.01	8.88	103.89	85.71	639.53	725.24
Un-allocable Capital Expenditure			11.17			7.53
<b>Total Capital Expenditure:</b>			<b>115.06</b>			<b>732.77</b>
Depreciation & Amortization	102.23	47.11	149.34	104.20	22.25	126.45
Un-allocable Depreciation			4.24			4.91
<b>Total Depreciation &amp; Amortization:</b>			<b>153.58</b>			<b>131.36</b>
Other Non-cash expenses	-	-	-	-	-	-

#### (B) Secondary Segment information

Not applicable, as all the plants of the Company are located in India and Exports does not constitute 10% or more of total Segment Revenue.

#### (C) Other Disclosures

##### Basis of pricing inter/Intra segment transfer and any change therein:

At prevailing market-rate at the time of transfers.

##### Segment Accounting Policies

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.

##### Type of products included in each reported business segment:

Alco Chemicals business includes Pentaerythritol, Sodium Formate, Acetaldehyde, Formaldehyde, Hexamine, Industrial Alcohol, Acetic Acid & Ethyl Acetate etc. and Solar Power business includes Power generation from Solar energy.

# NOTES TO FINANCIAL STATEMENTS

(₹ in million)

37. Disclosure as required by Accounting Standard 15 (Revised) on Employee Benefits: - In respect of Leave Encashment & Gratuity, a defined benefit scheme (based on Actuarial Valuation)-

Description	2013-2014		2012-2013	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
<b>Change in Obligation over the year ended 31-03-2014</b>				
- Present Value of Defined Benefit Obligation as on 01-04-2013	7.76	35.55	6.73	32.12
- Employer Service Cost	0.74	2.57	0.79	2.48
- Interest Cost	0.79	3.47	0.58	2.71
- Curtailment Cost / (Credit)	-	-	-	-
- Settlement Cost / (Credit)	-	-	-	-
- Plan Amendments	-	-	-	-
- Acquisitions	-	-	-	-
- Actuarial (gains) / losses	1.78	1.77	0.47	0.82
- Benefits paid	(1.22)	(1.82)	(0.81)	(2.58)
- Present Value of Defined Benefit Obligation as on 31-03-2014	<u>9.85</u>	<u>41.54</u>	<u>7.76</u>	<u>35.55</u>
<b>Expenses recognized during the year 2013-14</b>				
- Employer Expenses	0.74	2.57	0.79	2.48
- Interest Cost	0.79	3.47	0.58	2.71
- Curtailment Cost / (Credit)	-	-	-	-
- Settlement Cost / (Credit)	-	-	-	-
- Actuarial (gains) / losses	1.78	1.77	0.47	0.82
<b>Total</b>	<u>3.31</u>	<u>7.81</u>	<u>1.84</u>	<u>6.01</u>

#### Principal Actuarial Assumptions

Discount rate (based on the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities)

9.00%

8.00%

Salary increase (taking into account inflation, seniority, promotion and other relevant factors)

7%

5%

The Company has unfunded scheme for payment of gratuity to all eligible employees calculated at specified number of days of last drawn salary depending upon tenure of service for each year of completed service subject to minimum five years of service payable at the time of separation upon superannuation or on exit otherwise.

In respect of Defined contribution schemes -

The guidance notes on implementation of AS-15 (revised) issued by the ICAI states that provident fund set up by the employers, which require interest shortfall to be met by the employers, needs to be treated as defined benefit plan. The fund set up by the Company does not have existing deficit of interest shortfall. The Company contributes 12% of salary for all eligible employees towards Provident Fund managed either by approved trusts or by the Central Government. The amount debited to Profit and Loss account during the year was ₹ 6.92 million (previous year ₹ 6.44 million).

## 38. RELATED PARTY DISCLOSURES

(i) List of related parties and relatives with whom transaction taken place:

Name of the Related Parties	Relationship
1. Vardhan Limited	Holding Company
2. Pipri Limited	
3. Kanoria Africa Textiles PLC, Ethiopia	
4. APAG Holding AG, Switzerland	Subsidiary Companies
5. APAG Elektronik AG, Switzerland	
6. APAG Elektronik s.r.o., Czech Republic	
7. Mr. R. V. Kanoria - Chairman & Managing Director	Key Management Personnel
8. Mr. T. D. Bahety - Whole Time Director	
9. Mr. S. V. Kanoria	
10. Mr. A. V. Kanoria	Relative of Key Management Personnel
11. Mrs. V. Kanoria	
12. KPL International Limited	Enterprises over which Key Management Personnel exercises significant influence



## NOTES TO FINANCIAL STATEMENTS

(₹ in million)

(ii) Transaction with related parties:

Nature of Transaction	2013-2014				2012-2013			
	Holding/ Subsidiary Companies	Key Management Personnel	Relative of Key Management Personnel	Enterprises over which Key Management Personnel exercise significant influence	Holding/ Subsidiary Companies	Key Management Personnel	Relative of key Management Personnel	Enterprises over which Key Management Personnel exercise significant influence
Dividend Paid								
Vardhan Limited	38.65	-	-	-	38.60	-	-	-
Mr. R. V. Kanoria	-	0.65	-	-	-	0.65	-	-
Mr. S. V. Kanoria	-	-	0.83	-	-	-	0.83	-
Mr. A. V. Kanoria	-	-	0.65	-	-	-	0.65	-
Others	-	0.01	-	-	-	0.01	-	-
Investments								
Kanoria Africa Textiles PLC	198.97	-	-	-	50.40	-	-	-
APAG Holding AG	-	-	-	-	370.02	-	-	-
Loans & Advances								
Kanoria Africa Textiles PLC	23.61	-	-	-	13.39	-	-	-
APAG Holding AG	-	-	-	-	75.31	-	-	-
Remuneration								
Mr. R. V. Kanoria	-	11.23	-	-	-	11.01	-	-
Mr. T. D. Bahety	-	4.63	-	-	-	4.69	-	-
Mr. S. V. Kanoria	-	-	4.05	-	-	-	3.68	-
Mrs. V. Kanoria	-	-	1.87	-	-	-	1.51	-
Purchases of Raw Material								
KPL International Limited	-	-	-	611.40	-	-	-	-
Purchases of Fixed Assets								
KPL International Limited	-	-	-	0.30	-	-	-	-
Commission Paid								
KPL International Limited	-	-	-	1.52	-	-	-	0.53
Rent received								
KPL International Limited	-	-	-	0.71	-	-	-	0.66
Rent Paid								
KPL International Limited	-	-	-	1.61	-	-	-	1.67
Security Deposit Paid								
KPL International Limited	-	-	-	-	-	-	-	(0.45)
Balances due from	112.31	-	-	0.75	88.70	-	-	0.75
Balances due to	-	-	0.56	0.05	-	-	0.49	0.32

### 39. CONSUMPTION OF RAW MATERIALS AND SPARES & COMPONENTS

(₹ in million)

	Consumption of Raw Materials				Consumption of Spares and Components			
	2013-2014		2012-2013		2013-2014		2012-2013	
		%		%		%		%
Imported	1,102.13	48	682.11	42	42.67	72	50.18	75
Indigenous	1,201.46	52	944.57	58	16.45	28	16.38	25
	<u>2,303.59</u>	<u>100</u>	<u>1,626.68</u>	<u>100</u>	<u>59.12</u>	<u>100</u>	<u>66.56</u>	<u>100</u>

### 40. FIGURES FOR THE PREVIOUS YEAR HAVE BEEN REGROUPED/REARRANGED, WHEREVER FOUND NECESSARY.

Signatures to Notes 1 to 40

For SINGHI & CO.  
Chartered Accountants  
Firm Registration No.302049E

RAJIV SINGHI  
Partner  
Membership No. 53518  
Camp: New Delhi  
Dated, the 17<sup>th</sup> day of May, 2014

For and on behalf of the Board

AMITAV KOTHARI  
Director

R. V. KANORIA  
Managing Director

N. K. NOLKHA  
Chief Financial Officer

N. K. SETHIA  
Company Secretary

# INDEPENDENT AUDITORS' REPORT

## To the Board of Directors of Kanoria Chemicals & Industries Limited.

We have audited the accompanying consolidated financial statements of Kanoria Chemicals & Industries Limited ("the Company") its subsidiaries (collectively referred as Group) which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on the financial statements and Management certified account in case of foreign subsidiaries as noted below, the consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### Other Matter

1. We did not audit the financial statements of Pipri Ltd., an Indian subsidiary, whose financial statements reflect total assets of Rs. 108.91 million as at 31<sup>st</sup> March 2014, total revenues of Rs. 25.08 million and net cash outflow of Rs. 0.86 million for the year then ended. The financial statement have been audited by other auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.
2. We did not audit the consolidated financial statement of APAG Holding AG, a foreign subsidiary, whose financial statements reflect total assets of Rs.1173.99 million as at 31<sup>st</sup> March 2014, total revenues of Rs.2017.35 million and net cash inflow of Rs. 34.90 million for the year then ended. The consolidated financial statement have been audited by other auditor as per the prevailing law of those countries and has been converted by the management under Indian GAAP and our opinion, insofar as it relates to the amounts included in respect of this foreign subsidiary, is based solely on the management certifications. We have reviewed the conversion of above management certified consolidated financial statement into Indian GAAP.
3. We did not audit the standalone financial statement of Kanoria Africa Textiles PLC, a foreign subsidiary, whose financial statements reflect total assets of Rs.450.40 million as at 31<sup>st</sup> March 2014, total revenues of Rs.NIL and net cash outflow of Rs. 4.76 million for the year then ended. The financial statement have been audited by other auditor as per the prevailing law of those countries and has been converted by the management under Indian GAAP and our opinion, insofar as it relates to the amounts included in respect of this foreign subsidiaries, are based solely on the management certifications.

Our report is not qualified in respect of these matters.

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For SINGHI & CO.  
Chartered Accountants  
Firm Registration No.302049E

RAJIV SINGHI  
(Partner)  
Membership No 53518

Camp : New Delhi  
Dated : the 17<sup>th</sup> day of May, 2014

# CONSOLIDATED BALANCE SHEET

AS AT 31<sup>ST</sup> MARCH, 2014

(₹ in million)

Particulars	Note No.	31.3.2014	31.3.2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	218.49	218.49
Reserves & Surplus	3	4,740.53	4,468.72
		<u>4,959.02</u>	<u>4,687.21</u>
<b>Minority Interest</b>			
		19.64	15.28
<b>Non-current Liabilities</b>			
Long-term Borrowings	4	860.59	855.64
Deferred Tax Liabilities (Net)	5	211.38	194.21
Other Long-term Liabilities	6	198.93	1.54
Long-term Provisions	7	74.61	53.83
		<u>1,345.51</u>	<u>1,105.22</u>
<b>Current Liabilities</b>			
Short-term Borrowings	8	488.57	676.07
Trade Payable	9	724.35	293.13
Other Current Liabilities	10	479.96	343.34
Short-term Provisions	7	79.07	80.66
		<u>1,771.95</u>	<u>1,393.20</u>
<b>Total</b>		<u>8,096.12</u>	<u>7,200.91</u>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets			
	11		
Tangible Assets		2,896.14	2,590.90
Intangible Assets		378.81	340.35
Capital Work-in-Progress		144.76	18.22
Intangible Assets under development		-	-
		<u>3,419.71</u>	<u>2,949.47</u>
Non-current Investments		1,838.14	2,235.06
Long-term Loans & Advances	12	116.41	98.68
<b>Current Assets</b>			
Current Investments		268.33	312.36
Inventories	13	951.00	453.54
Trade Receivables	14	866.53	592.69
Cash and Bank Balances	15	75.00	122.49
Short-term Loans & Advances	12	439.90	368.76
Other Current Assets	16	121.10	67.86
		<u>2,721.86</u>	<u>1,917.70</u>
<b>Total</b>		<u>8,096.12</u>	<u>7,200.91</u>
<b>Significant Accounting policies</b>	1		

The accompanying notes are an integral part of the Financial Statements

As per our report annexed  
For SINGHI & CO.  
Chartered Accountants  
Firm Registration No.302049E

For and on behalf of the Board

RAJIV SINGHI  
Partner  
Membership No. 53518

Camp: New Delhi  
Dated, the 17<sup>th</sup> day of May, 2014

AMITAV KOTHARI  
Director

R. V. KANORIA  
Managing Director

N. K. NOLKHA  
Chief Financial Officer

N. K. SETHIA  
Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014

(₹ in million)

Particulars	Note No.	2013-2014	2012-2013
<b>INCOME</b>			
Revenue from Operations	17	5,413.81	3,714.28
Other Income	18	429.16	244.16
		<u>5,842.97</u>	<u>3,958.44</u>
<b>EXPENSES</b>			
Cost of Raw Materials Consumed	19	3,386.15	2,235.67
Purchases of Stock-in-Trade	20	102.69	-
Change in Inventories of finished goods, work-in-progress and Stock-in-Trade	21	(47.00)	(0.34)
Employees Benefits Expense	22	679.86	511.02
Finance Costs	23	168.30	82.12
Depreciation & Amortization	24	242.16	191.94
Other Expenses	25	884.73	822.46
Total Expenses		<u>5,416.89</u>	<u>3,842.87</u>
<b>Profit before exceptional and extraordinary items and Tax</b>		426.08	115.57
Exceptional items		-	-
<b>Profit before extraordinary items and Tax</b>		426.08	115.57
Extraordinary items		-	-
<b>Profit before Tax</b>		426.08	115.57
Add: Taxation for earlier year		0.00	(0.05)
Less: Tax Expense			
Current		68.31	10.77
Deferred		16.48	22.78
Add: MAT credit entitlement		0.15	-
<b>Profit before minority interest</b>		341.44	81.97
Less: Minority Interest		4.36	3.04
<b>Profit for the year</b>		<u>337.08</u>	<u>78.93</u>
<b>Earning per Equity Share (Face Value ₹ 5 each)</b>	27		
- Basic & Diluted (₹)		7.71	1.48
<b>Significant Accounting policies</b>	1		

The accompanying notes are an integral part of the Financial Statements

As per our report annexed  
For SINGHI & CO.  
Chartered Accountants  
Firm Registration No.302049E

RAJIV SINGHI  
Partner  
Membership No. 53518

Camp: New Delhi  
Dated, the 17<sup>th</sup> day of May, 2014

For and on behalf of the Board

AMITAV KOTHARI  
Director

R. V. KANORIA  
Managing Director

N. K. NOLKHA  
Chief Financial Officer

N. K. SETHIA  
Company Secretary

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

(₹ in million)

	2013-2014	2012-2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax & Exceptional items	426.08	115.57
Adjustments for:		
Depreciation & Amortization	242.16	191.94
Finance Costs	168.30	82.12
(Profit)/Loss on Sale of Fixed Assets (Net)	3.76	9.73
(Profit)/Loss on Sale Investments (Net)	(274.69)	(105.86)
Interest Income	(105.29)	(127.59)
Dividend Income	(32.96)	(4.42)
Foreign Currency Translation Reserve	12.10	(1.23)
Operating Profit before Working Capital changes	439.46	160.26
Adjustments for:		
Trade Receivables, Loans & Advances and Other Current Assets	(364.86)	(211.43)
Inventories	(497.46)	(50.43)
Trade Payables, Other liabilities & Provisions	706.26	0.33
Cash generated from Operations	283.40	(101.27)
Income Tax Paid	(86.42)	(20.35)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	196.98	(121.62)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(724.62)	(220.58)
Sale of Fixed Assets	8.46	8.97
Loan & Advances to related party	(23.66)	(13.31)
Purchase of shares of subsidiary	-	(370.02)
Purchase of Investments	(6,228.23)	(8,213.60)
Sale of Investments	6,943.87	9,277.53
Interest received	96.12	132.14
Dividend received	32.96	4.42
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	104.90	605.55
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/Payments of Borrowings (net)	(105.69)	112.00
Buy-back of Equity Shares	-	(494.20)
Dividend Paid (including Dividend Tax)	(76.68)	(98.14)
Finance Charges paid	(167.47)	(96.27)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	(349.84)	(576.61)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(47.96)	(92.68)
CASH AND CASH EQUIVALENTS - AS AT 01.04.2013	118.62	166.91
ON ACCOUNT OF ACQUISITION OF SUBSIDIARY	-	44.39
CASH AND CASH EQUIVALENTS - AS AT 31.03.2014	70.66	118.62
Notes:		
a. Cash and Cash equivalents included in the Cash Flow Statement comprise the following Balance Sheet amounts:		
Cash and Bank Balances	75.00	122.49
Less: Unpaid Dividend	4.34	3.87
Cash and Cash equivalents	70.66	118.62
b. Above statement has been prepared under indirect method except in case of interest, dividend and taxes which have been considered on the basis of actual movement of cash, with corresponding adjustments in assets & liabilities.		
c. Additions to Fixed Assets are stated inclusive of movements of capital work in progress in between beginning and end of the year and treated as part of Investing Activities.		

As per our report annexed  
For SINGHI & CO.  
Chartered Accountants  
Firm Registration No.302049E

For and on behalf of the Board

RAJIV SINGHI  
Partner  
Membership No. 53518  
Camp: New Delhi  
Dated, the 17<sup>th</sup> day of May, 2014

AMITAV KOTHARI  
Director

R. V. KANORIA  
Managing Director

N. K. NOLKHA  
Chief Financial Officer

N. K. SETHIA  
Company Secretary

# NOTES TO FINANCIAL STATEMENTS

## 1. SIGNIFICANT ACCOUNTING POLICIES

### A. PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements (CFS) relate to Kanoria Chemicals & Industries Limited (the Company) and its subsidiaries. The CFS have been prepared in accordance with the Accounting Standards - 21 on 'Consolidated Financial Statements' and are prepared on the following basis:

- (a) The financial statements of the company and its subsidiaries are combined on a line by line basis by adding together the book value of the like items of assets, liabilities, income and expenses, after fully eliminating inter group balances and transactions including unrealized profits/losses in period end assets. The difference between the company's cost of investments in the Subsidiaries, over its portion of equity at the time of acquisition of shares is recognized in the CFS as Goodwill or Capital Reserve as the case may be. Minority Interest's share in net profit/loss of consolidated subsidiaries for the year is adjusted against the income of the Group in order to arrive at the net income attributable to equity shareholders of the Company. Minority Interest's share in net assets of consolidated subsidiaries is presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders. Minority Interest in the consolidated financial statements is identified and recognized after taking into consideration:
  - (i) The amount of equity attributable to minorities at the date on which investments in a subsidiary is made.
  - (ii) The minorities' share of movement in equity since the date parent-subsidiary relationship came into existence.
  - (iii) The profits/losses attributable to the minorities are adjusted against the minority interest in the equity of the subsidiary.
- (b) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are translated at the average rates prevailing during the period. Assets, liabilities and equity are translated at the closing rate. Any exchange difference arising on translation is recognized in the "Foreign Currency Translation Reserve".
- (c) The CFS are prepared by using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible, are made in the CFS and are presented in the same manner as the Company's separate financial statements except otherwise stated elsewhere in this schedule.

### B. SIGNIFICANT ACCOUNTING POLICIES

#### 1. Accounting Convention:

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India, applicable Accounting Standards as prescribed by Companies (Accounting Standards) Rule, 2006 issued by Ministry of Corporate Affairs and the provisions of the Companies Act, 1956, except for certain fixed assets which have been revalued.

All items of income and expenditure have been recognized on accrual basis. The accounting policies applied by the Company are consistent with those used in the previous years.

#### 2. Use of Estimates:

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

#### 3. Revenue Recognition:

- (i) Sales revenue is recognized on transfer of significant risk and rewards of the ownership of the goods to the buyer and stated at net of trade discounts and rebates. Other income is recognized on accrual basis. Dividend income on investments is accounted for when the right to receive the payment is established.
- (ii) Renewable Energy Certificates (RECs) are recognized as accrued on the basis of notification issued by Central Electricity Regulatory Commission (CERC). Revenue from RECs is recognized on the basis of actual sale price on transfer of certificates and on the basis of CERC prescribed floor price for RECs held by/accrued to the company.
- (iii) Sale of Certified Emission Reductions (CERs) is recognized as Income on the delivery of the CERs to the buyer(s).

#### 4. Fixed Assets:

- (i) Fixed Assets, including modernization expenses incurred are stated at cost of acquisition, construction and improvement made, which is inclusive of freight, duties, taxes, incidental expenses, interest & fund raising cost and other pre-operative expenses apportioned and also includes revaluation amount.
- (ii) Capital Work-in-Progress is stated at cost including interest and related expenses incurred during construction or pre-operative period.
- (iii) Intangible Assets are stated at cost.

#### 5. Depreciation & Amortization :

- (i) Depreciation on Tangible Assets, except leasehold land, has been provided using Straight Line Method based on estimated useful life or on the basis of rates prescribed under respective local laws. Leasehold lands are amortized over the period of lease on straight line basis.
- (ii) Depreciation on revalued amount of Fixed Assets has been calculated on pro-rata basis to their residual life and charged to Profit & Loss Account in absence of Revaluation Reserve.
- (iii) Intangible Assets, other than Goodwill, are amortized over their estimated useful lives on straight line basis.

#### 6. Foreign Currency Transactions :

- (i) Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Year end balance of foreign currency monetary items are translated at the year end rates and the corresponding effect is given in the accounts excepting those transactions covered by the fixed forward contract for conversion of foreign currency loan in rupee loan which are stated at contracted amount. Transactions completed during the year are adjusted on actual basis.



## NOTES TO FINANCIAL STATEMENTS

(ii) In respect of transactions covered under forward foreign exchange contracts, the difference between the forward rate and exchange rate at the inception of contract is recognized as income or expense over the life of the contract.

(iii) Effects arising of interest swap contracts are being adjusted on the date of settlement. Year end liabilities/assets are recognized at the relevant rate prevailing on that date.

### 7. Inventories :

Inventories are valued as under:-

Stores & Spare Parts etc.#

Raw Materials #

Finished Goods

Work-in-Process

At Cost or net realizable value whichever is lower

At Cost or net realizable value whichever is lower

At Cost or net realizable value, whichever is lower and in case of products, where cost cannot be ascertained, at net realizable value.

At Raw Material Cost and/or at cost or net realizable value, whichever is lower

# The Cost has been arrived at using Weighted Average method.

### 8. Investments :

Long term Investments are stated at cost less provision, if any, for diminution, which is considered as permanent in nature. Current Investments are stated at cost or fair value whichever is lower.

### 9. Employee Benefits:

Employee benefits of short-term nature are recognized as expenses as and when it accrues. Long-term employee benefits (e.g. long- service leave) and post employment benefits (e.g., gratuity), both unfunded, are recognized on expenses based on actuarial valuation at year end using projected unit credit method. Actuarial gain and losses are recognized immediately in the profit and loss account.

### 10. Taxation on Income:

(i) Tax expense comprises current and deferred taxes. Current taxes are determined based on respective taxable income of each taxable entity and tax rules applicable for respective tax jurisdictions.

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

The tax expense is not comparable with the profit before tax, since it is consolidated on a line-by-line addition for each subsidiary company and no tax effect is recorded in respect of consolidation adjustments. This accounting treatment is as per accounting standard AS-21.

(ii) Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which minimum alternative tax credit becomes eligible to be recognized as an asset in accordance with the recommendation contained in guidance note issued by The Institute of Chartered Accountants of India, the said asset is created by way of credit to Profit & Loss Account. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

### 11. Borrowing Cost:

Interest and other costs in connection with the borrowing of the funds to the extent related/attribution to the acquisition/construction of qualifying fixed assets are capitalized up to the date when such assets are ready for its intended use and other borrowing costs are charged to Profit & Loss Account.

### 12. Impairment:

Impairment loss is recognized wherever the carrying amount of an assets is in excess of its recoverable amount and the same is recognized as an expense in the statement of Profit and Loss and carrying amount of the assets is reduced to its recoverable amount. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased.

### 13. Research and Development:

Expenditure incurred during research and development phase is charged to revenue when no intangible assets arises from such research.

### 14. Product warranty expenses

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise.

### 15. Commodity hedging contracts :

The realized gain or loss in respect of commodity hedging contracts, the pricing period of which has expired during the year are recognized in Profit and Loss Account. However, in respect of contracts, the pricing period of which extends beyond the Balance Sheet date, provisions for net loss on mark to market basis is made.

### 16. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes on Accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	31.3.2014	31.3.2013
<b>2. SHARE CAPITAL</b>		
(a) AUTHORISED 100,000,000 (Previous year 100,000,000) Equity Shares of ₹ 5 each	500.00	500.00
ISSUED, SUBSCRIBED AND FULLY PAID 43,693,333 (Previous year 43,693,333) Equity Shares of ₹ 5 each Add: Forfeited Shares (Amount paid up)	218.47 0.02 <u>218.49</u>	218.47 0.02 <u>218.49</u>
(b) Reconciliation of number of Shares (Nos.): Outstanding at the beginning of the year Less: Shares brought-back Outstanding at the end of the year	43,693,333 - <u>43,693,333</u>	56,296,500 12,603,167 <u>43,693,333</u>

(c) The Company has only one class of issued shares i.e. Equity Share having par value of ₹ 5 per share. Each holder of Equity Share is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.

(d) Vardhan Limited, the holding company, holds 26,133,872 Equity Shares of ₹ 5 each in the company.

(e) Details of shareholders holding more than 5 percent equity shares.

Name of the Shareholders	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	No. of shares	% of Holding	No. of shares	% of Holding
Vardhan Limited	26,133,872	59.81	25,733,079	58.89
R V Investment & Dealers Limited	3,210,120	7.35	3,210,120	7.35

(f) No Shares have been reserved for issue under options and contracts/commitments for the sale of shares/disinvestment as at the Balance Sheet date.

(g) The Company, during the year 2012-13, had bought back 12,603,167 Equity Shares of ₹ 5 each.

(h) None of the securities are convertible into shares at the end of the reporting period.

(i) No calls are unpaid by any Director or Officer of the Company during the year.

	31.3.2014		31.3.2013	
<b>3. RESERVES &amp; SURPLUS</b>				
(a) CAPITAL RESERVE As per last financial statements		34.17		34.17
(b) CAPITAL REDEMPTION RESERVE As per last financial statements Add: Transfer from General Reserve	72.69 -	72.69	9.67 63.02	72.69
(c) SECURITIES PREMIUM ACCOUNT As per last financial statements Less: Utilized towards buy-back of Equity Shares	161.51 -	161.51	592.70 431.19	161.51
(d) SPECIAL RESERVE As per last financial statements Add: Transfer from Surplus	19.34 4.97	24.31	18.53 0.81	19.34
(e) GENERAL RESERVE As per last financial statements Less: Transfer to Capital Redemption Reserve  Add : Transfer from Surplus	2,627.41 - 2,627.41 1,000.00	3,627.41	2,685.43 63.02 2,622.41 5.00	2,627.41
(f) FOREIGN CURRENCY TRANSLATION RESERVE Adjustment for transfer of non-integral foreign operations		2.40		(2.22)
(g) SURPLUS Balance as per last Account Add: Foreign Currency Translation adjustment Add: As per annexed Statement of Profit & Loss  Less: Proposed Dividend on Equity Shares Provision for Dividend Tax Transfer to Special Reserve Transfer to General Reserve	1,555.82 6.79 337.08 1,899.69  65.54 11.14 4.97 1,000.00 1,081.65		1,559.38 - 78.93 1,638.31  65.54 11.14 0.81 5.00 82.49	
Total		4,740.53		4,468.72

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	Non-current		Current maturities	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
<b>4. LONG-TERM BORROWINGS</b>				
<b>SECURED</b>				
(a) Term Loans				
From Banks	503.85	646.51	201.54	184.72
(Secured/to be secured by first charge and mortgage by deposit of title deeds of immovable properties and hypothecation of movable fixed assets, both present and future and pending creation of such security temporarily secured by pledge of units of mutual fund)				
(Repayable in ten half yearly installments beginning from 3 <sup>rd</sup> December, 2012)				
Vehicle Financing from Banks	-	0.41	0.41	1.50
(Secured by hypothecation of related vehicles.)				
	<u>503.85</u>	<u>646.92</u>	<u>201.95</u>	<u>186.22</u>
<b>UNSECURED</b>				
From Banks	356.74	208.72	61.12	-
	<u>860.59</u>	<u>855.64</u>	<u>263.07</u>	<u>186.22</u>
Less: Amount disclosed under the head "other current liabilities" (Note no.10)	-	-	263.07	186.22
	<u>860.59</u>	<u>855.64</u>	<u>-</u>	<u>-</u>
	<b>31.3.2014</b>	<b>31.3.2013</b>		
<b>5. DEFERRED TAX LIABILITIES (NET)</b>				
DEFERRED TAX LIABILITY				
Depreciation		228.85		208.93
DEFERRED TAX ASSETS				
Retirement Benefits		17.47		14.72
		<u>211.38</u>		<u>194.21</u>
<b>6. OTHER LONG-TERM LIABILITIES</b>				
Leasehold land obligation payable		197.06		-
Security Deposits		1.87		1.54
		<u>198.93</u>		<u>1.54</u>
	<b>Long-term</b>	<b>Short-term</b>		
<b>7. PROVISIONS</b>	<b>31.3.2014</b>	<b>31.3.2013</b>	<b>31.3.2014</b>	<b>31.3.2013</b>
(a) Provision for employee benefits				
For Gratuity	39.54	32.42	2.00	3.12
For Accrued Leave	29.98	17.60	0.39	0.86
(c) Provision for Product Warranties	5.09	3.81	-	-
(d) Proposed Dividend	-	-	65.54	65.54
(e) Dividend Tax	-	-	11.14	11.14
	<u>74.61</u>	<u>53.83</u>	<u>79.07</u>	<u>80.66</u>
<b>8. SHORT-TERM BORROWINGS</b>	<b>31.3.2014</b>	<b>31.3.2013</b>		
<b>SECURED</b>				
(a) From Banks				
Loans Repayable on Demand		103.83		58.56
(Secured by hypothecation of Inventories)				
Buyer's Credit		382.27		604.11
(₹ 34.60 million is secured against hypothecation by way of a subservient charge on all current assets and movable fixed assets of Ankleshwar plant and ₹ 347.67 million is secured by pledge of units of mutual funds)				
<b>UNSECURED</b>				
(b) From Banks				
Working Capital Loans Repayable on Demand		2.47		13.40
		<u>488.57</u>		<u>676.07</u>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 11. FIXED ASSETS

(₹ in million)

NET BLOCK PARTICULARS	GROSS BLOCK						DEPRECIATION & AMORTIZATION						IMPAIRMENT					
	As at 31.3.13	Additions	Other adjustment (Borrowing Cost)	Foreign Currency Translation adjustment	Sales and/or adjustment	As at 31.3.14	As at 31.3.13	For the Year	Foreign Currency Translation adjustment	Sales and/or adjustment	Up to 31.3.14	As at 31.3.13	For the Year	Sales and/or adjustment	Up to 31.3.14	As at 31.3.14	As at 31.3.13	
<b>TANGIBLE ASSETS</b>																		
Land & Site Development	321.13	25.30	-	-	1.00	345.43	-	-	-	-	-	-	-	-	-	345.43	-	321.13
Leasehold land & Site Development	15.63	247.57	-	-	-	263.20	3.79	3.00	-	-	6.79	-	-	-	-	256.41	-	11.84
Buildings	450.29	20.86	-	4.75	-	475.90	90.31	12.10	3.69	-	106.10	-	-	-	-	369.80	-	359.98
Plant & Machinery	3,182.15	187.14	0.01	54.94	33.55	3,390.69	1,370.35	173.66	38.96	23.49	1,559.48	17.85	-	-	1,813.36	-	1,793.95	
Furniture & Fixtures	111.76	4.10	-	5.00	0.08	120.78	46.16	6.10	4.46	0.04	56.68	-	-	-	64.10	-	65.60	
Vehicles and Fork Lifts	26.20	0.30	-	0.50	3.14	23.86	12.33	1.80	0.38	2.32	12.19	-	-	-	11.67	-	13.87	
Office Equipments	152.97	20.26	-	23.66	0.97	195.92	130.35	11.15	21.49	0.67	162.32	-	-	-	33.60	-	22.62	
Railway Siding & Weigh Bridge	2.89	-	-	-	-	2.89	0.98	0.14	-	-	1.12	-	-	-	1.77	-	1.91	
	4,263.02	505.53	0.01	88.85	38.74	4,818.67	1,654.27	207.95	68.98	26.52	1,904.68	17.85	-	-	2,896.14	-	2,590.90	
<b>INTANGIBLE ASSETS</b>																		
Goodwill	259.85	-	-	-	-	259.85	-	-	-	-	-	-	-	-	259.85	-	259.85	
Computer Software	22.13	12.71	-	1.66	-	36.50	18.74	2.97	1.45	-	23.16	-	-	-	13.34	-	3.39	
Product Development Cost	144.50	49.58	-	27.05	-	221.13	67.39	34.43	13.69	-	115.51	-	-	-	105.62	-	77.11	
	426.48	62.29	-	28.71	-	517.48	86.13	37.40	15.14	-	138.67	-	-	-	378.81	-	340.35	
	4,689.50	567.82	0.01	117.56	38.74	5,336.15	1,740.40	245.35	84.12	26.52	2,043.35	17.85	-	-	3,274.95	-	2,931.25	
Capital Work- in-Progress															144.76		18.22	
Intangible Assets under Development																		
<b>TOTAL</b>																		
Figures for the corresponding Previous year	3,030.90	1,700.81	8.59	-	50.80	4,689.50	1,158.60	614.72	(0.82)	32.10	1,740.40	17.85	-	-	2,949.47	-	2,949.47	

Note:

Depreciation for the year includes depreciation on fixed assets of Kanoria Africa Textiles PLC ₹ 3.19 million which is transferred to capital work in progress.

Additions and Depreciation & Amortization for previous year includes opening balance as on 2nd May, 2012 of APAG Holding AG (consolidated) of ₹ 659.83 million & ₹ 422.75 million respectively.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	Long-term		Short-term	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
<b>12. LOANS AND ADVANCES</b>				
(a) Capital Advances				
Unsecured, Considered Good	58.65	46.51	-	-
(b) Security Deposits				
Unsecured, Considered Good	18.79	37.66	0.60	-
(c) Loans and Advances to related parties				
Unsecured, Considered Good	37.72	14.06	-	-
(d) Advances Recoverable in cash or in kind				
Other Advances				
Unsecured, Considered Good	0.64	0.28	41.73	25.92
(e) Other Loans and Advances				
Loans to Employees	0.61	0.17	4.40	3.70
Balance with Central Excise and other Government Authorities	-	-	144.26	108.49
Income & Wealth Tax Payments and Tax Deducted at Source less Provision	-	-	248.91	230.65
	<u>116.41</u>	<u>98.68</u>	<u>439.90</u>	<u>368.76</u>
<b>13. INVENTORIES</b>				
(as certified by the Management)				
(a) Stores and Spare Parts etc.		57.16		43.38
(b) Raw Materials		657.74		227.91
Raw Materials in transit		-		7.92
(c) Finished Goods		142.21		121.20
(d) Work-in-Process		93.89		53.13
		<u>951.00</u>		<u>453.54</u>
<b>14. TRADE RECEIVABLES</b>				
(a) Outstanding for a period exceeding six months				
Unsecured, Considered Good		2.56		2.50
Doubtful		0.07		-
Provision for Doubtful/litigation		(0.07)		-
		<u>2.56</u>		<u>2.50</u>
(b) Others				
Unsecured, Considered Good		863.97		590.19
Doubtful		8.67		6.17
Provision for Doubtful		(8.67)		(6.17)
		<u>863.97</u>		<u>590.19</u>
		<u>866.53</u>		<u>592.69</u>
<b>15. CASH AND BANK BALANCES</b>				
<b>CASH AND CASH EQUIVALENTS</b>				
(a) Cash in hand		6.13		0.71
(b) Cheques/Drafts in hand		-		0.06
(c) Balances with Scheduled Banks				
In Current Account		37.95		18.50
In Current Account (Foreign Currency)		1.76		5.17
In Cash Credit Account		14.15		67.13
<b>OTHER BANK BALANCES</b>				
Earmarked balances with Banks (Unpaid Dividend Account)		4.34		3.87
In Fixed deposit (Receipt deposited as security)		10.67		27.05
		<u>75.00</u>		<u>122.49</u>
<b>16. OTHER CURRENT ASSETS</b>				
(a) Interest and Dividend Receivable				
Unsecured, Considered Good		26.95		17.78
(b) Export Benefits and Claims Receivable				
Unsecured, Considered Good		94.15		50.08
		<u>121.10</u>		<u>67.86</u>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	2013-2014		2012-2013	
<b>17. REVENUE FROM OPERATIONS</b>				
(a) Sale of Products				
Pentaerythritol	891.17		742.90	
Formaldehyde(37%)	1,888.11		1,114.40	
Hexamine	509.12		489.33	
Power Generation	26.15		8.57	
Electronic & Mechatronic Modules etc.	2,016.17		1,288.69	
Others	215.68		292.72	
Traded Goods	112.09	5,658.49	-	3,936.61
(b) Other Operating Revenues				
Miscellaneous Sales	24.91		15.45	
Renewal Energy Certificate benefits	87.50		36.83	
Industrial Incentives	6.54		-	
Export benefits	3.65		2.06	
Interest	-		0.08	
Others	0.25	122.85	0.15	54.57
Gross Revenue from Operations		5,781.34		3,991.18
(c) Excise Duty		367.53		276.90
Net Revenue from Operations		5,413.81		3,714.28
<b>18. OTHER INCOME</b>				
<b>Interest Income</b>				
On long term Investments	78.50		65.69	
On Current Investments	20.81		48.20	
From Others	5.98	105.29	13.70	127.59
<b>Dividend Income</b>				
On long term Investments	32.96		4.22	
On Current Investments	-	32.96	0.20	4.42
<b>Net gain/(loss) on Sale of Investments</b>				
On long term Investments	257.43		57.40	
On Current Investments	17.26	274.69	48.46	105.86
Rent Income		3.35		3.25
Liabilities no longer required written back		6.91		0.69
Other receipts		3.39		2.35
Previous Years Adjustments (Net)		2.57		-
		429.16		244.16
<b>19. COST OF MATERIAL CONSUMED</b>				
<b>Raw Material consumption</b>				
Methanol		1,867.68		1,218.15
Molasses		-		32.42
Anhydrous Ammonia		89.30		111.89
Ethanol		209.53		127.92
PCBs & Components etc.		1,082.55		608.99
Others		137.09		136.30
		3,386.15		2,235.67
<b>20. PURCHASES</b>				
Methanol		102.69		-

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	2013-2014		2012-2013	
	Finished Goods	Work-in-Process	Finished Goods	Work-in-Process
<b>21. CHANGE IN INVENTORIES</b>				
<b>Opening Stock</b>				
Pentaerythritol	67.75	4.67	14.77	5.06
Formaldehyde (37%)	11.24	0.05	12.25	-
Hexamine	5.74	1.90	3.72	2.36
Electronic & Mechatronic Modules etc.	32.92	35.54	33.24	38.72
Others	3.55	10.98	51.63	10.99
	<u>121.20</u>	<u>53.14</u>	<u>115.61</u>	<u>57.13</u>
<b>Closing stock</b>				
Pentaerythritol	68.09	5.62	67.75	4.67
Formaldehyde (37%)	12.01	-	11.24	0.05
Hexamine	11.03	0.38	5.74	1.90
Electronic & Mechatronic Modules etc.	29.21	79.51	32.92	35.54
Others	21.87	8.38	3.55	10.98
	<u>142.21</u>	<u>93.89</u>	<u>121.20</u>	<u>53.14</u>
	(21.01)	(40.75)	(5.59)	3.99
Foreign Currency Translation adjustment	12.26	-	(1.76)	-
Change in Excise Duty on Stocks	2.50	-	3.02	-
	<u>(6.25)</u>	<u>(40.75)</u>	<u>(4.33)</u>	<u>3.99</u>
Total		<u>(47.00)</u>		<u>(0.34)</u>
<b>22. EMPLOYEES BENEFITS EXPENSE</b>				
Salaries, Wages, Bonus & Gratuity etc. (including payments to Contractors)		630.82		453.77
Contribution to Provident Fund		22.15		18.72
Welfare Expenses		66.55		59.97
		<u>719.52</u>		<u>532.46</u>
Less: Transfer to capital work in progress		39.66		21.44
		<u>679.86</u>		<u>511.02</u>
<b>23. FINANCE COST</b>				
Interest expense:		40.45		54.16
Other borrowing Costs		3.42		4.43
Net gain/loss on foreign currency transaction attributable as adjustment to interest cost		124.63		30.13
		<u>168.50</u>		<u>88.72</u>
Less: Transfer to capital work in progress		0.20		6.60
		<u>168.30</u>		<u>82.12</u>
<b>24. DEPRECIATION AND AMORTISATION</b>				
Depreciation		207.96		166.67
Amortization		37.39		25.30
		<u>245.35</u>		<u>191.97</u>
Less: Transfer to capital work in progress		3.19		0.03
		<u>242.16</u>		<u>191.94</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	2013-2014		2012-2013	
<b>25. OTHER EXPENSES</b>				
Consumption of Stores & Spare parts etc.		77.37		76.07
Other Manufacturing Expenses		76.82		79.78
Power & Fuel		287.58		297.07
Repairs to				
Plant & Machinery		43.68		34.45
Buildings		5.17		8.17
Others		5.30		5.24
Water Charges & Cess		17.74		14.98
Rates & Taxes (including Provision for wealth tax ₹ 0.07 million) (Previous Year ₹ 0.08 million)		4.67		4.32
Rent		39.97		31.70
Insurance		11.20		12.37
Legal and Professional Charges		52.47		87.05
Research & Development Expenses		30.09		15.02
Product Warranty Expenses		7.40		5.94
Miscellaneous Expenses		99.36		68.72
Foreign Exchange Rate Fluctuation		32.52		14.54
Commission & Brokerage to Others		7.39		7.10
Freight, Handling & Other Charges		45.58		15.71
Directors' Fees		0.82		0.87
Travelling Expenses (including Directors' Travelling ₹ 4.24 million) (Previous Year ₹ 8.48 million)		32.95		28.33
Charity & Donations		0.23		0.09
Payment to Auditors				
(a) Statutory Auditors				
Audit Fees	1.66		1.33	
For Certificates & Others	0.68		0.77	
For Travelling and out of pocket expenses	0.22		0.10	
(b) Cost Auditors				
Audit Fees	0.13		0.14	
For Travelling and out of pocket expenses	0.01		0.01	
(c) Tax Auditors				
Audit Fees	0.10	2.80	0.10	2.45
Directors' Remuneration		15.86		15.70
Provision for bad & doubtful Debts & Advances (net)		1.54		(0.28)
Unrealized Debts and Claims written off		5.85		1.95
Loss on Fixed Assets sold/discarded (Net)		3.76		9.73
Previous Years Adjustments (Net)		-		0.40
		<u>908.12</u>		<u>837.47</u>
Less: Transfer to Capital work in progress				
Power & Fuel	0.03		1.13	
Repairs & Maintenance to others	-		0.01	
Rates & Taxes	0.02		0.05	
Rent	1.76		0.47	
Insurance premium	0.03		0.27	
Legal & Professional Charges	9.92		8.28	
Research & Development Expenses	10.29		2.51	
Miscellaneous expenses	4.32		3.22	
Foreign Exchange Rate Fluctuation	(2.98)		(1.13)	
Travelling expenses	-	23.39	0.20	15.01
		<u>884.73</u>		<u>822.46</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

26. The list of subsidiaries which are included in the Consolidated Financial Statements of the Kanoria Chemicals & Industries Limited and its effective ownership interest therein are as under:

Name of the Company	Relationship	Country of Incorporation	Ownership Interest	
			2013-2014	2012-2013
Pipri Limited	Subsidiary	India	100%	100%
Kanoria Africa Textiles PLC	Subsidiary	Ethiopia	100%	100%
APAG Holding AG	Subsidiary	Switzerland	90%	90%

For the purpose of consolidation, the consolidated financial statements of APAG Holding AG reflecting consolidation of following entities as at 31<sup>st</sup> March, 2014 prepared in accordance with Swiss code of obligation have been restated, where considered material, to comply with Generally Accepted Accounting Principles in India. Disclosures in respect of these foreign subsidiaries are given to the extent of available information.

Name of the Company	Relationship	Country of Incorporation	Ownership Interest	
			2013-2014	2012-2013
APAG Elektronik AG	Subsidiary	Switzerland	100%	100%
APAG Elektronik s.r.o.	Subsidiary of APAG Elektronik AG	Czech Republic	100%	100%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	2013-2014	2012-2013
<b>27. EARNINGS PER SHARE</b>		
(a) Net Profit available to Equity Shareholders	337.08	78.93
(b) Weighted average number of Equity Shares for EPS calculation Number of Equity Shares for Basic/Diluted EPS	43,693,333	53,396,616
(c) Earnings per Share Basic/Diluted (Rupees)	7.71	1.48
<b>28. CONTINGENT LIABILITIES AND COMMITMENTS</b> <b>(to the extent not provided for)</b>		
(i) Contingent Liabilities		
(a) Claims/Disputed liabilities not acknowledged as debt (paid ₹ 116.82 million)	157.76	147.85
(b) Outstanding Bank Guarantees	38.86	32.38
(c) Corporate Guarantee given to:		
(i) Gujarat Industrial Development Corporation for securing loan by Bharuch Eco-Aqua Infrastructure Limited.	11.63	11.63
(ii) Export-Import Bank of India for securing loan of Kanoria Africa Textiles PLC, Ethiopia (outstanding Loan ₹ Nil)	1,322.20	-
(iii) Ceskoslovenska obchodni banka, a.s. for securing loan of APAG Elektronik s.r.o., Czech Republic (outstanding loan ₹ Nil)	330.31	-
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,039.65	83.62
Advances paid	58.65	46.51

29. For the year ended 31<sup>st</sup> March, 2014, the Board of Directors of the Company have recommended dividend of ₹ 1.50 per share (Previous year ₹ 1.50 per share) to equity shareholders aggregating to ₹ 65.54 million (Previous year ₹ 65.54 million). Together with the Corporate Dividend Distribution Tax of ₹ 11.14 million (Previous year ₹ 11.14 million), the total payout will be ₹ 76.68 million (Previous year ₹ 76.68 million).

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 30. SEGMENT REPORTING

### (A) Primary Segment Information (by Business Segment)

(₹ in million)

Business Segment	2013-2014					2012-2013				
	Alco Chemicals	Solar Power	Electronic Automotive	Others	Total	Alco Chemicals	Solar Power	Electronic Automotive	Others	Total
<b>Segment Revenue</b>										
Revenue from operations (net of excise)	3,283.99	113.65	2,016.17	-	5,413.81	2,380.10	45.41	1,288.69	0.08	3,714.28
<b>Segment Result</b>										
(Profit before Interest & Tax)	149.68	53.12	67.88	24.89	295.57	34.10	12.48	49.18	4.11	99.87
Less: (i) Finance Cost					168.30					82.12
(ii) Other Un-allocable expenditure net off Un-allocable income (including exceptional items)					(298.81)					(97.82)
Profit before Tax					426.08					115.57
Add : Taxation for earlier years					0.00					(0.05)
Less: Provision for Taxation										
-Current					68.31					10.77
-Deferred					16.48					22.78
Add: MAT credit entitlement					0.15					-
<b>Net Profit:</b>					<b>341.44</b>					<b>81.97</b>
<b>Other Information</b>										
Segment Assets	2,992.37	662.89	1,173.99	108.92	4,938.17	2,535.68	654.94	697.20	84.23	3,972.05
Un-allocable Corporate Assets					3,157.95					3,228.86
<b>Total Assets:</b>					<b>8,096.12</b>					<b>7,200.91</b>
Segment Liabilities	619.26	14.24	341.57	0.05	975.12	276.83	15.11	182.89	0.05	474.88
Un-allocable Corporate Liabilities					318.72					111.41
<b>Total Liabilities:</b>					<b>1,293.84</b>					<b>586.29</b>
Segment Capital Employed	2,373.11	648.65	832.42	108.87	3,963.05	2,258.85	639.83	514.31	84.18	3,497.17
Un-allocable Capital Employed					2,839.23					3,117.45
<b>Total Capital Employed:</b>					<b>6,802.28</b>					<b>6,614.62</b>
Capital Expenditure	95.01	8.88	203.66	-	307.55	85.71	639.53	56.81	-	782.05
Un-allocable Capital Expenditure					260.27					7.53
<b>Total Capital Expenditure:</b>					<b>567.82</b>					<b>789.58</b>
Depreciation & Amortization	102.23	47.11	88.58	-	237.92	104.20	22.25	60.58	-	187.03
Un-allocable Depreciation					4.24					4.91
<b>Total Depreciation:</b>					<b>242.16</b>					<b>191.94</b>
Other Non-cash expenses	-	-	-	-	-	-	-	-	-	-

### (B) Secondary Segment information (by Geographical demarcation)

Geographical Segment	2013-2014			2012-2013		
	India	Rest of the World	Total	India	Rest of the World	Total
<b>Segment Revenue</b>	3,279.51	2,134.30	5,413.81	2,372.59	1,341.69	3,714.28
Segment Assets	6,868.27	1,227.85	8,096.12	6,482.25	718.66	7,200.91
Segment Liabilities	752.65	541.19	1,293.84	403.40	182.89	586.29
Capital Expenditure	364.16	203.66	567.82	732.77	56.81	789.58

### (C) Other Disclosures

#### Basis of pricing inter/Intra segment transfer and any change therein:

At prevailing market-rate at the time of transfers.

#### Segment Accounting Policies

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company and its subsidiaries.

#### Type of products included in each reported business segment:

Alco Chemicals business includes Pentaerythritol, Sodium Formate, Acetaldehyde, Formaldehyde, Hexamine, Industrial Alcohol, Acetic Acid & Ethyl Acetate etc., Solar Power business includes Power generation from Solar energy, Electronic Automotive business includes electronic & mechatronic modules etc and others includes Financial Activities & others.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 31. RELATED PARTY DISCLOSURES

(₹ in million)

(i) List of related parties over which control exists and relatives with whom transaction taken place:

Name of the Related Parties	Relationship
1. Vardhan limited	Holding Company
2. Mr. R. V. Kanoria - Chairman & Managing Director	Key Management Personnel
3. Mr. T. D. Bahety - Whole Time Director	
4. Mr. S. V. Kanoria	
5. Mr. A. V. Kanoria	Relative of Key Management Personnel
6. Mrs. V. Kanoria	
7. KPL International Limited	Enterprises over which Key Management Personnel exercises significant influence

(ii) Transaction with related parties:

Nature of Transaction	2013-2014				2012-2013			
	Holding Company	Key Management Personnel	Relative of Key Management Personnel	Enterprises over which Key Management Personnel exercise significant influence	Holding Company	Key Management Personnel	Relative of Key Management Personnel	Enterprises over which Key Management Personnel exercise significant influence
Remuneration	-	15.86	17.00	-	-	15.70	9.31	-
Dividend Paid	38.65	0.66	1.48	-	38.60	0.66	1.48	-
Purchases of Raw Material	-	-	-	611.40	-	-	-	-
Purchases of Fixed Assets	-	-	-	0.30	-	-	-	-
Commission Paid	-	-	-	1.52	-	-	-	0.53
Rent received	-	-	-	0.71	-	-	-	0.66
Rent Paid	-	-	-	1.61	-	-	-	1.67
Security Deposit Paid	-	-	-	-	-	-	-	(0.45)
Balances due from	-	-	-	0.75	-	-	-	0.75
Balances due to	-	-	0.84	0.05	-	-	0.77	0.32

32. Figures for the previous year have been regrouped/rearranged, wherever found necessary.

Signatures to Notes 1 to 32

As per our report annexed  
For SINGHI & CO.  
Chartered Accountants  
Firm Registration No.302049E

For and on behalf of the Board

RAJIV SINGHI  
Partner  
Membership No. 53518

AMITAV KOTHARI  
Director

R. V. KANORIA  
Managing Director

Camp: New Delhi  
Dated, the 17<sup>th</sup> day of May, 2014

N. K. NOLKHA  
Chief Financial Officer

N. K. SETHIA  
Company Secretary



## FINANCIAL INFORMATION RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014, PURSUANT TO GENERAL EXEMPTION UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956

(₹ in million)

Name of Subsidiaries ==>	Pipri Limited	Kanoria Africa Textiles PLC*	APAG Holding AG*	APAG Elektronik AG* #	APAG Elektronik s.r.o.* @
Country of incorporation ==>	India	Ethiopia	Switzerland	Switzerland	Czech Republic
Reporting Currency ==>	INR	ETB	CHF	CHF	CZK
Exchange Rate as on 31.3.2014 ==>		₹3.1010	₹ 67.9132	₹ 67.9132	₹ 3.0144
(a) Capital	46.51	240.48	20.37	33.96	24.44
(b) Reserves	62.20	-	39.00	259.51	241.87
(c) Share Application Money pending allotment	-	0.03	-	-	-
(d) Total Liabilities	0.20	209.89	133.48	714.32	431.99
(e) Total Assets	108.91	450.40	192.85	1,007.79	698.30
(f) Turnover (Gross Revenue)	25.08	-	5.36	2,073.32	1,304.55
(g) Profit/(Loss) before Taxation	24.89	-	(10.77)	11.68	53.99
(h) Provision for Taxation	0.06	-	0.12	0.40	10.80
(i) Profit/(Loss) after Taxation	24.83	-	(10.89)	11.28	43.19
(j) Proposed Dividend	-	-	-	-	-
(k) Investments**	106.99	-	-	-	-

\* Balance Sheet items are translated at closing exchange rate and Profit/(Loss) items are translated at average exchange rate.

\*\* Excluding Investment in Subsidiaries.

# Subsidiary of APAG Holding AG

@ Subsidiary of APAG Elektronik AG





Kanoria Chemicals  
& Industries Limited