



Kanoria Chemicals
& Industries Limited

ANNUAL REPORT
2014-15



Kanoria Chemicals
& Industries Limited

COMPANY SECRETARY

N.K. Sethia

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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





R V Kanoria
Chairman &
Managing Director



M Kanoria



H K Khaitan



Amitav Kothari



Ravinder Nath



G Parthasarathy



S L Rao



A Vellayan



T D Bahety
Wholtime Director

Board of Directors



Table of Contents

CHAIRMAN'S STATEMENT	02
THE YEAR IN REVIEW	04
NEW FRONTIERS	08
VALUE	11
DIRECTORS' REPORT	14
REPORT ON CORPORATE GOVERNANCE	39
GENERAL SHAREHOLDERS' INFORMATION	47
INDEPENDENT AUDITOR'S REPORT	54
BALANCE SHEET	58
STATEMENT OF PROFIT & LOSS	59
CASH FLOW STATEMENT	60
CONSOLIDATED BALANCE SHEET	82
CONSOLIDATED STATEMENT OF PROFIT & LOSS	83
CONSOLIDATED CASH FLOW STATEMENT	84



Chairman's Statement

The Indian macroeconomic situation is good. Economic growth has improved and inflation is holding. The balance of payments is more favourable compared to last year and the Rupee continues to be stable. The impact of the announcements of the new government has been positive and sentiments have improved. Revival of stalled projects awaiting environmental clearance has also enhanced business optimism. The government has been fortunate as oil prices have remained depressed, and the concerns of a below normal monsoons have been eased with revised prediction of normal rainfall during the season.

Business looks forward to these translating into rising demand and increasing investments particularly in infrastructure and industry. The mood is expectant and positive in the wake of projections of higher growth and the intent of the government to simplify rules of conducting business.

Global economic growth shows modest revival though the Greek crisis in the Eurozone looks far from over. In Asia, some slack in the Chinese industrial output provides India additional leverage to strengthen its position as an attractive investment destination for manufacturing activity.

Despite the macroeconomic stability and strong fundamentals, business and investment are yet to pick up. The government has taken many steps to improve sentiments of the market. This is reflected in the buoyancy of the stock markets. Amidst these positive sentiments, however, the question remains whether or not things have changed on ground.

The coal block allocation process has been conducted smoothly. Amendment in labour laws

in three states could have a cascading nationwide impact in improving opportunities for employment. There is hope that the roadmap of reduced corporate tax announced in the union budget will take place on schedule. These measures on fructification will further improve ground realities of conducting business. We hope that the government will accelerate implementation of these measures.

Contradictory signals obfuscate matters and lead to confusion. While the government has taken cognizance of the issue of tax terrorism, there is a gap between announcements and actual actions. Cost of capital continues to remain high despite macroeconomic improvements and reduction of rates of interest which is not being passed on to borrowers. Stimulation of demand is critical. Sectors such as automobiles, durables, FMCG and real estate stand to receive an impetus if interest rates come down. This would also improve capacity utilization leading to further investment.

Business unfriendly taxes such as MAT and DDT must be reviewed and repealed. This would also go a long way in building investor confidence.

The Land Acquisition Act continues to face debate and divergent viewpoints. It is an important element influencing investment decisions and must receive the government's immediate attention to resolve issues.

Another fundamental issue is the ease of doing business in the country. Apart from deep reforms in economic policy and procedures, the central objective must be to move towards self regulation, less government and more governance and reduction of discretionary powers of the

bureaucracy. The majority mandate that the government holds provides it the unique opportunity to initiate pending reforms. While the results of such action could still take time to show results, business patiently waits with considerable expectations and the hope of improving economic performance of the country.

I am pleased to report that it was another profitable year for Kanoria Chemicals & Industries Limited (KCI) though it faced several challenges in a period of low demand, high inflation and interest rates, and generally suppressed economic conditions coupled with expansion plans in new geographies.

During the year, KCI received the E'T Bengal Corporate Award, 2015 as the year's fastest growing company in its turnover category.

After divesting our Chlor-Alkali business at Renukoot in Uttar Pradesh in the year 2011, the Company charted out a plan to invest in higher value added products and high technology areas. The expansion in phenolic resin manufacturing was one such step that we undertook two years ago. We plan to continue to strengthen this approach and move away from just being a manufacturer of quality commodity chemicals to expand our portfolio to include niche high value products. Our resin plant is being expanded in a phased manner in consonance with this philosophy.

The Company's solar power generation facility near Jodhpur in the state of Rajasthan continued to operate satisfactorily. Our plant has one of the highest performance ratios in the country. The renewable energy sector, however, continues to face policy and procedural difficulties. The Renewable Purchase Obligation, in particular, would need to be enforced to make projects in this sector viable.

The Company's wholly owned subsidiary APAG Holding AG (APAG), Switzerland was able to strengthen its position as a leading designer and manufacturer of automotive and industrial electronic and mechatronic modules and components. Last year I had reported about its expansion plan and constructions of a new facility at Pardubice, Czech Republic. The high technology facility was completed in record time and is operational. During the year, APAG also acquired CoSyst Control Systems GmbH based in Nuremberg, Germany. CoSyst which is engaged in development of specific automotive electronic products is a strategic fit for APAG's expanding operations. With this acquisition, APAG will have a wider European base spread over Switzerland, the Czech Republic and Germany.

The other subsidiary of the Company, Kanoria Africa Textiles plc is now almost ready to commission its Greenfield project in Ethiopia for the manufacture of Denim fabric. The process of setting up the project has been challenging in an unknown environment and has been a huge learning experience for us. We witnessed delays on account of the complexities in the business environment and our own lack of experience in overseas projects. We are now better acclimatized with the business environment of Ethiopia and our learning will help us to make the foundations of our business stronger.

The Company's diversification plans are progressing well and coupled with our management philosophy of ethical business practices, sustainable policies and good governance, we are positioned well to a promise of profitable future.

R V Kanoria
Chairman & Managing Director

The Year in Review



The economy did not pick up as expected during 2014-15. The macroeconomic situation, however, remained positive with higher economic growth and inflation remaining under control. Expectations are high that government policies and announcements would translate to on ground activities which could provide a deep impetus to industrial revival and economic growth.

The Company's ingrained vigil on costs, coupled with its good governance, ethical business practices and sustainable policies provided it the strength to meet the challenges and complete a profitable year of business.

In February 2015, KCI received the ET Bengal Corporate Award for being the fastest growing company in its turnover category during the year.

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



MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review, the Revenue from Operations was at Rs. 3,107 million as compared to Rs. 3,398 million in the previous year. The Profit before exceptional and extraordinary items and Tax was at Rs. 169 million as against Rs. 346 million in the previous year. The Net Profit for the year was Rs. 153 million as against Rs. 273 million in the previous year.

The Shareholder's funds increased to Rs. 4,897 million as against Rs. 4,823 in the previous year and the Long Term Borrowings decreased from Rs. 504 million in the previous year to Rs. 288 million during the year under review.

On a consolidated basis, the Revenue from Operations was at Rs. 5,309 million as compared to Rs. 5,414 million in the previous year and the Net Profit for the year was Rs. 123 million as against Rs. 337 million in the previous year.

ALCO CHEMICALS SEGMENT

Industry structure and development

The Alco Chemicals Division comprises two manufacturing facilities - one at Ankleshwar in the state of Gujarat, and the other in Visakhapatnam in the state of Andhra Pradesh. The Ankleshwar facility manufactures Formaldehyde and other value added products, including Pentaerythritol, Sodium Formate, Acetaldehyde and Hexamine. The Vizag facility manufactures Formaldehyde, Hexamine and Phenolic Resins.

Opportunities

- Growth in value added products, such as straight and modified Phenolic resins.
- Shift from natural gas to solid fuel for steam generation, thereby reducing production costs.
- Upgrade technology to increase production and reduce costs.
- Offer value added services such as contract research and manufacturing.

Threats

- Slow growth of the manufacturing and construction sectors (the main consumers) could affect demand.
- Cheaper imports and dumping of Pentaerythritol and Hexamine could squeeze margins.

Performance

The operations of the Alco Chemicals Division remained stable during the year. There was an increase in sale of Pentaerythritol. The capacity utilization of the Vizag plant continued to grow year-on-year.

Outlook

- Growth impetus in the manufacturing sector expected to improve demand for Alco Chemicals in the country.
- Continuous improvement in technology should result in stable operations.
- Stability of rupee and pricing of Methanol will prevent volatility.
- No significant improvement in margins.

SOLAR POWER SEGMENT

Industry structure and development

The Solar Power Division is located near Village Bap in the Jodhpur district, in the state of Rajasthan, and is engaged in the generation of solar power using Solar Photovoltaic technology.

Opportunities

- Higher sale of power due to increased demand, if the Government better enforces the Renewable Purchase Obligation (RPO) of power consumers across the country.

Threats

- Lack of enforcement of the Renewable Purchase Obligation.
- Procedural hurdles preventing larger investment.

Performance

The operations of the Solar Power Division improved over the previous year. Choice of technology for the project resulted in the Division having one of the highest performance ratios in the country. Revenue from the sale of electricity during 2014-15 was Rs. 34 million compared to Rs. 26 million in the previous year.

Outlook

- The Division expects stable operations to continue
- The Government has already taken several positive steps towards enforcing the RPO, and is continuing to do so: Open Access

consumers and Captive Power Producers in various states have been brought under the RPO umbrella, thus increasing the demand for solar power; and the amendment to the Electricity Act introduces a much stiffer penalty for RPO non-fulfillment, which should also significantly boost demand.

- The policy framework of the Government and associated procedural requirements are expected to be streamlined, thus providing a better commercial environment for solar power projects.

QUALITY ACCREDITATION AND OHSAS

During the year, both manufacturing units of the Company at Ankleshwar and Visakhapatnam 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 2014-15, 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:



Alco Chemicals facility, Ankleshwar



Alco Chemicals facility, Vizag

- Threat from cheap imports and dumping by other countries negatively impacts domestic prices.
- Extreme volatility in prices of raw materials and other inputs could impact margins.
- Slow enforcement by the government of the Renewable Purchase Obligation.

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 a focus on improving productivity, quality and safety.

The number of persons permanently employed by the Company during the year was approximately 333.

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 Company's diversification initiatives gained strength during the year 2014-15.

With focus on value-added chemicals and other knowledge based sectors, KCI has successfully ventured into new industries as well as new geographies.

RENEWABLE ENERGY

KCI operates a grid-interactive solar photovoltaic technology based power plant at Bap in Jodhpur district in the state of Rajasthan with total generation capacity of 5 MW. It continued to operate with a performance ratio that is one of the highest in the country.

The Division has developed resources for in-house operations and maintenance management, thereby saving on expensive outsourced services.

The renewable energy sector, however, continues to face procedural difficulties and further growth is dependent on appropriate government policy interventions.



Solar project, Village Bap, District Jodhpur, Rajasthan

TEXTILE PROJECT, ETHIOPIA

Kanoria Africa Textiles Plc, is a subsidiary of the Company incorporated in Ethiopia, Africa. The plant is now ready for commissioning. It will initially manufacture 12 million metres of Denim fabrics per annum. The composite plant starting with spinning and ending with processing and final production of fabric, is expected to become operational within this year.

Setting up the Greenfield project has been a challenging exercise and a huge learning experience for the Company in understanding the intricacies of operating in an unknown geography and complex business environment. There have been delays but the learning experience has strengthened the Company activities and it is now prepared to lay a strong foundation for a fruitful and successful business initiative.



Inside view of the textile project, Ethiopia

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.

The past year was an eventful one for APAG with the commissioning of its Brownfield facility in the Czech Republic. The high technology facility was completed in record time and is now fully operational.

In April 2015, APAG acquired CoSyst Control Systems GmbH based in Nuremberg, Germany.

The acquisition is a strategic fit for APAG's expanding operation, and also enhances its European presence spread over Switzerland, Czech Republic and now in Germany.

APAG witnessed robust revenue growth during the year and with its expanded capacity is positioned well to cater to the increased volume of RFQs it is receiving. As during the previous year, APAG's largest customers continued to be BMW and Audi in the automobile segment, and the German company Ziehl-Abegg, world leader in industrial fans.

APAG's collaboration with Intrust Global eServices Private Limited gained strength and is expected to further enhance its engineering activities.

APAG acquired CoSyst Control Systems GmbH based in Nuremberg, Germany. The acquisition is a strategic fit for APAG's expanding operation, and also enhances its European presence spread over Switzerland, Czech Republic and now in Germany.

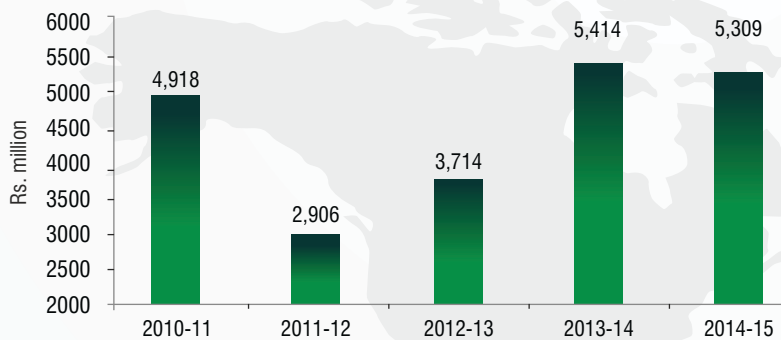


APAG's new Brownfield facility in the Czech Republic

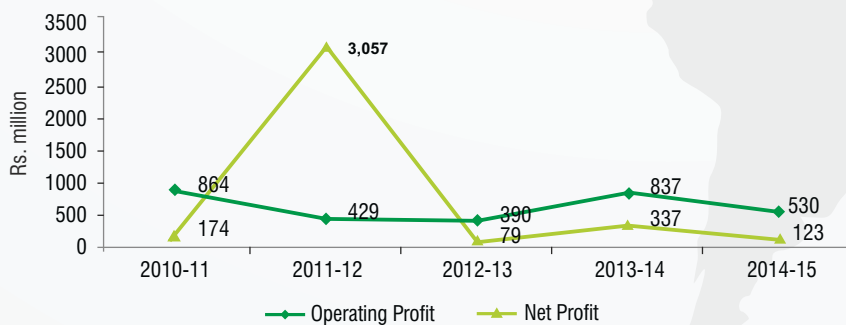
Value



Net Sales/Revenue from Operations

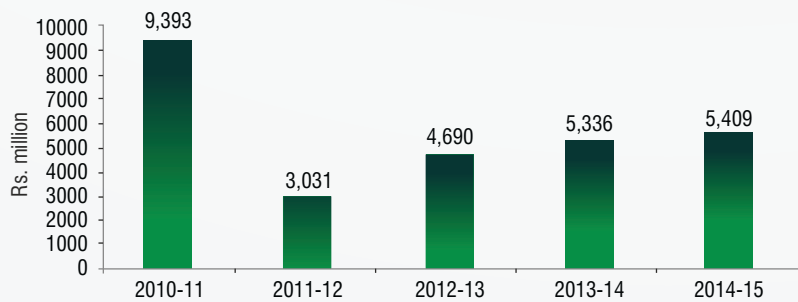


Operating* and Net Profit



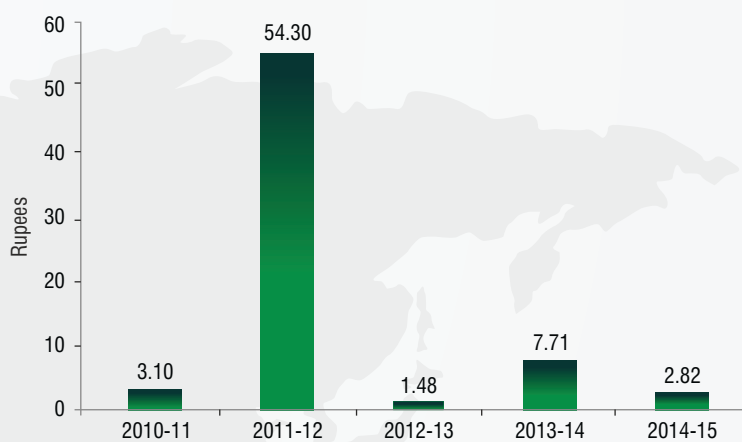
* excluding profit from divestment of Chloro Chemicals Division

Gross Block

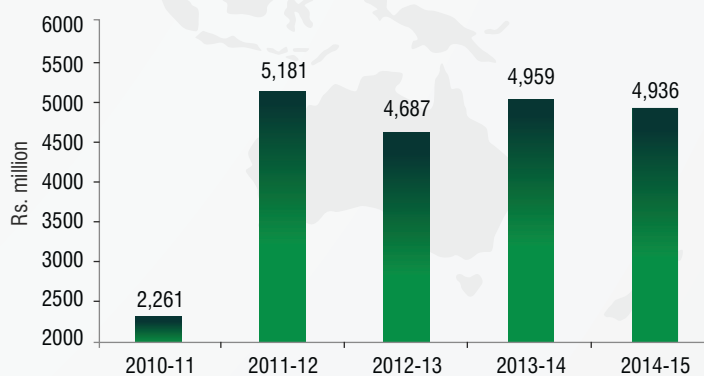


Figures pertain to consolidated financials

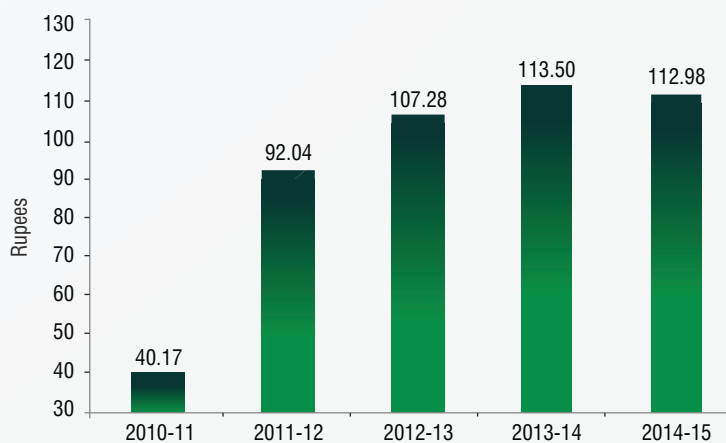
Earning per Share



Equity Shareholders Fund



Book Value per Share



Directors' Report



DIRECTORS' REPORT

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the fifty fifth Annual Report, along with the Audited Accounts of the Company for the year ended 31st March 2015.

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 31st March 2015 is summarised below:

	(₹ million)	
	2014-15	2013-14
Profit before Depreciation and Amortisation, Finance Costs, Exceptional Items and Tax Expenses	419.44	655.19
Depreciation and Amortisation	186.61	153.58
Finance Costs	64.32	155.32
Profit before Exceptional Items and Tax	168.51	346.29
Exceptional Items	12.18	-
Profit before Tax	156.33	346.29
Tax Expenses: for earlier years	(0.96)	-
for Current year (Net)	4.43	73.27
Profit for the year	152.86	273.02
Balance as per last Account	711.91	1,515.57
	<u>864.77</u>	<u>1,788.59</u>
Appropriations		
Transfer to General Reserve	-	1,000.00
Proposed Dividend on Equity Shares	65.54	65.54
Provision for Dividend Tax	13.10	11.14
	<u>78.64</u>	<u>1,076.68</u>
Closing Balance	786.13	711.91

OVERVIEW

Sluggish market conditions coupled with very high volatility in raw material prices affected the performance of the chemical manufacturing division. Profit margins were under pressure during the year. The prices of raw materials, however, are now more stable and the margins have improved.

The solar power segment witnessed stable operations during the year under review.

The first phase of production in the composite textile plant to manufacture denim fabrics in Ethiopia by the Company's subsidiary, Kanoria Africa Textiles PLC has been delayed.

The learning curve of doing business in an alien geography is proving to be longer than anticipated. It is expected that the full plant shall become operational by August, 2015.

The brownfield expansion of APAG Elektronik s.r.o. in the Czech Republic was completed in record time and the state of the art plant has been operational since December, 2014.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

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 31st March 2015.

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.

CONSOLIDATED FINANCIAL STATEMENT

As per the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges, the audited Consolidated Financial Statement has been annexed with the Annual Report.

DEPOSITS

During the year under review, the Company has not accepted any deposits from the public and that as at the end of the year there were no outstanding deposits in terms of the Companies (Acceptance of Deposit) Rules, 2014.

INTERNAL FINANCIAL CONTROL

The Company has in place adequate internal financial controls with respect to financial statements. The policies and procedures adopted by the Company ensure prevention and detection of frauds and errors, accuracy and completeness of the records and timely preparation of reliable financial statements. No reportable material weakness in the design or operation was observed during the year.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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) were appointed in the last AGM as Independent Directors not liable to retire by rotation.

Shri B. D. Sureka (DIN: 00049713) ceased to be a Director of the Company with effect from 5th September 2014, as on retirement by rotation at the last AGM, he did not seek re-appointment due to health reasons.

Shri J. P. Sonthalia (DIN: 01292249) resigned as a Director of the Company with effect from 1st November 2014, due to pre-occupation and personal reasons.

The Board puts on records its deep appreciation for the valuable advice and contribution received by the Company from Shri B. D. Sureka and Shri J. P. Sonthalia during their tenure as Directors of the Company.

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors has re-appointed Shri R. V. Kanoria (DIN: 00003792) as the Managing Director of the Company for further three years with effect from 10th January 2015, subject to the approval of the shareholders of the Company.

Shri T. D. Bahety (DIN: 00031572) retires by rotation at the ensuing Annual General Meeting (AGM), under the applicable provisions of the Companies Act, 2013, and being eligible, offers himself for appointment as a Director of the Company.

On the recommendation of the Nomination and Remuneration Committee, Smt. Madhuvanti Kanoria (DIN: 00142146), spouse of Shri R. V. Kanoria, Managing Director of the Company, was appointed as an Additional Director of the Company by the Board of Directors with effect from 11th February 2015 and as such she will hold office only upto the ensuing Annual General Meeting.

The Company has received a notice in writing from a Member along with the deposit of requisite amount under Section 160 of the Companies Act, 2013, proposing the candidature of Smt. Madhuvanti Kanoria for the office of Director of the Company at the ensuing AGM.

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.

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.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declaration from all the Independent Directors of the Company, confirming that they meet the criteria of independence, as prescribed under the Companies Act, 2013 and the Clause 49 of the Listing Agreement with Stock Exchanges. On the basis of such declarations, the Board is of the opinion that they fulfill the conditions of Independent Directors, as specified in the Companies Act, 2013 and the Listing Agreement and that they are also independent of the Management.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has framed the criteria for performance evaluation of Independent Directors, the Board, the Board Committees and other individual Directors. Criteria for performance evaluation of the Chairman & Managing Director and Executive Director have also been framed.

The criteria for evaluation of Directors among others includes factors such as preparation, participation, engagement, personality and conduct, value addition, strategic planning and vision, team spirit and consensus building, leadership quality, understanding and focus on key business issues, independent thinking and judgment, quality of analysis, experience and business wisdom, management qualities, awareness, motivation, integrity, ethics and receptivity.

On the basis of the criteria framed, a process of evaluation was followed by the Board for evaluation of individual Directors, its own performance and its Committees. The Nomination and Remuneration Committee also evaluated the performance of every individual Director. The Independent Directors in their separate Meeting also carried out the performance evaluation of the Chairman & Managing Director and non-independent Director as well as the Board of the Company.

FAMILIARISATION PROGRAMMES

The details of programmes to familiarise the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model/procedures/processes of the Company, etc. through various programmes are put on the website of the Company and can be accessed at the link: www.kanoriachem.com/images/Familiarisation%20Programme.pdf.

NUMBER OF MEETINGS OF BOARD OF DIRECTORS

During the Financial Year 2014-15, the Company held four Meetings of the Board of Directors; on 17th May 2014, 25th July 2014, 1st November 2014 and 11th February 2015. The details of the Meetings are provided in the Report on Corporate Governance.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of Shri Amitav Kothari, Shri H. K. Khaitan and Prof. S. L. Rao, Independent Directors, and Shri R. V. Kanoria, Chairman & Managing Director of the Company. Shri Amitav Kothari is the Chairman of the Committee. The terms of reference of the Committee have been provided in the Corporate Governance Report.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee of the Company comprises of Shri H. K. Khaitan, Shri Amitav Kothari, both Independent Directors, and Shri T. D. Bahety, Wholetime Director of the Company. Shri H. K. Khaitan is the Chairman of the Committee. The terms of reference of the Committee have been provided in the Corporate Governance Report.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Company comprises of Prof. S. L. Rao, Shri H. K. Khaitan, Shri Ravinder Nath and Shri G. Parthasarathy, Independent Directors, and Shri R. V. Kanoria, Chairman & Managing Director of the Company. Prof. S. L. Rao is the Chairman of the Committee. The terms of reference of the Committee have been provided in the Corporate Governance Report.

Pursuant to provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, has formulated the Nomination and Remuneration Policy, which contains the matters with regard to criteria for appointment of Directors and determining Directors independence and policy on remuneration for Directors, Senior Managerial Personnel and other employees, and the same may be accessed at the Company's website at the link: www.kanoriachem.com/images/Nomination%20and%20Remuneration%20Policy.pdf.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of the Company comprises of Shri T. D. Bahety, Wholetime Director, as the Chairman and Shri R. V. Kanoria, Managing Director and Shri H. K. Khaitan, an Independent Director, as its Members.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The Company act as a good Corporate Citizen and as its philosophy always strives to adopt socially inclusive and sustainable way of doing business. The Corporate Social Responsibility Policy of the Company would enable it to continue to make responsible contribution towards society

The CSR Policy may be accessed on the Company's website at the link: www.kanoriachem.com/images/CSR%20Policy.pdf.

Initially, the Company has identified the following focus areas of engagement:

- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation.
- Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- Rural Development activities/projects.
- Empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens.
- Ensuring environmental sustainability and ecological balance.

The Company may also undertake other need based initiatives in compliance with Schedule VII to the Companies Act, 2013.

During the year, the Company spent Rs. 0.96 million, which is around 1.90 % of the average net profits of the last three financial years, on CSR activities. This being the first year of structured implementation of CSR initiatives, considerable time was spent on identifying appropriate activities and putting systems in place to ensure effective implementation of CSR initiatives.

The Annual Report on the CSR activities is provided as Annexure to this Report.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is a part of Annual Report.

SUBSIDIARIES

On acquisition of the balance 10% stake by the Company during the year in its subsidiary, APAG Holding AG, Switzerland ("APAG"), it has become a wholly owned subsidiary of the Company. APAG Elektronik AG, the wholly owned subsidiary of APAG Holding AG and APAG Elektronik s.r.o., the wholly owned subsidiary of APAG Elektronik AG are the step down subsidiaries of the Company. Consequent to acquisition of 100% stake in Cosyst Control Systems GmbH, Germany by APAG Holding AG during the year 2015-16, it has also become the step down subsidiary of the Company. Pipri Limited is the other wholly owned subsidiary of the Company. The status of Kanoria Africa Textiles Plc, Ethiopia ("KATP"), has changed from the wholly owned subsidiary of the Company to a subsidiary of the Company, on acquisition of shares in KATP by a private equity investor.

A report on the performance and financial position of the subsidiaries of the Company, as per the Companies Act, 2013, is provided in Note no. 32 of the Consolidated Financial Statements hence not repeated for the sake of brevity.

The Policy for determining Material Subsidiaries as approved by the Board may be accessed on the Company's website at the link: www.kanoriachem.com/images/Policy%20for%20determining%20Material%20Subsidiaries.pdf.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

Details of loans given, investments made, guarantees given and securities provided as covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Note No. 39 of the Standalone Financial Statements.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis. None of the transactions with any of the related parties were in conflict with the Company's interest. The Company had not entered into any transaction with related parties during the year which could be considered material, in terms of materiality threshold for the related party transactions.

The Policy on Related Party Transactions as approved by the Board may be accessed on the Company's website at the link: www.kanoriachem.com/images/Policy%20on%20Related%20Party%20Transactions.pdf.

VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. In compliance with the provisions of Section 177(9) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has framed a Whistle Blower Policy for its Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of applicable laws and regulations and the Company's Codes of Conduct. The reportable matters may be reported to the Audit Committee through the Nodal Officer and, in exceptional cases, may also be reported to the Chairman of the Audit Committee. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice. During the year under review, no employee was denied access to the Audit Committee.

The Whistle Blower Policy may be accessed on the Company's website at the link: www.kanoriachem.com/images/Whistle%20Blower%20Policy.pdf.

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 Report 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 Directors and Senior Management Personnel and the Employees respectively, are followed in true spirit across all levels of the Company.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return of the Company as on the financial year ended 31st March 2015 is given in the Annexure to this Report.

AUDITORS AND AUDITORS' REPORT

Messrs Singhi & Co., Chartered Accountants, Statutory Auditors of the Company, have confirmed their eligibility for being ratified as the Auditors of the Company at the ensuing AGM of the Company.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

COST AUDITORS

The Board had approved the appointment of M/s N. D. Birla & Co., Cost Accountants, Ahmedabad, for conducting the audit of the cost records of Company for the financial year 2014-15 relating to Organic/Inorganic Chemicals, Industrial Alcohol and Solar Power.

The Cost Audit Report of the Company for the financial year 2013-14 has been filed with the Ministry of Corporate Affairs within the stipulated time.

SECRETARIAL AUDITOR

The Board had appointed Vinod Kothari & Co., Practising Company Secretaries, to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year 2014-15 is provided as Annexure to this Report. The Report is self-explanatory and does not call for any further comments.

RISK MANAGEMENT

The Company's management systems, organizational structures, processes, codes of conduct together form the basis of risk management system that governs and manages associated risks. The Risk Management Committee of the Company assesses the significant risks that might impact the achievement of the Company's objectives and develops risk management strategies to mitigate/minimise identified risks and designs appropriate risk management procedures.

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

As required under Section 134 of the Companies Act, 2013 and the rules framed thereunder, the statement containing necessary information in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo is provided as Annexure to this Report.

REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in the Annexure to this Report.

PARTICULARS OF EMPLOYEES

As required under Section 197(12) of the Companies Act, 2013, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, particulars of the employees concerned are provided in the Annexure to this Report.

AWARDS & RECOGNITION

During the year, the Company was awarded the prestigious ET (Economic Times) Bengal Corporate Award, 2015 in the category of "Fastest Growing Company" with turnover between ₹ 300 Crore and ₹ 1,000 Crore.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, no case was filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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 ISO 9001, 14001 and OHSAS 18001 certified.

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.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(5) of the Companies Act, 2013:

- a. that in the preparation of the annual financial statements for the year ended 31st March, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. that such accounting policies as mentioned in Note no. 1 of the Notes to the Standalone Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the profit of the Company for the year ended on that date;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual financial statements have been prepared on a going concern basis;
- e. that proper internal financial controls to be followed by the Company have been laid down and that the financial controls are adequate and were operating effectively; and
- f. that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following matters as there were no reportable transactions/details on these items during the year under review:

1. Issue of Equity Shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. Neither the Managing Director nor the Whole-time Director of the Company receives Commission from any of its subsidiaries.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

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.

Registered Office

'Park Plaza'
71, Park Street
Kolkata - 700 016

Dated, the 27th day of May 2015

For and on behalf of the Board

R.V. Kanoria
Chairman & Managing Director
(DIN: 00003792)

ANNEXURE TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES

[Pursuant to clause (a) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1.	A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	Refer Section on Corporate Social Responsibility in Board Report.
2.	The Composition of the CSR Committee.	The Corporate Social Responsibility Committee of the Company comprises of Shri T. D. Bahety, Wholetime Director, as the Chairman and Shri R. V. Kanoria, Managing Director and Shri H. K. Khaitan, an Independent Director, as its Members.
3.	Average net profit of the Company for last three financial years	₹ 50.44 million.
4.	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	₹ 1.01 million.
5.	Details of CSR spent during the financial year	
	a) Total amount to be spent for the financial year	₹ 1.01 million.
	b) Amount unspent, if any	₹ 0.05 million.
	c) Manner in which the amount spent during the financial year	Details are given below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken.	Amount outlay (budget) project or programs wise	Amount spent on the project or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1	Support to Rural Development Project for protection of Damage to rural road and smooth rainwater flow at Sengpur - Vataria Road	Rural Development Project	(1) Local Area (2) Village Sengpur, Dist. Bharuch, Gujarat	Rs.0.14 million	<u>Direct Expenditure</u> Rs.0.14 million	Rs.0.14 million	Direct
2	Promoting Education by improvement in Inhouse facilities at Primary School, Sengpur	Promotion of Education	(1) Local Area (2) Village Sengpur, Dist. Bharuch, Gujarat	Rs.0.45 million	<u>Direct Expenditure</u> Rs.0.27 million	Rs.0.27 million	Direct
3	Promoting Education by contributing for Construction of School	Promotion of Education	(1) Local Area (2) Ankleshwar GIDC, Dist. Bharuch, Gujarat	Rs.1.10 million	<u>Direct Expenditure</u> Rs.0.55 million	Rs.0.55 million	Through Lions Club of Industrial Area, Community Trust, Ankleshwar, Gujarat
	TOTAL				Rs.0.96 million	Rs.0.96 million	

ANNEXURE TO THE DIRECTORS' REPORT

6. In case the Company has failed to spend the 2% of the average net profit of the last three years or any part thereof, the Company shall provide reasons for not spending the amount in the Board Report.	Reasons provided in the Board Report.
7. Responsibility Statement of the CSR Committee that the implementation and monitoring of Corporate Social Responsibility Policy is in compliance with CSR objectives and Policy of the Company.	The CSR Committee confirms that the implementation and monitoring of Corporate Social Responsibility Policy, is in compliance with CSR objectives and Policy of the Company.

Dated, the 27th day of May 2015

R. V. Kanoria
Managing Director
(DIN: 00003792)

T. D. Bahety
Chairman, CSR Committee
(DIN: 00031572)

ANNEXURE TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2015

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

I. REGISTRATION AND OTHER DETAILS

(i) CIN	L24110WB1960PLC024910
(ii) Registration Date	17.12.1960
(iii) Name of the Company	Kanoria Chemicals and Industries Limited
(iv) Category / Sub-Category of the Company	Public Limited Company/limited by Shares
(v) Address of the Registered office and contact details	"Park Plaza", 71 Park Street South Block 7th Floor Kolkata 700016 Phone : (033) 4031 3200, Fax : (033) 4031 3220
(vi) Whether listed company (Yes / No)	Yes
(vii) Name, Address and Contact details of Registrar and Transfer Agent, If Any	C. B. Management Services Pvt Ltd P-22, Bondel Road, Kolkata 700019 Phone : (033) 40116700 / 2280 6692 (3 Lines), Fax : (033) 40116739

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / Services	NIC Code of the Product/ service	% to total turnover of the company
1	Formaldehyde 37%	20119	51.84
2	Pentaerithritol	20119	24.47
3	Hexamine	20119	13.98

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Vardhan Limited KCI Plaza 7th Floor 23C Ashutosh Chowdhury Avenue Kolkata 700 019	U14293WB1947PLC015833	Holding	59.81%	2(46)
2	Pipri Limited Park Plaza South Block 71 Park Street Kolkata-700 016	U67120WB1977PLC031082	Subsidiary	100%	2(87)
3	APAG Holding AG Lindenstrasse 26, Ch-8008 Zurich Switzerland	CHE 112.364.596	Foreign Subsidiary	100%	2(87)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
4	APAG Elektronik AG Ringstrasse 14 8600 Dübendorf Switzerland	CHE 101.297.889	Wholly owned subsidiary of APAG Holding AG	-	2(87)
5	APAG Elektronik s.r.o. U Panasonic 396 530 06 Pardubice Czech Republic	315700Z1W2JR7K1L7869	Wholly owned subsidiary of APAG Elektronik AG	-	2(87)
6	Kanoria Africa Textiles PLC Kirkos Sub City Woreda 09, House No. 687 Amanelwa Building, Room No. 403, Wello Sefer Addis Ababa, Ethiopia	EIA-PC/01/004253/04	Foreign Subsidiary	76.49%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2014)				No. of Shares held at the end of the year (As on 31.03.2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
(1) INDIAN									
(a) Individual / HUF	1,585,386	0	1,585,386	3.63	1,585,386	0	1,585,386	3.63	0.00
(b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(c) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d) Bodies Corporate	30,498,899	0	30,498,899	69.81	30,498,899	0	30,498,899	69.81	0.00
(e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(f) Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1)	32,084,285	0	32,084,285	73.44	32,084,285	0	32,084,285	73.44	0.00
(2) FOREIGN									
(a) NRIs - Individuals	434,739	0	434,739	0.99	434,739	0	434,739	0.99	0.00
(b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d) Bank / FI	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2)	434,739	0	434,739	0.99	434,739	0	434,739	0.99	0.00
Total Shareholding of Promoter (A) = (A1) + (A2)	32,519,024	0	32,519,024	74.43	32,519,024	0	32,519,024	74.43	0.00
B. PUBLIC SHAREHOLDING									
(1) INSTITUTIONS									
(a) Mutual Funds	2,100	28,500	30,600	0.07	2,100	28,500	30,600	0.07	Nil
(b) Banks / FI	1,201,500	1125	1,202,625	2.75	1,500	1,125	2,625	0.01	(2.74)
(c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(d) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
(e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f) Insurance Companies	1,213,006	0	1,213,006	2.78	208,391	0	208,391	0.48	(2.30)

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2014)				No. of Shares held at the end of the year (As on 31.03.2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(g) FIs	0	18,300	18,300	0.04	7,841	18,300	26,141	0.06	0.02
(h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i) Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B) (1)	2,416,606	47,925	2,464,531	5.64	219,832	47,925	267,757	0.61	(5.03)
(2) NON - INSTITUTIONS									
(a) Bodies Corporate									
(i) Indian	1,329,522	37,278	1,366,800	3.13	1,382,389	37,278	1,419,667	3.25	0.12
(ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b) Individuals									
(i) Individual shareholders holding nominal capital upto Rs. 1 lakh	4,705,711	491,690	5,197,401	11.90	6,122,015	478,469	6,600,484	15.11	3.21
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1,382,414	30,000	1,412,414	3.23	1,897,622	30,000	1,927,622	4.41	1.18
(c) Any Other (Specify)									
NRI	204,619	21,945	226,564	0.52	319,643	21,945	341,588	0.78	0.26
Clearing Member	73,972	0	73,972	0.17	189,123	0	189,123	0.43	0.26
Trust	292,511	0	292,511	0.67	292,511	0	292,511	0.67	0.00
Other Directors & Relatives	19,828	3	19,831	0.05	18,328	1	18,329	0.04	(0.01)
Unclaimed Suspense A/c	120,285	0	120,285	0.28	117,228	0	117,228	0.27	(0.01)
Sub-total (B) (2)	8,128,862	580,916	8,709,778	19.93	10,338,859	567,693	10,906,552	24.96	5.03
Total Public Shareholding (B) = (B1) + (B2)	10,545,468	628,841	11,174,309	25.57	10,558,691	615,618	11,174,309	25.57	0.00
C. Shares held by Custodians for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A + B + C)	43,064,492	628,841	43,693,333	100.00	43,077,715	615,618	43,693,333	100.00	0.00

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2014)			Shareholding at the end of the year (As on 31.03.2015)			% Change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Vardhan Limited	26,133,872	59.81	0.00	26,133,872	59.81	0.00	0.00
2	Kirtivardhan Finvest Services Ltd	1,154,907	2.64	0.00	1,154,907	2.64	0.00	0.00
3	R V Investment & Dealers Ltd	3,210,120	7.35	0.00	3,210,120	7.35	0.00	0.00
4	Rajya Vardhan Kanoria	434,985	1.00	0.00	434,985	1.00	0.00	0.00
5	Shyam Sundar Kanoria	15,000	0.03	0.00	15,000	0.03	0.00	0.00
6	Shyam Sundar Kanoria	11,496	0.03	0.00	11,496	0.03	0.00	0.00
7	Saumya Vardhan Kanoria	556,440	1.27	0.00	556,440	1.27	0.00	0.00
8	Anand Vardhan Kanoria	434,739	0.99	0.00	434,739	0.99	0.00	0.00
9	Sheela Devi Kanoria	12,144	0.03	0.00	12,144	0.03	0.00	0.00
10	Madhuvanti Kanoria	498,321	1.14	0.00	498,321	1.14	0.00	0.00
11	Anjana Somany	27,000	0.06	0.00	27,000	0.06	0.00	0.00
12	Abhishek Somany	30,000	0.07	0.00	30,000	0.07	0.00	0.00
	Total	32,519,024	74.43	0.00	32,519,024	74.43	0.00	0.00

(iii) Change in Promoters' Shareholding

Sl. No.		Shareholding at the beginning of the year (As on 01.04.2014)		Cumulative Shareholding during the year (As on 31.03.2015)	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
	At the beginning of the year	32,519,024	74.43		
	Date wise increase / decrease in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No change during the year			
	At the end of the year	32,519,024	74.43	32,519,024	74.43

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of Share at the beginning (01.04. 2014)/ end of the year (31.03.2015)	% of total Shares of the Company				No of Shares	% of total shares of the Company
1	IFCI LTD	1,200,000	2.75	01.04.2014				
				30.05.2014	-15,000	Transfer	1,185,000	2.71
				06.06.2014	-197,273	Transfer	987,727	2.26
				13.06.2014	-117,954	Transfer	869,773	1.99
				20.06.2014	-7,393	Transfer	862,380	1.97
				04.07.2014	-85,598	Transfer	776,782	1.78
				11.07.2014	-11,291	Transfer	765,491	1.75
				18.07.2014	-52,153	Transfer	713,338	1.63
				25.07.2014	-363,126	Transfer	350,212	0.80
				01.08.2014	-170,673	Transfer	179,539	0.41
				01.08.2014	-179,539	Transfer	0	0.00
		0	0.00	31.03.2015			0	0.00



Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of Share at the beginning (01.04. 2014)/ end of the year (31.03.2015)	% of total Shares of the Company				No of Shares	% of total shares of the Company
2	UNITED INDIA INSURANCE COMPANY LIMITED	756,693	1.73	01.04.2014				
				30.05.2014	-26,800	Transfer	729,893	1.67
				06.06.2014	-37,078	Transfer	692,815	1.59
				13.06.2014	-4,093	Transfer	688,722	1.58
				20.06.2014	-235	Transfer	688,487	1.58
				05.12.2014	-23,955	Transfer	664,532	1.52
				12.12.2014	-57,965	Transfer	606,567	1.39
				19.12.2014	-6,859	Transfer	599,708	1.37
				23.01.2015	-57,906	Transfer	541,802	1.24
				30.01.2015	-66,798	Transfer	475,004	1.09
				06.02.2015	-159,025	Transfer	315,979	0.72
				13.02.2015	-125,830	Transfer	190,149	0.44
				20.02.2015	-104,980	Transfer	85,169	0.19
				20.02.2015	-85,169	Transfer	0	0.00
				31.03.2015	0		0	0.00
3	THE ORIENTAL INSURANCE COMPANY LIMITED	454,313	1.04	01.04.2014				
				09.05.2014	-22,199	Transfer	432,114	0.99
				23.05.2014	-40,000	Transfer	392,114	0.90
				30.05.2014	-36,373	Transfer	355,741	0.81
				06.06.2014	-40,945	Transfer	314,796	0.72
				13.06.2014	-17,507	Transfer	297,289	0.68
				05.09.2014	-10,898	Transfer	286,391	0.66
				12.09.2014	-40,000	Transfer	246,391	0.56
				19.09.2014	-30,000	Transfer	216,391	0.50
				30.09.2014	-10,000	Transfer	206,391	0.47
		31.03.2015	206,391		206,391	0.47		
4	SARVESH BUBNA TRUST	289,047	0.66	01.04.2014		NIL movement during the year		
		289,047	0.66	31.03.2015			289,047	0.66
5	SIGGIL INDIA LIMITED	278,100	0.64	01.04.2014				
				04.04.2014	3,900	Transfer	282,000	0.65
				07.11.2014	-30,000	Transfer	252,000	0.58
				14.11.2014	-74,738	Transfer	177,262	0.41
				31.03.2015	-150,915	Transfer	26,347	0.06
				31.03.2015	-26,347	Transfer	0	0.00
		31.03.2015	0		0	0.00		
6	AMIT JAIN	250,000	0.57	01.04.2014				
				06.06.2014	-100,000	Transfer	150,000	0.34
				19.09.2014	-50,000	Transfer	100,000	0.23
				31.10.2014	-50,000	Transfer	50,000	0.11
		50,000	0.11	31.03.2015			50,000	0.11

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)																																																																																																																																																																																																														
		No. of Share at the beginning (01.04. 2014)/ end of the year (31.03.2015)	% of total Shares of the Company				No of Shares	% of total shares of the Company																																																																																																																																																																																																													
7	BHILWARA HOLDINGS LIMITED	186,000	0.43	01.04.2014		NIL movement during the year	186,000	0.43																																																																																																																																																																																																													
		186,000	0.43	31.03.2015					8	F L DADABHOY	141,300	0.32	01.04.2014					04.04.2014	2,700	Transfer	144,000	0.33	21.11.2014	2,100	Transfer	146,100	0.33	28.11.2014	2,400	Transfer	148,500	0.34	31.12.2014	16,500	Transfer	165,000	0.38	09.01.2015	4,400	Transfer	169,400	0.39	16.01.2015	4,600	Transfer	174,000	0.40	20.03.2015	83,000	Transfer	257,000	0.59	31.03.2015	257,000		257,000	0.59	9	PRABHALA SRINIVAS	134,400	0.31	01.04.2014		NIL movement during the year	134,400	0.31	134,400	0.31	31.03.2015		10	KIRIT RATILAL MEHTA	101,000	0.23	01.04.2014					30.06.2014	-101,000	Transfer	0	0.00	31.03.2015	0		0	0.00	11	G SHANKAR	52,458	0.12	01.04.2014					16.05.2014	3,990	Transfer	56,448	0.13	23.05.2014	8,000	Transfer	64,448	0.15	30.05.2014	-10,628	Transfer	53,820	0.12	06.06.2014	-4,464	Transfer	49,356	0.11	13.06.2014	-1,000	Transfer	48,356	0.11	11.07.2014	21,542	Transfer	69,898	0.16	18.07.2014	16,488	Transfer	86,386	0.20	25.07.2014	8,000	Transfer	94,386	0.22	01.08.2014	21,204	Transfer	115,590	0.26	08.08.2014	15,000	Transfer	130,590	0.30	15.08.2014	8,000	Transfer	138,590	0.32	20.08.2014	13,000	Transfer	151,590	0.35	12.09.2014	5,001	Transfer	156,591	0.36	19.09.2014	7,000	Transfer	163,591	0.37	30.09.2014	28,243	Transfer	191,834	0.44	10.10.2014	21,036	Transfer	212,870	0.49	31.10.2014	-400	Transfer	212,470	0.49	14.11.2014	2,500	Transfer	214,970	0.49	28.11.2014	7,000	Transfer	221,970	0.51	05.12.2014	15,312	Transfer	237,282	0.54	12.12.2014	40,400	Transfer	277,682	0.64	19.12.2014	8,500	Transfer	286,182	0.65	31.12.2014	3,000	Transfer	289,182	0.66
8	F L DADABHOY	141,300	0.32	01.04.2014																																																																																																																																																																																																																	
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134,400	0.31	31.03.2015				10	KIRIT RATILAL MEHTA	101,000	0.23	01.04.2014								30.06.2014	-101,000	Transfer	0	0.00	31.03.2015	0		0	0.00	11	G SHANKAR	52,458	0.12	01.04.2014					16.05.2014	3,990	Transfer	56,448	0.13	23.05.2014	8,000	Transfer	64,448	0.15	30.05.2014	-10,628	Transfer	53,820	0.12	06.06.2014	-4,464	Transfer	49,356	0.11	13.06.2014	-1,000	Transfer	48,356	0.11	11.07.2014	21,542	Transfer	69,898	0.16	18.07.2014	16,488	Transfer	86,386	0.20	25.07.2014	8,000	Transfer	94,386	0.22	01.08.2014	21,204	Transfer	115,590	0.26	08.08.2014	15,000	Transfer	130,590	0.30	15.08.2014	8,000	Transfer					138,590	0.32				20.08.2014	13,000	Transfer	151,590	0.35	12.09.2014	5,001	Transfer	156,591	0.36	19.09.2014	7,000	Transfer	163,591	0.37	30.09.2014	28,243	Transfer	191,834	0.44	10.10.2014	21,036	Transfer	212,870	0.49	31.10.2014	-400	Transfer	212,470	0.49	14.11.2014	2,500	Transfer	214,970	0.49	28.11.2014	7,000	Transfer	221,970	0.51	05.12.2014	15,312	Transfer	237,282	0.54	12.12.2014	40,400	Transfer	277,682	0.64	19.12.2014	8,500	Transfer	286,182	0.65	31.12.2014	3,000	Transfer	289,182	0.66	30.01.2015	8,300	Transfer	297,482	0.68																																																		
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Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of Share at the beginning (01.04. 2014)/ end of the year (31.03.2015)	% of total Shares of the Company				No of Shares	% of total shares of the Company
				06.02.2015	2,418	Transfer	299,900	0.69
				20.02.2015	2,000	Transfer	301,900	0.69
		301,900	0.69	31.03.2015			301,900	0.69
12	KIRIT R MEHTA	0	0.00	01.04.2014				
				04.07.2014	101,000	Transfer	101,000	0.23
				18.07.2014	2,596	Transfer	103,596	0.24
		103,596	0.24	31.03.2015			103,596	0.24
13	EQUITY INTELLIGENCE INDIA PRIVATE LIMITED	0	0	01.04.2014				
				31.12.2014	60,000	Transfer	60,000	0.14
				27.02.2015	40,000	Transfer	100,000	0.23
		100,000	0.23	31.03.2015			100,000	0.23
14	BEENA KAPOOR	89,662	0.21	01.04.2014		NIL movement during the year		
		89,662	0.21	31.03.2015			89,662	0.21
15	PCS SECURITIES LIMITED	1,701	0.00	01.04.2014				
				18.07.2014	-1,201	Transfer	500	0.00
				12.09.2014	1,000	Transfer	1,500	0.00
				09.01.2015	25,500	Transfer	27,000	0.06
				16.01.2015	5	Transfer	27,005	0.06
				23.01.2015	-400	Transfer	26,605	0.06
				06.02.2015	20	Transfer	26,625	0.06
				13.02.2015	-25,000	Transfer	1,625	0.00
				20.02.2015	-25	Transfer	1,600	0.00
				06.03.2015	2,391	Transfer	3,991	0.01
				13.03.2015	42,609	Transfer	46,600	0.11
				27.03.2015	39,200	Transfer	85,800	0.20
		85,800	0.20	31.03.2015			85,800	0.20

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of Share at the beginning (01.04. 2014)/ end of the year (31.03.2015)	% of total Shares of the Company				No of Shares	% of total shares of the Company
A) DIRECTORS								
1	R V KANORIA	434,985	1.00	01.04.2014	0	NIL movement during the year	434,985	1.00
		434,985	1.00	31.03.2015				
2	AMITAV KOTHARI	4	0.00	01.04.2014	0	NIL movement during the year	4	0.00
		4	0.00	31.03.2015				
3	H K KHAITAN	100	0.00	01.04.2014	0	NIL movement during the year	100	0.00
		100	0.00	31.03.2015				
4	A VELLAYAN	15,000	0.03	01.04.2014	0	NIL movement during the year	15,000	0.03
		15,000	0.03	31.03.2015				
5	RAVINDER NATH	100	0.00	01.04.2014	0	NIL movement during the year	100	0.00
		100	0.00	31.03.2015				
6	S L RAO	100	0.00	01.04.2014	0	NIL movement during the year	100	0.00
		100	0.00	31.03.2015				
7	G PARTHASARATHY	1	0.00	01.04.2014	0	NIL movement during the year	1	0.00
		1	0.00	31.03.2015				
8	B D SUREKA (Ceased to be Director on 05.09.2014)	1,500	0.00	01.04.2014	0	NIL movement during the year	1,500	0.00
		1,500	0.00	05.09.2014				
9	J P SONTALIA (Resigned as a Director 01.11.2014)	2	0.00	01.04.2014	0	NIL movement during the year	2	0.00
		2	0.00	01.11.2014				
10	T D BAHETY	3,024	0.01	01.04.2014	0	NIL movement during the year	3,024	0.01
		3,024	0.01	31.03.2015				
11	MADHUVANTI KANORIA (Appointed as a Director on 11.02.2015)	498,321	1.14	11.02.2015	0	NIL movement during the year	498,321	1.14
		498,321	1.14	31.03.2015				
B) KEY MANAGERIAL PERSONNEL (KMP)								
1	N K NOLKHA	1,500	0.00	01.04.2014	0	NIL movement during the year	1,500	0.00
		1,500	0.00	31.03.2015				
2	N K SETHIA	0	0.00	01.04.2014	0	NIL movement during the year	0	0.00
		0	0.00	31.03.2015				

V. INDEBTEDNESS

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

(₹ in million)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2014)				
(i) Principal Amount	1,088.07	0	0	1,088.07
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	4.85	0	0	4.85
Total (i + ii + iii)	1,092.92	0	0	1,092.92
Change in indebtedness during the financial year				
a) Addition	0	250.00	0	250.00
b) Reduction (Net)	321.36	0	0	321.36
Net Change	(321.36)	250.00	0	(71.36)
Indebtedness at the end of the financial year (31.03.2015)				
(i) Principal Amount	770.09	250.00	0	1,020.09
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	1.47	0	0	1.47
Total (i + ii + iii)	771.56	250.00	0	1,021.56

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ in million)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Shri R V Kanoria	Shri T D Bahety	
		Managing Director	Wholetime Director	
1	Gross Salary			
	a) Salary as per provision contained in Section 17 (1) of the Income Tax Act, 1961	11.07	4.74	15.81
	b) Value of Perquisites u/s. 17 (2) of the Income Tax Act, 1961	0.57	0.43	1.00
	c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission			
	As % of Profit	0	0	0
	Others, specify	0	0	0
5	Others, Please Specify	0	0	0
	Total (A)	11.64	5.17	16.81
	Ceiling as per the Act	The remuneration is well within the limits prescribed under the Companies Act, 2013.		

B) Remuneration to Other Directors**1. Independent Directors**

(₹ in million)

Particulars of Remuneration	Name of Directors							Total Amount
	Amitav Kothari	H K Khaitan	Ravinder Nath	G Parthasarathy	S L Rao	B D Sureka (Ceased to be Director on 05. 09.2014)	A Vellayan	
Fees for attending board/ committee meeting	0.26	0.33	0.19	0.23	0.31	0	0.05	1.37
Commission	0	0	0	0	0	0	0	0
Other, Please specify	0	0	0	0	0	0	0	0
Total (B) (1)	0.26	0.33	0.19	0.23	0.31	0	0.05	1.37

2. Other Non Executive Directors

Particulars of Remuneration	Name of Directors		Total Amount
	J P Sonthalia (Resigned as a Director 01.11.2014)	M Kanoria (Appointed as a Director on 11.02.2015)	
Fees for attending board/committee meeting	0.02	0.05	0.07
Commission	0	0	0
Other, Please specify	0	0	0
Total (B) (2)	0.02	0.05	0.07

Total (B)=(B1)+(B2) = Rs. 1.44 million

C) Remuneration to Key Managerial Personnel other than MD / Manager / WTD

(₹ in million)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		N K Nolkha	N K Sethia	
		Chief Financial Officer	Company Secretary	
1	Gross Salary			
	a) Salary as per provision contained in Section 17 (1) of the Income Tax Act, 1961	3.88	1.63	5.51
	b) Value of Perquisites u/s. 17 (2) of the Income Tax Act, 1961	0.17	0.09	0.26
	c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission			
	As % of Profit	0	0	0
	Others, specify	0	0	0
5	Others, Please Specify	0	0	0
	Total (C)	4.05	1.72	5.77

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

Against the Company, Directors and other Officers in Defaults under the Companies Act, 2013 : NONE

For and on behalf of the Board

Registered Office

'Park Plaza'
71, Park Street
Kolkata - 700 016

R.V. Kanoria
Chairman & Managing Director
(DIN: 00003792)

Dated, the 27th day of May 2015

ANNEXURE TO THE DIRECTORS' REPORT

Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

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

To

The Members,
Kanoria Chemicals & Industries Limited
"Park Plaza"
71, Park Street,
Kolkata-700 016

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kanoria Chemicals & Industries Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company as specified in Annexure I and also the information provided by the Company, its officers and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company, for the financial year ended on March 31, 2015 according to the provisions of:

- i. The Companies Act, 2013 and the rules made thereunder including any re-enactment thereof ('Act, 2013');
- ii. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- vi. Laws specifically applicable to the industry to which the Company belongs:
 - a. Environmental (Protection) Act, 1986 read with Environmental Protection Rules, 1986;
 - b. The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008;
 - c. The Water (Prevention & Control of Pollution) Act, 1974 read with Water (Prevention & Control of Pollution) Rules, 1975;
 - d. The Air (Prevention & Control of Pollution) Act, 1981 read with the Air (Prevention and Control of Pollution) Rules, 1982;
 - e. Petroleum Act, 1934;
 - f. Poison Act, 1919; and
 - g. Indian Explosive Act, 1884.

We have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with the Stock Exchanges.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

In respect of other laws specifically applicable to the Company, we have relied on information/records produced by the Company during the course of our audit and the reporting is limited to that extent.

Management Responsibility:

Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit;

We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;

ANNEXURE TO THE DIRECTORS' REPORT

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company;

Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc;

The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis;

The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above and in the manner as reported under:

We further report that:

During the year under review, one rotational director resigned, and the Board of Directors appointed an additional director. It has been represented to us that the Company shall, subject to appropriate shareholders' resolution, re-appoint the said additional director as a rotational director in the Company's forthcoming AGM, so as to comply with the requirement of minimum rotational directors under section 152 (6) of the Act, 2013. This apart, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

All decisions of the board were unanimous and the same was captured and recorded as part of the minutes

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

We further report that during the audit period, the Company has incurred the following specific event/ action that may have a major bearing on the Company's affairs:-

- a. At the Annual General Meeting held on September 5, 2014, the members of the Company passed resolutions under sections 180(1)(a) and 180(1)(c) of Act, to approve the threshold limit of Rs. 700 crores under both the sections.
- b. During the year, the Company pledged the shares held by it in Kanoria Africa Textiles Plc, Ethiopia ("KATP") a subsidiary of the Company, in favour of Export-Import Bank of India ("EXIM") as security for the loan of USD 21 million granted by EXIM to KATP.
- c. During the year, the status of KATP has changed from a wholly owned subsidiary of the Company to a subsidiary of the Company, on acquisition of shares in KATP by a private equity investor.
- d. During the year, the Company acquired the balance 10% stake in APAG Holding AG, Switzerland, thereby making it a Wholly Owned Subsidiary of the Company.

Place: Kolkata
Date: May 27, 2015

For Vinod Kothari & Company
Company Secretaries in Practice

Vinod Kothari
CEO
ACS No: 4718
CP No. 1391

LIST OF DOCUMENTS:

Annexure I

1. Corporate Matters
 - 1.1 Minutes books of the following Committees were provided in original
 - 1.1.1 Board Meeting
 - 1.1.2 Audit Committee
 - 1.1.3 Nomination and Remuneration Committee
 - 1.1.4 Stakeholders Relationship Committee
 - 1.1.5 Corporate Social Responsibility Committee
 - 1.1.6 General Meeting
 - 1.2 Agenda papers for Board Minutes along with Notice.
 - 1.3 Annual Report 2013-14
 - 1.4 Memorandum and Articles of Association
 - 1.5 Disclosures under Listing Agreement
 - 1.6 Documents pertaining to Listing Agreement compliance
 - 1.7 Forms and returns filed with the ROC

ANNEXURE TO THE DIRECTORS' REPORT

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

(A) Conservation of Energy

- (i) The steps taken for conservation of energy:
Major energy conservation initiative taken during the financial year 2014-15:
- Replaced two vacuum pumps with one vacuum pump of higher rating and VFD control.
 - Replaced Mercury light with LED Lamps.
 - Installed VFDs on Air handling units, Air Compressor and Vacuum pump.
 - Replaced high watt loss capacitors with low watt loss Capacitors.
 - Replaced single pass condensing economizer of Boiler with multi-pass circular type condensing economizer.
 - Started replacing 70 W lamps with 40 W VFL.
 - Started direct transfer of Formaldehyde from the plant to Hexamine plant resulting into stoppage of transfer pump.
- (ii) The steps taken by the company for utilizing alternate sources of energy;
- Company has placed order for a solid fuel boiler to replace the high cost Natural Gas as a fuel for steam generation.
- (iii) The capital investment on energy conservation equipments;

Sr. No.	Activities	Capital Investment on energy conservation equipments (₹ in million)
1	VFD on Air compressor in utility	0.47
2	Replacement of Condensing Economizer of 16 TPH Boiler with upgraded design to improve heat recovery	1.56

(B) Technology Absorption

- (i) The efforts made towards technology absorption: NIL
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: NIL
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): NIL
- (a) The details of technology imported: N. A.
- (b) The year of import: N. A.
- (c) Whether the technology been fully absorbed: N. A.
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: N. A.
- (iv) The expenditure incurred on Research and Development

Sl. No.	Particulars	₹ in million
(a)	Capital Expenditure	Nil
(b)	Revenue Expenditure	3.63

(C) Foreign Exchange Earnings and Outgo

	₹ in million
Foreign Exchange earned in terms of actual inflows during the year	166.49
Foreign Exchange outgo in terms of actual outflows during the year	664.76

Registered Office

'Park Plaza'
71, Park Street
Kolkata - 700 016

Dated, the 27th day of May 2015

For and on behalf of the Board

R.V. Kanoria
Chairman & Managing Director
(DIN: 00003792)

ANNEXURE TO THE DIRECTORS' REPORT

Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. Ratio of remuneration of each Director/KMP to the median remuneration of all employees

Sl. No.	Name of Directors and Key Managerial Personnel	Designation	The ratio of remuneration of each Director to the median remuneration of all employees of the Company for the financial year	Percentage increase in remuneration over last year
1	Shri R.V. Kanoria	Managing Director	46.34	10.06
2	Shri T.D. Bahety	Wholetime Director	20.57	18.86
3	Shri Amitav Kothari	Non-Executive Director	1.01	59.38
4	Shri H.K. Khaitan	Non-Executive Director	1.31	127.59
5	Shri Ravinder Nath	Non-Executive Director	0.76	90.00
6	Shri G. Parthasarathy	Non-Executive Director	0.92	475.00
7	Prof. S.L. Rao	Non-Executive Director	1.23	121.43
8	Shri A. Vellayan	Non-Executive Director	0.20	@
9	Smt. Madhuvanti Kanoria (Appointed as a Director on 11.02.2015)	Non-Executive Director	0.20	N A
10	Shri B. D. Sureka (Retired as a Director on 05.09.2014)	Non-Executive Director	-	N A
11	Shri J. P. Sonthalia (Resigned as a Director on 01.11.2014)	Non-Executive Director	-	N A
12	Shri N.K. Nolkha	Chief Financial Officer	NA	10.89
13	Shri N.K. Sethia	Company Secretary	NA	10.36

Note: No Director other than the Managing Director and Whole time Director received any remuneration other than sitting fees during the financial years 2013-14 and 2014-15.

@ He did not receive any remuneration in the year 2013-14, hence figures for the year 2014-15 are not comparable.

2. The number of permanent employees as on 31st March, 2015 was 333.

3. Compared to the previous year 2013-14, the figures for the current year 2014-15 reflects that:-

(i) The Profit before Tax decreased by 54.85%.

(ii) Median remuneration of the employees has increased by 2.84%.

(iii) Average remuneration of the employees increased by 7.41%.

(iv) Average remuneration of the employees other than Key Managerial Personnel has increased by 6.12% and that of the Key Managerial Personnel by 12.14%.

Average increase in remuneration is guided by the factors like inflation, normal salary revisions, external competitiveness and talent retention.

4. No employee's remuneration for the year 2014-15 exceeded the remuneration of the highest paid Director.

5. The remuneration of Directors, Key Managerial Personnel and other employees is in accordance with the Remuneration Policy of the Company.

6. The market capitalization of the Company as on 31st March, 2015 increased/ by 41.07% compared to as on 31st March, 2014.

The PE ratio as on 31st March, 2015 stood at 11.73 (as on 31st March, 2014: 4.66).

Closing price on National Stock Exchange Association of India Limited has been used for the purpose of the above calculations.

The Company has not made any public offer in the recent past and accordingly, comparison of public offer price and the current market price of the Company's shares will not be relevant.

7. The variable components of the remuneration of the Executive Directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee, as per the Remuneration Policy of the Company.

For and on behalf of the Board

Registered Office

'Park Plaza'

71, Park Street

Kolkata - 700 016

R.V. Kanoria
Chairman & Managing Director
(DIN: 00003792)

Dated, the 27th day of May 2015

ANNEXURE TO DIRECTORS' REPORT

Particulars of employees pursuant to provisions of Section 197 (12) of the Companies Act, 2013, read with Rules 5 (2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Name	Designation	Remuneration (₹)	Qualifications	Age (Years)	Experience (Years)	Date of Joining	Last Employment
Kanoria R.V.	Chairman & Managing Director	12,371,361*	B.Sc., MBA (Hons)	60	41	10.01.1983	None

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 spouse of Smt. Madhuvanti Kanoria, a Director of the Company and they together hold 2.14% % of the Paid up Equity Share Capital of the Company.
- * Includes remuneration of Rs. 2,905,805 from 10.01.2015 to 31.03.2015, subject to shareholders' approval.

Registered Office

'Park Plaza'
71, Park Street
Kolkata - 700 016

Dated, the 27th day of May 2015

For and on behalf of the Board

R.V. Kanoria
Chairman & Managing Director
(DIN: 00003792)

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 31st March 2015 consisted of nine Directors including seven Non-executives Directors out of which six are Independent Directors. During the year, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, appointed Smt. Madhuvanti Kanoria as an Additional Director w.e.f. 11th February, 2015. 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 41 years of industrial, managerial, administrative and commercial experience. Shri T.D. Bahety, B.Sc., Chem (Hons), Jute Technologist, having 57 years of industrial and administrative experience, is the Wholtime Director of the Company.

During the year under review, the Board met four times; on 17th May 2014, 25th July 2014, 1st November 2014 and 11th February 2015.

The constitution of the Board during the year ended 31st March 2015 and attendance at the Board Meetings, last Annual General Meeting and the Directorship, Chairmanship and/or Membership of Committees held as on 31st March 2015 by each Director in other companies are as under:

Name of Director	Attendance at		Category of Directors	Other Directorship ¹	Other Committee Chairmanship ²	Other Committee Membership ²
	Board Meetings	Last AGM				
Shri R.V. Kanoria (DIN: 00003792)	4	Yes	Promoter - Chairman & Managing Director	7	1	4
Smt. Madhuvanti Kanoria ^a (DIN: 00142146)	1	N. A.	Promoter - Non-Executive Non-Independent Director	-	-	-
Shri T.D. Bahety (DIN:00031572)	4	No	Executive Director	1	-	-
Shri Amitav Kothari (DIN:01097705)	4	Yes	Independent Director	2	-	2
Shri H.K. Khaitan (DIN:00220049)	4	Yes	Independent Director	4	2	1
Shri Ravinder Nath (DIN:00062186)	3	No	Independent Director	3	1	2
Shri G. Parthasarathy (DIN:00068510)	4	Yes	Independent Director	-	-	-
Prof. S.L. Rao (DIN:00005675)	4	Yes	Independent Director	2	2	-
Shri B.D. Sureka ^b (DIN:00049713)	-	Yes	Independent Director	N. A.	N. A.	N. A.
Shri A. Vellayan (DIN:00148891)	1	No	Independent Director	5	-	2
Shri J. P. Sonthalia ^c (DIN:01292249)	1	Yes	Non-executive Director	N. A.	N. A.	N. A.

1. This excludes Directorship held in Indian Private Limited Companies, Foreign Companies, Companies under Section 8 of the Companies Act, 2013 and Membership of various Chambers of Commerce and Non-Corporate Organisations.
2. Committee refers to Audit Committee and Stakeholders Relationship Committee.
 - a Appointed as Additional Director with effect from 11th February 2015.
 - b Ceased to be a Director on the end of tenure on 5th September 2014.
 - c Resigned with effect from 1st November 2014.

Notes

- i Smt. Madhuvanti Kanoria is spouse of Shri R. V. Kanoria. None of the other Directors are related to any other Director on the Board.
- ii None of the Directors has any business relationship with the Company.
- iii None of the Directors received any loans and advances from the Company during the year.
- iv 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).
- v All the Directors have certified that they are not disqualified for appointment as a Director in any company.
- vi Additional information pursuant to Clause 49 of the Listing Agreement with Stock Exchanges in respect of Directors seeking appointment / reappointment is given in the AGM Notice.

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 who heads the management team. The Wholetime 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.

Meetings of Independent Directors

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or Management Personnel. During the year under review, one Meeting of Independent Directors was held on 11th February, 2015, wherein the Independent Directors carried out the performance evaluation of the Chairman & Managing Director and non-independent Director as well as the Board of the Company. The Meeting also assessed the quality, quantity and timeliness of the flow of information by the Management of the Company to the Board of Directors.

Familiarisation Programmes for Board Members

The Board Members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committees, on business and performance updates of the Company. Relevant statutory changes encompassing important laws are regularly made available to the Directors. Efforts are also made to familiarise the Directors about the Company, their roles, rights, responsibility in the Company, nature of the industry in which the Company operates, business model/procedures/processes of the Company, etc. through various programmes. The details of the familiarisation programmes for independent Directors are put on the website of the Company and can be accessed at the link: www.kanoriachem.com/images/Familiarisation%20Programme.pdf.

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. The gap between two Meetings is not more than 120 days. 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) Among others, 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. The Board also considers/approves the other matters as required to be considered/approved by the Board as per the Companies Act, 2013 and the Listing Agreement, as amended from time to time. 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

- i) 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.
- ii) 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. Minutes of Committee Meetings are signed 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 2013.

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 comprises of Shri Amitav Kothari, Shri H. K. Khaitan and Prof. S. L. Rao, Independent Directors, and Shri R. V. Kanoria, Chairman & Managing Director of the Company. Shri Amitav Kothari is the Chairman of the Committee. The Members of the Committee have requisite knowledge of finance, accounts and Company law.

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 Exchange. The terms of reference of the Audit Committee inter alia include the following:-

- a) Recommendation for appointment, remuneration and terms of appointment of Auditors of the company;
- b) Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
- c) Examination of the Financial Statement and the Auditors' Report thereon and reviewing the same before submission to the Board for approval.
- d) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- e) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- f) Approval or any subsequent modification of transactions of the Company with related parties;
- g) Scrutiny of inter-corporate loans and investments;
- h) Valuation of undertakings or assets of the Company, wherever it is necessary;
- i) Monitoring the end use of funds raised through public offers and related matters.
- j) Discussion with Statutory Auditors post-audit to ascertain any area of concern;
- k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- l) To review the functioning of the Whistle Blower mechanism;
- m) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

In addition, to carry out any other function as may be referred, from time to time, by the Board of Directors or enforced by any statutory notification/amendment or modification as may be applicable.

During the financial year 2014-15, the Committee met four times; on 17th May 2014, 25th July 2014, 1st November 2014 and 11th February 2015.

Attendance of Members at Audit Committee Meetings held during the year 2014-15:

Name of Director	No. of Meetings attended
Shri Amitav Kothari	4
Shri R. V. Kanoria	4
Shri H.K. Khaitan	4
Prof. S. L. Rao	4

The Chairman of the Audit Committee was present at the last Annual General Meeting held on 5th September, 2014.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of Shri H. K. Khaitan as the Chairman and includes Shri Amitav Kothari and Shri T.D. Bahety as its Members.

The 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, which comprise the following:-

- i To consider and resolve the grievances of security holders of the Company, including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends.
- ii To carry out any other function as is referred to the Committee by the Board of Directors from time to time or enforced by any statutory notification/amendment or modification as may be applicable.

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.

There were no pending share transfers as at the end of the financial year 2014-15, except sub-judice matters, which would be solved on final disposal by Hon'ble Courts.

During the financial year 2014-15, the Committee met on 11th February 2015, wherein all the members were present.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Prof. S. L. Rao, Shri H. K. Khaitan, Shri G. Parthasarathy and Shri Ravinder Nath, Independent Directors and Shri R. V. Kanoria, the Chairman & 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. The terms of reference of the Nomination and Remuneration Committee comprise the following:-

- i Identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every Director's performance.
- ii Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees and ensure that:-
 - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
 - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c. remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- iii To formulate criteria for evaluation of Independent Directors and the Board;
- iv Devising a policy on Board diversity;

In addition, to carry out any other function as may be referred, from time to time, by the Board of Directors or enforced by any statutory notification/amendment or modification as may be applicable.

During the financial year 2014-15, the Committee met three times; on 17th May 2014, 1st November 2014 and 11th February 2015.

Attendance of Members at Nomination and Remuneration Committee Meetings held during the year 2014-15:

Name of Director	No. of Meetings attended
Prof. S. Rao	3
Shri R. V. Kanoria	3
Shri H.K. Khaitan	3
Shri G. Parthasarathy	3
Shri Ravinder Nath	2

Pursuant to provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, has formulated the Nomination and Remuneration Policy, which contains the matters with regard to criteria for appointment of Directors and determining Directors independence and policy on remuneration for Directors, Senior Managerial Personnel and other employees.

Criteria for Appointment of Directors

In evaluating the suitability of a person and recommending to the Board his appointment as a Director of the Company, the Nomination and Remuneration Committee may take into account and ascertain factors such as:

- i Personal and professional ethics, integrity and values
- ii Educational and professional background
- iii Willingness to devote sufficient time and energy in carrying out the duties and responsibilities effectively

Remuneration Policy

The Company's Remuneration Policy has been formulated, keeping in view the following guiding principles:-

- i Ensuring that the remuneration and other terms of employment are as per the trends and practices prevailing in peer companies and the industry.
- ii Providing reward commensurate with the efforts, dedication and achievement in performance of duty.
- iii Attracting, retaining, motivating and promoting talent and ensuring long term sustainability of talented personnel and create competitive advantage.

The Remuneration Policy is in consonance with the existing Industry practice.

The Managing Director and Wholtime Director(s) are paid remuneration as per their agreements with the Company. These agreements are approved by the Board and also placed before the shareholders for their approval. The remuneration structure of the Managing Director and the Wholtime Director(s) comprises salary, commission, perquisites and other benefits. The Managing Director and Wholtime Director(s) are not paid sitting fee for attending Meetings of the Board or Committees thereof.

Non-Executive/Independent Directors receive remuneration by way of fees for attending Meetings of Board or Committee thereof, as fixed by the Board of Directors from time to time, within the limits as prescribed under the applicable law. During the year under review, the sitting fee to such Directors for attending each Board Meeting was increased from Rs.20,000/- to Rs. 50,000/-. The sitting fee for attending each Audit Committee Meeting and each Nomination and Remuneration Committee Meeting is Rs. 20,000/- and it is Rs.5,000/- for attending each other Committee Meeting. Non-Executive/Independent Directors are also reimbursed for expenses incurred for participation in Meetings of the shareholders, the Board of Directors or Committee thereof or for any other purpose in connection with the business of the Company as permissible under the applicable law.

There are no stock option benefits to any of the Directors.

The Nomination and Remuneration Policy may be accessed at the Company's website at the link:
www.kanoriachem.com/images/Nomination%20and%20Remuneration%20Policy.pdf.

Details of Remuneration paid or payable to Directors for the Financial Year ended 31st March 2015

(Figures in Rupees)

Name of the Director	Salary	Perquisites and other benefits	Commission	Sitting Fees**	Total
Shri R.V. Kanoria	6,921,290	5,450,071	-	-	12,371,361*
Shri Amitav Kothari	-	-	-	255,000	255,000
Shri H.K. Khaitan	-	-	-	330,000	330,000
Shri Ravinder Nath	-	-	-	190,000	190,000
Shri G. Parthasarathy	-	-	-	230,000	230,000
Prof. S.L. Rao	-	-	-	310,000	310,000
Shri B.D. Sureka	-	-	-	-	-
Shri A. Vellayan	-	-	-	50,000	50,000
Shri J. P. Sonthalia	-	-	-	20,000	20,000
Smt Madhuvanti Kanoria	-	-	-	50,000	50,000
Shri T.D. Bahety	2,928,000	2,569,188	-	-	5,497,188

* Includes remuneration of Rs. 2,905,805 from 10.01.2015 to 31.03.2015, subject to shareholders' approval.

** Includes Sitting Fee paid for Committee Meetings.

Details of Agreement

Name	From	To	Tenure
Shri R.V. Kanoria*	10.01.2015	09.01.2018	3 years
Shri T.D. Bahety**	20.05.2013	19.05.2016	3 years

* Subject to shareholders approval.

** 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 31st March 2015 are Shri R.V. Kanoria (434,985), Smt. Madhuvanti Kanoria (498,321), 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) and Shri G. Parthasarathy (1).

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises of Shri T. D. Bahety, Wholetime Director, 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 terms of reference of the Corporate Social Responsibility Committee comprise the following:-

- i To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013;
- ii To recommend the amount of expenditure to be incurred on the activities as referred to in Clause i above;
- iii To monitor the Corporate Social Responsibility Policy of the Company from time to time.

In addition, to carry out any other function as may be referred from time to time by the Board of Directors or enforced by any statutory notification/amendment or modification as may be applicable.

During the financial year 2014-15, the Committee met two times: on 1st November, 2014 and 11th February 2015, wherein all the Members were present.

The CSR Policy may be accessed at the Company's website at the link: www.kanoriachem.com/images/CSR%20Policy.pdf.

Finance Committee

The Finance Committee comprises of Shri R.V. Kanoria as the Chairman and includes Shri H.K. Khaitan, Shri Amitav Kothari and Shri T.D. Bahety as its Members. The Committee determines on behalf of the Board, the matters relating to Debentures, Term Loans, Commercial Paper and any other types of Financial Assistance from Financial Institutions, Banks, Mutual Funds and Others, creation of securities and allotment of securities etc. and other matters related and incidental therewith.

In addition, the Committee also carries out any other function as may be referred from time to time by the Board of Directors.

During the financial year 2014-15, the Committee met on 14th October, 2014, wherein Shri R. V. Kanoria and Shri T. D. Bahety were present.

OTHER COMMITTEE

Risk Management Committee

The Risk Management Committee of the Company assesses the significant risks that might impact the achievement of the Company's objectives and develops risk management strategies to mitigate/minimise identified risks and designs appropriate risk management procedures. Presently, the Committee comprises of Shri R. V. Kanoria, Managing Director, Shri T. D. Bahety, Wholetime Director, Shri H. K. Khaitan, Independent Director, Shri N.K. Nolkha -Chief Financial Officer and Shri Arun Agarwal - President (Works). During the year under review the Committee met on 25th July, 2014 and 11th February 2015.

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
2013-14	5th September 2014	10.30 A. M.	'Shripati Singhania Hall', Rotary Sadan,	3
2012-13	13th August 2013	2.30 P. M.	94/2 Chowringhee Road,	NIL
2011-12	8th August 2012	2.30 P. M.	Kolkata-700 020	3

There was no resolution passed through Postal Ballot during the year. 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 PARTY TRANSACTIONS

During the year under review, the Company had not entered into any material transaction with any of its related parties. All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis.

None of the transactions with any of the related parties were in conflict with the Company's interest. Suitable disclosure as required by the Accounting Standards (AS-18) has been made in the Note No. 41 to the Standalone Financial Statements, forming part of the Annual Report. There are no pecuniary relationships or transactions with the non-executive Director and independent Directors.

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 details of financial performance is 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 where information about the Company is displayed and regularly updated. An e-mail ID investor@kanoriachem.com has been created and displayed on the Company's website for the purpose of interaction including registering complaints by the investors.

MANAGEMENT DISCUSSION AND ANALYSIS

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

CEO AND CFO CERTIFICATION

The Managing Director and the Chief Financial Officer of the Company have certified to the Board regarding review of financial statement for the year under review, compliance with the accounting standards and applicable laws and regulations, maintenance of internal control for financial reporting and accounting policies.

RECONCILIATION OF SHARE CAPITAL AUDIT

As stipulated by Securities and Exchange Control Board of India (SEBI), a practicing Company Secretary carries out the Reconciliation of Share Capital Audit to reconcile the total admitted Capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed Capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors.

PREVENTION OF INSIDER TRADING

In substitution of the Company's Code of Conduct for prevention of insider trading, framed under the erstwhile Securities & Exchange Board of India (Prevention of Insider Trading) Regulations, 1992 and in compliance with the Securities & Exchange Board of India (Prevention of Insider Trading) Regulations, 2015, the Company has framed a new Code of Conduct to regulate, monitor and report trading by Insiders. The Code is effective from 15th May 2015. It, inter alia, prohibits trading in the shares of the Company by the Insiders, 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 Senior Management Personnel as well as for its other Employees. The Codes of Conduct are available on the Company's website.

It is confirmed that all the Directors and Senior Management Personnel of the Company have affirmed their compliance with the Company's Code of Conduct for Directors and Senior Management Personnel for the financial year 2014-15 as envisaged under Clause 49 of the Listing Agreement with Stock Exchanges.

WHISTLE BLOWER POLICY

In compliance with provisions of Section 177(9) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has framed a Whistle Blower Policy for its Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of applicable laws and regulations and the Company's Codes of Conduct. The reportable matters may be reported to the Audit Committee through the Nodal Officer and, in exceptional cases, may also be reported to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

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	198	120,285
Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year	4	3,057
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	4	3,057
Aggregate number of shareholders and outstanding shares lying in the Unclaimed Suspense Account at the end of the year	194	117,228

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, 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
 - Venue
2. Financial Calendar 2015-16 (tentative and subject to change)
 - Financial Results for the:
 - quarter ending 30th June 2015
 - quarter ending 30th September 2015
 - quarter ending 31st December 2015
 - year ending 31st March 2016
 - Annual General Meeting 2015-16
3. Date of Book Closure
4. Dividend Payment Date
5. Listing on Stock Exchanges:

1st September 2015 at 10.30 A. M.
'Shripati Singhanian Hall', Rotary Sadan
94/2 Chowringhee Road
Kolkata-700 020

Within 45 days of end of respective quarter

By 30th May 2016

By September 2016

26th August 2015 to 1st September 2015 (both days inclusive)

On or after 7th September 2015 (subject to shareholders' approval)

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 2015-16 has been paid to the above Stock Exchanges.



6. Stock Code:
BSE Ltd.
National Stock Exchange of India Ltd.

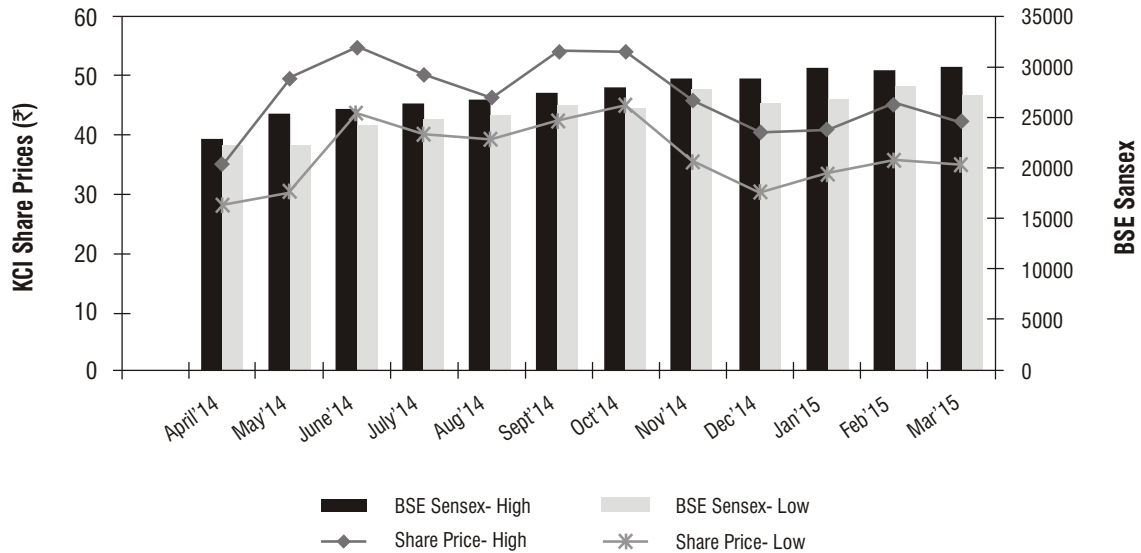
50 6525
KANORICHEM

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

Months	National Stock Exchange (NSE)*		Bombay Stock Exchange (BSE)*	
	High	Low	High	Low
April 2014	34.65	28.75	35.00	28.25
May 2014	50.10	30.15	49.70	30.40
June 2014	55.45	44.10	55.00	43.65
July 2014	50.90	39.70	50.35	40.25
August 2014	46.30	39.40	46.30	39.25
September 2014	54.45	42.10	54.35	42.45
October 2014	54.20	44.55	54.05	45.00
November 2014	46.20	38.95	45.80	35.55
December 2014	40.70	31.50	40.60	30.25
January 2015	40.70	33.70	40.80	33.50
February 2015	45.40	35.10	45.30	35.90
March 2015	42.15	35.05	42.15	34.95

* 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 2014-15:

No. of valid share transfer applications received, processed and registered	27
No. of shares transferred	3,307
No. of share transfers in process as on 31.03.2015	NIL
No. of shares dematerialised	15,093
No. of shares rematerialized	1,875

During the year 2014-15, there was no case of stakeholders' grievances. The Company attended to most of the stakeholders' correspondence within a period of seven days from the date of the receipt of such correspondence.

(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.

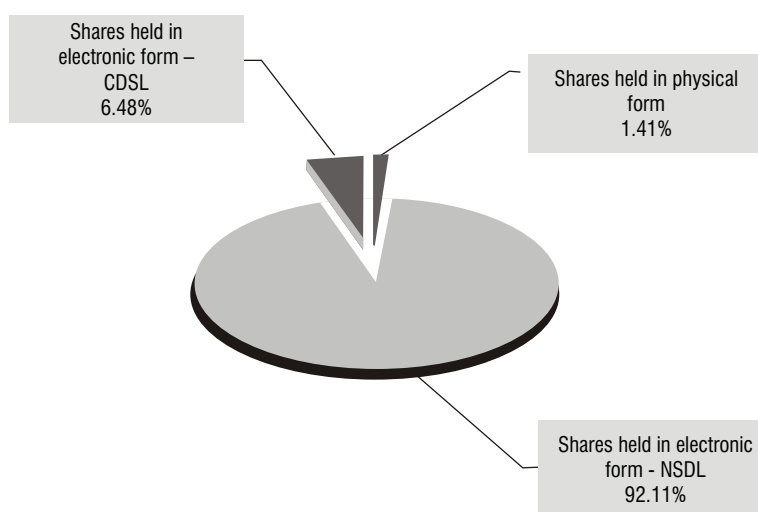
A total of 43,077,715 Equity Shares of the Company representing 98.59% of the Share Capital are dematerialised as on 31st March 2015

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 Annual Custody Fee for the financial year 2015-16 will be paid by the Company to both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with whom it has established connectivity, on receipt of the Invoices.



(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.

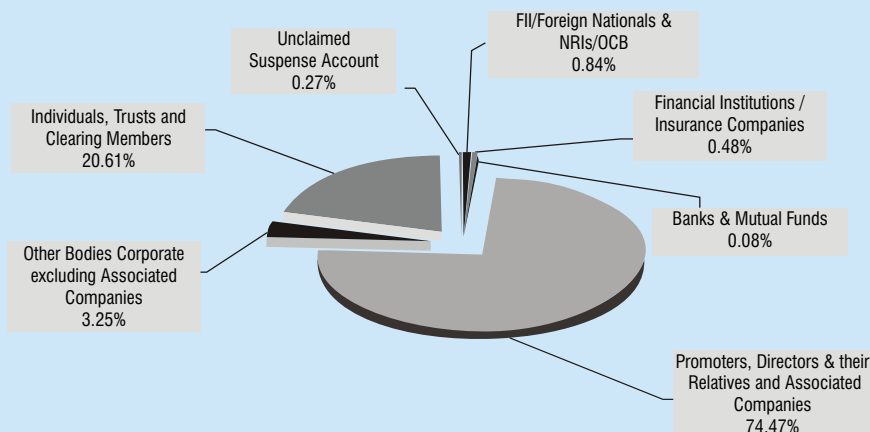
10. Distribution of Equity Shareholding as on 31st March 2015

Nominal value of Shareholding	Number of Shareholders		Number of Equity Shares	
	Total	% of Shareholders	Total	% of Share Capital
Up to Rs.5,000	10,531	86.87	2,529,002	5.79
Rs. 5,001 - Rs.10,000	739	6.09	1,115,490	2.56
Rs.10,001 - Rs.20,000	464	3.83	1,325,616	3.04
Rs. 20,001 - Rs. 30,000	145	1.20	728,053	1.67
Rs.30,001 - Rs.40,000	50	0.41	351,567	0.80
Rs. 40,001 - Rs. 50,000	50	0.41	462,944	1.06
Rs. 50,001 - Rs. 1,00,000	76	0.63	1,099,225	2.51
Rs.1,00,001 and above	68	0.56	36,081,436	82.57
Total	12,123	100.00	43,693,333	100.00

11. Equity Shareholding Pattern as on 31st March 2015

Category	No. of Shares held	% of Shareholding
FII/Foreign Nationals & NRIs/OCB	367,729	0.84
Financial Institutions / Insurance Companies	208,691	0.48
Banks & Mutual Funds	32,925	0.08
Promoters, Directors & their Relatives and associated Companies	32,537,353	74.47
Other Bodies Corporate excluding associated Companies	1,419,667	3.25
Individuals, Trusts and Clearing Members	9,009,740	20.61
Unclaimed Suspense Account	117,228	0.27
Total	43,693,333	100.00

Graphic Presentation of the Equity Shareholding Pattern as on 31.03.2015



12. Top Ten Shareholders of the Company as on 31st March 2015

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	Kirtivardhan Finvest Services Limited	1,154,907	2.64
4	Saumya Vardhan Kanoria	556,440	1.27
5	Madhuvanti Kanoria	498,321	1.14
6	Rajya Vardhan Kanoria	434,985	1.00
7	Anand Vardhan Kanoria	434,739	0.99
8	G. Shankar	301,900	0.69
9	Sarvesh Bubna Trust	289,047	0.66
10	F. L. Dadabhoy	257,000	0.59
	Total	33,271,331	76.14

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)



Kanoria Chemicals
& Industries Limited

15 Address for Correspondence:
For Investors' matters

For queries relating to Financial Statements

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

The Company Secretary
Kanoria Chemicals & Industries Limited
Park Plaza', 71 Park Street, Kolkata-700 016.
Phone : (033) 4031 3200
Fax : (033) 4031 3220
Email : nksethia@kanoriachem.com
Website: <http://www.kanoriachem.com>

The Chief Financial Officer
Kanoria Chemicals & Industries Limited
'Park Plaza', 71 Park Street,
Kolkata-700 016.
Phone : (033) 4031 3200
Fax : (033) 4031 3220
Email : nolkha@kanoriachem.com
Website: <http://www.kanoriachem.com>

During the year under review, the Company has deposited unclaimed dividend of Rs. 211,809/- for the year 2006-07 to the Investor Education and Protection Fund on 9th September 2014, pursuant to Section 205C of the Companies Act, 1956 and the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

Registered Office

'Park Plaza'
71, Park Street
Kolkata - 700 016
Dated, the 27th day of May 2015

For and on behalf of the Board

R.V. Kanoria
Chairman & Managing Director
(DIN: 00003792)

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 31st March 2015 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.

Camp: New Delhi
Dated, the 27th day of May, 2015

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

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **KANORIA CHEMICALS & INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid standalone financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

INDEPENDENT AUDITORS' REPORT

- e) on the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigation on its financial position in its financial statements - Refer Note 29 to the financial statements;
 - ii. The Company has long-term contracts including derivative contracts as at 31st March, 2015 for which there were no material foreseeable losses; and
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, except for Rs. 0.31 million which is held in abeyance due to pending legal cases.

Place : New Delhi
Dated : the 27th day of May, 2015

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.
- 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. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013.
- IV. On the basis of checks carried out during the course of audit and as per explanations given to us, we are of the opinion that there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the records of the Company and according to the information and explanation given to us, no major weakness has been noticed or reported in the internal controls system.
- V. The Company has not accepted any deposit from the public.
- VI. We have broadly reviewed the books of accounts maintained by Company in respect of product, where pursuant to the rule made by the Central Government of India the maintenance of cost records has been prescribed under section 148 (1) of the Companies Act 2013 and are of the opinion that, prima facie, the prescribed records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- VII. (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, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, 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 31st March, 2015 for a period of more than six months from the date they became payable.
(b) According to the information and explanation given to us, the dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty, Service Tax and Cess which have not been deposited on account of any dispute and the forum where the dispute is pending as on 31st March, 2015 are as under:

Name of the statute	Nature of Dues	Amount (₹ in Million)	Period to which the amount relates	Forum where dispute is pending
The Service Tax under the Finance Act, 1994	Service Tax Demand	6.60	Apr-2009 to Aug-2012	Commissioner (A)- Central Excise
The Central Excise Act, 1994	Excise Duty	0.55	Jul-2012 to May-2013	CESTAT - Central Excise
The Income Tax Act, 1961	Income Tax Demand	42.91	A.Y. 2012-13	C.I.T. (A)
The Indian Stamp Act, 1899	Stamp Duty Demand	3.19	2011-12	Rajasthan High Court

ANNEXURE TO THE AUDITORS' REPORT

- (c) According to the information and explanations given to us the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under has been transferred to such fund within time, except Rs. 0.31 million which is held in abeyance due to pending legal cases.
- VIII. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- IX. The Company has not defaulted in repayment of dues to Banks during the year. There were no debentures outstanding during the year.
- X. The company has given the corporate guarantee amounting of Rs. 1377 million to Export-Import Bank of India for securing loan to its subsidiary company, Kanoria Africa Textiles PLC, Ethiopia and Rs. 270.04 million to Ceskoslovenska obchodni banka for securing loan to its Subsidiary Company, APAG Elektronik s.r.o., Czech Republic. The terms and conditions of which, prima facie, are not prejudicial to the interest of the company.
- XI. Based on our audit procedures and according to the information and explanations given to us, the Company has not obtained any term loans during the year and hence, this clause is not applicable.
- XII. In our opinion and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company have been noticed or reported during the course of the audit.

Place : New Delhi
Dated : the 27th day of May, 2015

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

(RAJIV SINGHI)
(Partner)
Membership No. 53518

BALANCE SHEET

AS AT 31ST MARCH, 2015

(₹ in million)

Particulars	Note No.	31.3.2015	31.3.2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	218.49	218.49
Reserves & Surplus	3	<u>4,678.32</u>	<u>4,604.10</u>
		4,896.81	4,822.59
Non-current Liabilities			
Long-term Borrowings	4	287.76	503.85
Deferred Tax Liabilities (Net)	5	180.79	194.70
Other Long-term Liabilities	6	1.62	1.87
Long-term Provisions	7	<u>55.03</u>	<u>49.00</u>
		525.20	749.42
Current Liabilities			
Short-term Borrowings	8	540.49	382.27
Trade Payables	9	282.76	545.88
Other Current Liabilities	10	246.18	273.96
Short-term Provisions	7	<u>82.13</u>	<u>79.07</u>
		<u>1,151.56</u>	<u>1,281.18</u>
Total		<u>6,573.57</u>	<u>6,853.19</u>
ASSETS			
Non-current Assets			
Fixed Assets	11		
Tangible Assets		2,199.27	2,385.85
Intangible Assets		0.42	0.56
Capital Work-in-Progress		<u>7.65</u>	<u>1.09</u>
		2,207.34	2,387.50
Non-current Investments	12	2,408.99	2,411.04
Long-term Loans & Advances	13	319.38	96.38
Current Assets			
Current Investments	12	226.50	255.83
Inventories	14	376.62	629.01
Trade Receivables	15	395.72	522.96
Cash and Bank Balances	16	20.83	34.94
Short-term Loans & Advances	13	395.72	389.50
Other Current Assets	17	<u>222.47</u>	<u>126.03</u>
		<u>1,637.86</u>	<u>1,958.27</u>
Total		<u>6,573.57</u>	<u>6,853.19</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

AMITAV KOTHARI
Director
(DIN: 01097705)

R. V. KANORIA
Managing Director
(DIN: 00003792)

Camp: New Delhi
Dated, the 27th day of May, 2015

N. K. NOLKHA
Chief Financial Officer

N. K. SETHIA
Company Secretary

STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in million)

Particulars	Note No.	2014-2015	2013-2014
INCOME			
Revenue from Operations	18	3,106.74	3,397.64
Other Income	19	309.46	405.77
Total Revenue		<u>3,416.20</u>	<u>3,803.41</u>
EXPENSES			
Cost of Raw Materials Consumed	20	2,143.19	2,303.59
Purchases of Stock-in-Trade	21	4.25	102.69
Change in Inventories of finished goods, work-in-progress and Stock-in-Trade	22	43.69	(19.01)
Employees Benefits Expense	23	176.73	167.30
Finance Costs	24	64.32	155.32
Depreciation & Amortization	25	186.61	153.58
Other Expenses	26	628.90	593.65
Total Expenses		<u>3,247.69</u>	<u>3,457.12</u>
Profit before exceptional items and Tax		168.51	346.29
Exceptional items	27	<u>12.18</u>	-
Profit before Tax		156.33	346.29
Tax Expense			
For earlier years		(0.96)	-
Current Tax		21.00	65.91
MAT credit		(2.66)	-
Deferred Tax		(13.91)	7.36
Profit for the year		<u>152.86</u>	<u>273.02</u>
Earning per Equity Share (Face Value ₹ 5 each)	28		
- Basic & Diluted (₹)		3.50	6.25
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 27th day of May, 2015

For and on behalf of the Board

AMITAV KOTHARI
Director
(DIN: 01097705)

N. K. NOLKHA
Chief Financial Officer

R. V. KANORIA
Managing Director
(DIN: 00003792)

N. K. SETHIA
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in million)

	2014-2015	2013-2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	156.33	346.29
Adjustments for:		
Depreciation & Amortization	186.61	153.58
Depreciation included in Exceptional item	32.18	-
Finance Costs	64.32	155.32
(Profit)/Loss on Sale of Fixed Assets (Net)	2.21	3.76
(Profit)/Loss on Sale of Investments (Net)	(126.56)	(255.79)
Interest Income	(109.17)	(108.15)
Dividend Income	(35.50)	(26.79)
Operating Profit before Working Capital changes	170.42	268.22
Adjustments for:		
Trade Receivables, Loans & Advances and Other Current Assets	43.88	(196.38)
Inventories	252.39	(359.14)
Trade Payables, Other liabilities & Provisions	(270.95)	340.50
Cash generated from Operations	195.74	53.20
Income Tax Paid	(22.92)	(85.65)
NET CASH FROM OPERATING ACTIVITIES	172.82	(32.45)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(49.38)	(98.33)
Sale of Fixed Assets	8.54	8.45
Capital Advance	(23.11)	2.56
Loan & Advances to Subsidiaries (net)	(200.16)	(23.61)
Investments in Subsidiaries	(338.61)	(198.97)
Purchase of Investments	(2,666.27)	(6,152.18)
Sale of Investments	3,162.82	6,874.43
Fixed Deposit (net)	0.06	16.38
Interest received	95.68	95.68
Dividend received	35.50	26.79
NET CASH USED IN INVESTING ACTIVITIES	25.07	551.20
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/Payments of Borrowings (net)	(67.99)	(349.16)
Dividend Paid (including Dividend Tax)	(76.68)	(76.68)
Finance Charges paid	(67.70)	(153.76)
NET CASH USED IN FINANCING ACTIVITIES	(212.37)	(579.60)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(14.48)	(60.85)
CASH AND CASH EQUIVALENTS - AS AT 01.04.2014	19.93	80.78
CASH AND CASH EQUIVALENTS - AS AT 31.03.2015	5.45	19.93

Notes:

- a. Cash and Cash equivalents included in the Cash Flow Statement comprise the following Balance Sheet amounts:

Cash and Bank Balances	20.83	34.94
Less: Other Bank Balances	15.38	15.01
Cash and Cash equivalents	5.45	19.93
- 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

RAJIV SINGHI
Partner
Membership No. 53518

Camp: New Delhi
Dated, the 27th day of May, 2015

AMITAV KOTHARI
Director
(DIN: 01097705)

N. K. NOLKHA
Chief Financial Officer

For and on behalf of the Board

R. V. KANORIA
Managing Director
(DIN: 00003792)

N. K. SETHIA
Company Secretary

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

a. Accounting Convention:

These financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention, except for certain fixed assets which have been revalued. GAAP comprises mandatory accounting standards as prescribed under Companies Act, 2013 ('Act'), the provisions of the Act and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued GAAP is initially adopted or a revision to an existing GAAP requires a change in the accounting policy hitherto in use.

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) Tangible 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 fixed assets, except leasehold land, is provided on the straight-line method over the useful lives of assets as prescribed in Schedule II to the Companies Act 2013 except for the following assets where the useful life is considered lower than that prescribed under Schedule II on the basis of internal technical assesment:

Assets/Asset group	Useful life
Effluent treatment plant Digester	15 Years
Measuring Instruments like flow meters, transmitters, level gauges etc.	10 Years
Other Independent instruments	15 Years

Depreciation for assets purchased/sold during the year is proportionately charged. Depreciation and amortisation method, useful live and residual values are reviewed periodically, including at each financial year end.

- (ii) Leasehold lands are amortized over the period of lease on straight line basis.
- (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.

NOTES TO FINANCIAL STATEMENTS

- g. Inventories :
- Inventories are valued as under:-
- | | |
|-----------------------------|---|
| Stores & Spare Parts etc. # | At Cost or net realizable value whichever is lower |
| Raw Materials # | At Cost or net realizable value whichever is lower |
| Finished Goods | At Cost or net realizable value, whichever is lower and in case of products, where cost cannot be ascertained, at net realizable value. |
| Work-in-Process | 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.
- 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/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.
- 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)

	31.3.2015	31.3.2014
2. SHARE CAPITAL		
(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	218.47	218.47
Add: Forfeited Shares (Amount paid up)	0.02	0.02
	218.49	218.49
(b) Reconciliation of number of Shares (Nos.):		
Outstanding at the beginning of the year	43,693,333	43,693,333
Outstanding at the end of the year	43,693,333	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 st March, 2015		As at 31 st March, 2014	
	No. of shares	% of Holding	No. of shares	% of Holding
Vardhan Limited	26,133,872	59.81	26,133,872	59.81
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)

	31.3.2015		31.3.2014	
3. RESERVES & SURPLUS				
(a) CAPITAL RESERVE				
As per last financial statements		34.17		34.17
(b) CAPITAL REDEMPTION RESERVE				
As per last financial statements		72.69		72.69
(c) SECURITIES PREMIUM ACCOUNT				
As per last financial statements		161.51		161.51
(d) GENERAL RESERVE				
As per last financial statements	3,623.82		2,623.82	
Add : Transfer from Surplus	-	3,623.82	1,000.00	3,623.82
(e) SURPLUS				
Balance as per last Account	711.91		1,515.57	
Add: As per annexed Statement of Profit & Loss	152.86		273.02	
	864.77		1,788.59	
Less:				
Proposed Dividend on Equity Shares	65.54		65.54	
Provision for Dividend Tax	13.10		11.14	
Transfer to General Reserve	-		1,000.00	
	78.64	786.13	1,076.68	711.91
Total		4,678.32		4,604.10

(₹ in million)

	Non-current		Current maturities	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014
4. LONG-TERM BORROWINGS				
Term Loans				
From Banks (Secured)	287.76	503.85	191.84	201.54
(Secured by first charge and mortgage by deposit of title deeds of immovable properties and hypothecation of movable fixed assets of Ankleshwar and Vizag Division, both present and future)				
(Repayable in ten half yearly instalments beginning from 3rd December, 2012)				
Vehicle Financing from Banks (Secured)	-	-	-	0.41
	287.76	503.85	191.84	201.95
Less: Amount disclosed under the head "other current liabilities" (Note no.10)	-	-	191.84	201.95
	287.76	503.85	-	-

NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	31.3.2015		31.3.2014	
5. DEFERRED TAX LIABILITIES				
DEFERRED TAX LIABILITY				
Depreciation	201.04		212.17	
DEFERRED TAX ASSETS				
Retirement Benefits	20.25		17.47	
	<u>180.79</u>		<u>194.70</u>	
6. OTHER LONG-TERM LIABILITIES				
Security Deposits	1.62		1.87	
7. PROVISIONS	Long-term		Short-term	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014
(a) Provision for employee benefits				
For Gratuity	44.33	39.54	2.95	2.00
For Accrued Leave	10.70	9.46	0.54	0.39
(b) Proposed Dividend	-	-	65.54	65.54
(c) Dividend Tax	-	-	13.10	11.14
	<u>55.03</u>	<u>49.00</u>	<u>82.13</u>	<u>79.07</u>
8. SHORT-TERM BORROWINGS				
(a) Loans Repayable on Demand				
From Banks (Secured)	19.24		-	
(Secured by Pari-passu first charge by way of hypothecation of entire current assets of the Company, both present & future)				
(b) Other Loans & Advances				
Buyer's Credit (Secured)	271.25		382.27	
(Secured by pledge of units of mutual funds of ₹ 300.00 million)				
Commercial Paper (Unsecured)	250.00		-	
	<u>540.49</u>		<u>382.27</u>	
9. TRADE PAYABLES				
(a) Due to Micro, Small & Medium Enterprises	-		-	
(b) Due to Others	282.76		545.88	
	<u>282.76</u>		<u>545.88</u>	
10. OTHER CURRENT LIABILITIES				
(a) Current maturities of Long term debts	191.84		201.95	
(b) Interest accrued but not due on borrowings	1.47		4.85	
(c) Unpaid Dividend *	4.77		4.34	
(d) Project liabilities	4.52		8.46	
(e) Customers' Credit Balances	1.95		0.79	
(f) Employee related liabilities	17.94		17.31	
(g) Statutory liabilities	5.44		6.27	
(h) Security & Trade deposits	1.92		1.96	
(i) Other liabilities	16.33		28.03	
	<u>246.18</u>		<u>273.96</u>	

*These figures does not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund except ₹ 0.31 million (previous year ₹ 0.23 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 IM						PAIRMENT				NET BLOCK	
	As at 31.3.2014	Additions	Other adjustment	Sales and/or adjustment	As at 31.3.2015	As at 31.3.2014	For the Year	Other adjustment*	Sales and/or adjustment	Up to 31.3.2015	As at 31.3.2014	For the Year	Sales and/or adjustment	Up to 31.3.2015	As at 31.3.2015	As at 31.3.2014
TANGIBLE ASSETS																
Land & Site Development	320.98	-	-	-	320.98	-	-	-	-	-	-	-	-	-	320.98	320.98
Leasehold land & Site Development	15.63	-	-	-	15.63	3.96	0.15	-	-	4.11	-	-	-	-	11.52	11.67
Buildings	440.62	1.70	-	0.08	442.24	79.99	15.29	16.26	-	111.54	-	-	-	-	330.70	360.63
Plant & Machinery	2,869.83	35.45	-	22.05	2,883.23	1,240.30	156.04	12.45	12.02	1,396.77	17.85	-	-	17.85	1,468.61	1,611.68
Furniture & Fixtures	87.30	0.34	-	0.39	87.25	26.29	9.88	1.47	0.23	37.41	-	-	-	-	49.84	61.01
Vehicles and Fork Lifts	20.26	2.38	-	1.47	21.17	9.58	2.10	0.21	1.12	10.77	-	-	-	-	10.40	10.68
Office Equipments	23.97	2.66	-	1.22	25.41	16.54	2.50	1.66	1.14	19.56	-	-	-	-	5.85	7.43
Railway Siding & Weigh Bridge	2.89	-	-	0.99	1.90	1.12	0.22	0.13	0.94	0.53	-	-	-	-	1.37	1.77
	3,781.48	42.53	-	26.20	3,797.81	1,377.78	186.18	32.18	15.45	1,580.69	17.85	-	-	17.85	2,199.27	2,385.85
INTANGIBLE ASSETS																
Computer Software	7.69	0.29	-	-	7.98	7.13	0.43	-	-	7.56	-	-	-	-	0.42	0.56
	3,789.17	42.82	-	26.20	3,805.79	1,384.91	186.61	32.18	15.45	1,588.25	17.85	-	-	17.85	2,199.69	2,386.41
Capital Work-in-Progress															7.65	1.09
TOTAL															2,207.34	2,387.50
Figures for the corresponding Previous year	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	2,387.50	

- * In terms of MCA notification dated 29th August, 2014 amending Schedule II, the carrying amount of tangible fixed assets (after retaining the residual value), whose remaining useful lives have been reassessed to be nil as at April 1, 2014, has been recognised in the Statement of Profit & Loss as an exceptional item for ₹32.18 million.
- The Company has reassessed the remaining useful lives of its tangible fixed assets as per the requirement of the Schedule II to the Companies Act, 2013. The depreciation charge, as a result of this, for the year ended 31st March, 2015 is higher by ₹36.76 million.

NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	31.3.2015			31.3.2014	
	Face Value ₹	No.	Amount	No.	Amount
12. INVESTMENTS					
NON CURRENT					
NON-TRADE INVESTMENTS (AT COST)					
a. INVESTMENT IN EQUITY INSTRUMENTS					
FULLY PAID UP (QUOTED)					
IFCI Ltd.	10	200	0.01	200	0.01
HDFC Bank Ltd.	2	2,500	0.01	2,500	0.01
Bank of India	10	9,000	0.40	9,000	0.40
(UNQUOTED)					
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	5	-	-	100	-
Woodlands Multispeciality Hospital Limited	10	2,180	0.02	2,180	0.02
OPGS Power Gujarat Private Limited	0.10	186,200	0.04	-	-
IN SUBSIDIARY COMPANIES (Jointly held with Nominees)					
Pipri Ltd.	10	4,650,550	48.01	4,650,550	48.01
APAG Holding AG, Switzerland	CHF 1000	300	423.14	270	370.02
Kanoria Africa Textiles PLC, Ethiopia	ETB 10	16,967,000	534.86	* 7,755,000	249.37
b. INVESTMENT IN PREFERENCE SHARES					
FULLY PAID UP (QUOTED)					
8.75% L&T Finance Holdings Limited	100	-	-	913,130	91.31
16.06% Infrastructure Leasing & Financial services Limited	7,500	4,000	50.00	4,000.00	50.00
c. INVESTMENT IN DEBENTURES/BONDS					
FULLY PAID UP (QUOTED)					
11.9% India Infoline Finance Limited	1,000	59,749	56.32	59,749	56.32
12.75% India Infoline Finance Limited	1,000	50,000	51.20	50,000	51.20
11.85% Shriram City Union Finance Limited	1,000	35,122	35.33	35,122	35.33
8.46% Rural Electrification Corporation Ltd.	1,000,000	21	20.96	21	20.96
8.48% Indian Railway Finance Corporation Ltd.	1,000,000	50	50.00	50	50.00
8.48% NTPC Limited	1,000	31,665	31.66	31,665	31.66
8.48% India Infrastructure Finance Company Limited	1,000	100,000	100.00	100,000	100.00
8.5% National Highway Authority of India	1,000	100,000	100.00	100,000	100.00
8.68% National Housing Bank	5,000	10,000	50.76	10,000	50.76
11.6% ECL Finance Limited	1,000	50,000	50.00	50,000	50.00
12.95% Cholamandalam Investment & Finance Company Ltd.	500,000	100	51.28	100	51.28
(UNQUOTED)					
19% Shambhavi Realty Private Limited	66,680	-	-	500	34.98
21% Wadhwagroup Holdings Private Limited	16,667	440	10.79	440	40.12
18% Eldeco Sohna Project Ltd.	5,000,000	-	-	6	30.00
d. INVESTMENT IN MUTUAL FUNDS (QUOTED)					
ICICI Prudential FMP Sr.69-1821 Days Plan I-Cumulative	10	5,000,000	50.00	# 5,000,000	50.00
HDFC FMP 1846 Days-Sr.27-Regular-Growth	10	10,000,000	100.00	# 10,000,000	100.00
HDFC FMP 3360 Days-Sr.30-Regular-Growth	10	5,000,000	50.00	# 5,000,000	50.00
L&T FMP-VII (April 1124 DA)-Growth	10	5,000,000	50.00	# 5,000,000	50.00
BSL Fixed Term Plan-Series IP (980 days)-Growth	10	5,000,000	50.00	# 5,000,000	50.00
(UNQUOTED)					
Reliance Equity Opportunities Fund-Dividend Reinvest	10	-	-	2,043,215	44.55
Reliance Vision Fund-Dividend	10	750,510	33.40	-	-
ICICI Prudential Discovery Fund-Dividend Reinvest	10	1,108,202	30.82	1,409,596	25.78
ICICI Focus Bluechip Equity Fund-Regular Dividend	10	2,061,990	44.21	-	-
Franklin India Blue Chip Fund-Dividend Reinvest	10	-	-	926,286	30.28
HDFC Top 200 Fund-Dividend Reinvest	10	-	-	604,576	22.49

NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	Face Value ₹	31.3.2015		31.3.2014	
		No.	Amount	No.	Amount
HDFC Mid-Cap Opportunities Fund-Dividend Reinvest	10	-	-	1,790,587	26.37
HDFC Small & Mid Cap Fund - Dividend Reinvest	10	1,660,874	30.53	-	-
HDFC Equity Fund - Dividend Reinvest	10	615,855	33.08	-	-
JP Morgan India Active Bond-Growth	10	-	-	14,872,811	150.00
BSL Income Plus-Growth	10	-	-	920,636	50.00
BSL Frontline Equity Fund-Dividend Reinvest	10	-	-	2,237,022	47.14
e. INVESTMENT IN ALTERNATIVE INVESTMENT FUNDS (UNQUOTED)					
IIFL Real Estate Fund (Domestic) Sr.1	64	485,955	31.22	485,955	46.73
IIFL Real Estate Fund (Domestic) Sr.2	10	1,426,966	15.00	-	-
IIFL Income Opportunities Fund	10	9,936,715	100.10	9,936,715	100.10
IIFL Income Opportunities Fund Series-Special Situations	10	2,721,410	27.50	750,000	7.50
f. INVESTMENT IN EQUITY FUNDS (UNQUOTED)					
IIFL Assets Revival Fund	10	3,865,706	40.00	3,865,706	40.00
IIFL National Development Agenda Fund	10	4,922,035	50.00	-	-
			<u>2,408.99</u>		<u>2,411.04</u>
		31.3.2015		31.3.2014	
		Book Value	Market Value	Book Value	Market Value
Aggregate amount of:-					
Quoted Investments		947.93	1,057.44	1,039.24	1,074.21
Unquoted Investments		1,461.06	-	1,371.80	-
		<u>2,408.99</u>		<u>2,411.04</u>	
CURRENT					
		31.3.2015		31.3.2014	
	Face Value ₹	No.	Amount	No.	Amount
a. INVESTMENT IN PREFERENCE SHARES FULLY PAID UP (QUOTED)					
8.75% L&T Finance Holdings Limited	100	913,130	91.31	-	-
b. INVESTMENT IN DEBENTURES/BONDS FULLY PAID UP (QUOTED)					
11.7% India Infoline Finance Limited	1,000	-	-	5,000	4.94
12.25% Muthoot Finance Limited	1,000	-	-	50,000	50.00
(UNQUOTED)					
19% Shambhavi Realty Private Limited	66,680	500	34.98	500	16.66
21% Wadhwa Group Holdings Private Limited	83,333	440	36.67	440	7.34
18% Mantri Gardenview Homes Private Limited	3,500,000	-	-	7	35.00
18% Eldeco Sohna Project Ltd.	3,000,000	6	18.00	-	-
c. INVESTMENT IN MUTUAL FUNDS (UNQUOTED)					
BSL Floating Rate Fund-STP-IP-Growth	100	245,187	45.54	833,325	141.89
			<u>226.50</u>		<u>255.83</u>
		31.3.2015		31.3.2014	
		Book Value	Market Value	Book Value	Market Value
Aggregate amount of:-					
Quoted Investments		91.31	91.31	54.94	58.16
Unquoted Investments		135.19	-	200.89	-
		<u>226.50</u>		<u>255.83</u>	

* Pledged against borrowing by Kanoria Africa Textiles Plc, a subsidiary of the company.

Pledged against Short-term borrowing for ₹ 271.25 million.

NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	Long-term		Short-term	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014
13. LOANS AND ADVANCES				
(a) Capital Advances				
Unsecured, Considered Good	23.36	0.25	-	-
(b) Security Deposits				
Unsecured, Considered Good	18.79	18.79	-	-
(c) Loans and Advances to related parties				
Unsecured, Considered Good	276.25	76.09	21.55	36.97
(d) Other Loans and Advances				
Loans to Employees	0.75	0.61	1.89	1.59
Balance with Central Excise and other Government Authorities	-	-	99.29	79.29
Income & Wealth Tax Payments and Tax Deducted at Source less Provision	-	-	256.43	250.89
Other Advances	0.23	0.64	16.56	20.76
	<u>319.38</u>	<u>96.38</u>	<u>395.72</u>	<u>389.50</u>
14. INVENTORIES		31.3.2015		31.3.2014
(as certified by the Management)				
(a) Stores and Spare Parts etc.		59.19		57.16
(b) Raw Materials		129.29		444.46
Raw Materials in transit		109.97		-
(c) Finished Goods		62.55		113.01
(d) Work-in-Process		15.62		14.38
		<u>376.62</u>		<u>629.01</u>
15. TRADE RECEIVABLES				
(a) Outstanding for a period exceeding six months				
Unsecured, Considered Good		0.36		2.56
Doubtful		0.07		0.07
Provision for Doubtful		(0.07)		(0.07)
		<u>0.36</u>		<u>2.56</u>
(b) Others				
Unsecured, Considered Good		395.36		520.40
		<u>395.72</u>		<u>522.96</u>
16. CASH AND BANK BALANCES				
CASH AND CASH EQUIVALENTS				
(a) Cash in hand		0.29		0.39
(b) Cheques/Drafts in hand		0.02		-
(c) Balances with Scheduled Banks				
In Current Account		5.14		5.39
In Cash Credit Account		-		14.15
OTHER BANK BALANCES				
Earmarked balances with Banks (Unpaid Dividend Account)		4.77		4.34
In Fixed deposit (Receipt deposited as security)		10.61		10.67
		<u>20.83</u>		<u>34.94</u>
17. OTHER CURRENT ASSETS				
(a) Interest and Dividend Receivable				
Unsecured, Considered Good		35.09		26.38
(b) Interest and fees Receivable from related parties				
Unsecured, Considered Good		10.28		5.50
(c) Export Benefits and Claims Receivable				
Unsecured, Considered Good		177.10		94.15
		<u>222.47</u>		<u>126.03</u>

NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	2014-2015		2013-2014	
18. REVENUE FROM OPERATIONS				
(a) Sale of Products				
Pentaerythritol	935.04		891.17	
Formaldehyde(37%)	1,502.30		1,888.11	
Hexamine	634.80		509.12	
Power Generation	33.64		26.15	
Others	200.07		215.68	
Traded Goods	4.86	3,310.71	112.09	3,642.32
(b) Other Operating Revenues				
Miscellaneous Sales	24.99		24.91	
Renewal Energy Certificate benefits	91.40		87.50	
Industrial Incentives	8.43		6.54	
Export benefits	5.10		3.65	
Others	0.09	130.01	0.25	122.85
Gross Revenue from Operations		3,440.72		3,765.17
(c) Excise Duty		333.98		367.53
Net Revenue from Operations		3,106.74		3,397.64
19. OTHER INCOME				
Interest Income				
On long term Investments	100.35		78.50	
On Current Investments	-		20.81	
From Others	8.82	109.17	8.84	108.15
Dividend Income				
On long term Investments		35.50		26.79
Net gain on Sale of Investments				
On long term Investments	73.15		239.62	
On Current Investments	53.41	126.56	16.17	255.79
Rent Income		0.60		3.35
Liabilities no longer required written back		6.75		6.91
Foreign Exchange Rate Fluctuation		28.81		-
Other receipts		2.07		2.21
Previous Years Adjustments (Net)		-		2.57
		309.46		405.77
20. COST OF MATERIAL CONSUMED				
Raw Material consumption				
Methanol		1,681.31		1,867.68
Anhydrous Ammonia		132.62		89.30
Ethanol		180.61		209.53
Others		148.65		137.08
		2,143.19		2,303.59
21. PURCHASES				
Methanol		4.25		102.69

NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	2014-2015		2013-2014	
	Finished Goods	Work-in-Process	Finished Goods	Work-in-Process
22. CHANGE IN INVENTORIES				
Opening Stock				
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>
Closing stock				
Pentaerythritol	24.11	5.74	68.09	5.62
Formaldehyde (37%)	20.66	-	12.01	-
Hexamine	12.53	1.88	11.04	0.38
Others	5.25	8.00	21.87	8.38
	<u>62.55</u>	<u>15.62</u>	<u>113.01</u>	<u>14.38</u>
	50.46	(1.24)	(24.73)	3.22
Change in Excise Duty on Stocks	(5.53)	-	2.50	-
	<u>44.93</u>	<u>(1.24)</u>	<u>(22.23)</u>	<u>3.22</u>
Total	<u>43.69</u>		<u>(19.01)</u>	
23. EMPLOYEES BENEFITS EXPENSE				
Salaries, Wages, Bonus & Gratuity etc. (including payments to Contractors)		155.70		147.41
Contribution to Provident Fund		7.48		6.92
Welfare Expenses		13.55		12.97
		<u>176.73</u>		<u>167.30</u>
24. FINANCE COST				
Interest expense		31.79		27.48
Other borrowing Costs		1.84		3.22
Net loss on foreign currency transaction attributable as adjustment to interest cost		30.69		124.63
		<u>64.32</u>		<u>155.33</u>
Less: Transfer to capital work in progress		-		0.01
		<u>64.32</u>		<u>155.32</u>
25. DEPRECIATION AND AMORTIZATION				
Depreciation		186.18		152.43
Amortization		0.43		1.15
		<u>186.61</u>		<u>153.58</u>

NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	2014-2015		2013-2014	
26. OTHER EXPENSES				
Consumption of Stores & Spare parts etc. (including packing materials)		71.84		63.80
Other Manufacturing Expenses		21.05		16.16
Power & Fuel		317.06		277.08
Repairs to				
Plant & Machinery		29.73		28.05
Buildings		1.87		3.24
Others		6.06		5.30
Water Charges & Cess		17.73		17.74
Rates & Taxes (including Provision for wealth tax ₹ 0.07 million) (Previous Year ₹ 0.07 million)		3.98		4.64
Rent		7.03		8.23
Insurance		4.82		5.50
Legal and Professional Charges		14.35		15.45
Miscellaneous Expenses		35.52		35.30
CSR Expenditure (Refer Note No. 33)		0.96		-
Foreign Exchange Rate Fluctuation		-		29.83
Commission & Brokerage to Others		8.52		7.39
Freight, Handling & Other Charges		51.63		38.84
Directors' Fees		1.61		0.82
Travelling Expenses (including Directors' Travelling ₹ 4.63 million) (Previous Year ₹ 4.24 million)		11.21		8.88
Charity & Donations		-		0.23
Sales Tax (net)		0.71		-
Payment to Auditors				
(a) Statutory Auditors				
Audit Fees	0.70		0.60	
For Certificates & Others	0.79		0.67	
For Travelling and out of pocket expenses	0.12		0.16	
(b) Cost Auditors				
Audit Fees	0.15		0.13	
For Travelling and out of pocket expenses	0.01		0.01	
(c) Tax Auditors				
Audit Fees	0.10	1.87	0.10	1.67
Directors' Remuneration (Refer Note No.34)		17.87		15.86
Provision for bad & doubtful Debts & Advances (net)		-		0.07
Unrealized Debts and Claims written off		0.71		5.84
Loss on Fixed Assets sold/discarded (Net)		2.21		3.76
Previous Years Adjustments (Net)		0.56		-
		<u>628.90</u>		<u>593.68</u>
Less: Transfer to Capital work in progress Power & Fuel	-	-	0.03	0.03
		<u>628.90</u>		<u>593.65</u>
27. EXCEPTIONAL ITEMS				
(a) Income received on settlement of old claim		(20.00)		-
(b) Depreciation (refer note No.11)		32.18		-
		<u>12.18</u>		<u>-</u>
28. EARNING PER SHARE				
(a) Net Profit available to Equity Shareholders		152.86		273.02
(b) Weighted average number of Equity Shares for EPS calculation				
Number of Equity Shares for Basic/Diluted EPS		43,693,333		43,693,333
(c) Earnings per Share				
Basic/Diluted (₹)		3.50		6.25

NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	2014-2015	2013-2014
29. CONTINGENT LIABILITIES AND COMMITMENTS		
(to the extent not provided for)		
(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 (A)/CESTAT (paid ₹ 0.37 million)	7.52 6.97
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)/ITAT (paid/adjusted ₹ 13.05 million)	55.96 150.36
Stamp duty on land demand by collector of Stamp	The matter is pending in the Hon'ble High Court (Paid ₹ 1.00 million)	4.19 -
(b) Outstanding Bank Guarantees		50.42 38.86
(c) Corporate Guarantee given to:		
(i) Gujarat Industrial Development Corporation for securing loan of Narmada Clean Tech Limited		- 11.63
(ii) Export-Import Bank of India for securing loan of Kanoria Africa Textiles PLC, Ethiopia, a subsidiary company (outstanding Loan US\$ 20.65 million equivalent to ₹ 1292.50 million)		1,377.00 1,322.20
(iii) Ceskoslovenska obchodni banka, a.s. for securing loan of APAG Elektronik s.r.o., Czech Republic, a subsidiary company (outstanding loan Euro 3.24 million equivalent to ₹ 218.73 million)		270.04 330.31
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for		128.52 3.97
Advances paid		23.36 0.25
30. C.I.F. VALUE OF IMPORTS		
Raw Materials	1,117.55	1,323.17
Stores and Spares	48.71	58.51
Capital Goods	0.83	2.15
31. EXPENDITURE IN FOREIGN CURRENCY (PAID/PROVIDED)		
Travelling	1.50	0.85
Finance/Bank Charges	26.33	21.57
Professional Charges	1.18	2.54
Others	7.17	3.34
32. EARNINGS IN FOREIGN CURRENCY		
F.O.B. Value of Exports	180.63	115.21
Others	2.02	2.92
33. During the year, the Company undertook CSR activities as follows:		
Gross amount required to be spent by the Company during the year	1.01	-
Amount spent during the year on:		
Rural Development Project	0.14	-
Promotion of Education	0.82	-
	0.96	-
34. Managing Director's appointment and remuneration of ₹ 2.91 million for the period from 10th January, 2015 to 31st March, 2015 is subject to the approval of Shareholders.		
35. For the year ended 31st March, 2015, 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 ₹ 13.10 million (Previous year ₹ 11.14 million), the total payout will be ₹ 78.64 million (Previous year ₹ 76.68 million).		
36. There are no Micro, Small & Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2015. 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.		
37. Income from Investments represent the income earned on the temporary investments made out of sale proceeds of a business undertaking for deployment in businesses in due course.		

NOTES TO FINANCIAL STATEMENTS

38. SEGMENT REPORTING

(A) Primary Segment Information (by Business Segment)

(₹ in million)

Business Segment ==>	2014-2015			2013-2014		
	Alco Chemicals	Solar Power	Total	Alco Chemicals	Solar Power	Total
Segment Revenue						
Revenue from operations (net of excise)	2,981.70	125.04	3,106.74	3,283.99	113.65	3,397.64
Segment Result	2.04	52.18	54.22	149.68	53.12	202.80
Less: (i) Finance Cost			64.32			155.32
(ii) Exceptional items			12.18			-
(iii) Other Un-allocable expenditure net off Un-allocable income			(178.61)			(298.81)
Profit before Tax			156.33			346.29
Tax Expense:						
For earlier years			(0.96)			-
Current Tax			21.00			65.91
MAT credit			(2.66)			-
Deferred Tax			(13.91)			7.36
Net Profit:			152.86			273.02
Other Information						
Segment Assets	2,547.77	679.34	3,227.11	2,992.37	662.89	3,655.26
Un-allocable Corporate Assets			3,346.46			3,197.93
Total Assets:			6,573.57			6,853.19
Segment Liabilities	349.93	5.62	355.55	619.26	14.24	633.50
Un-allocable Corporate Liabilities			120.34			114.32
Total Liabilities:			475.89			747.82
Segment Capital Employed	2,197.84	673.72	2,871.56	2,373.11	648.65	3,021.76
Un-allocable Capital Employed			3,226.12			3,083.61
Total Capital Employed:			6,097.68			6,105.37
Capital Expenditure	47.76	1.22	48.98	77.20	9.97	87.17
Un-allocable Capital Expenditure			0.40			11.17
Total Capital Expenditure:			49.38			98.34
Depreciation & Amortization	116.89	62.88	179.77	102.23	47.11	149.34
Un-allocable Depreciation			6.84			4.24
Total Depreciation & Amortization:			186.61			153.58
Other Non-cash expenses (included in Exceptional items)	-	-	32.18	-	-	-

(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 etc. and Solar Power business includes Power generation from Solar energy.

NOTES TO FINANCIAL STATEMENTS

(₹ in million)

39. Details of Loans given, Investment made, Guarantees given and Security provided under Section 186 (4) of the Companies Act, 2013.

Investments made are disclosed in Note No. 12 to the Financial Statements.

Corporate Guarantees given are disclosed in Note No. 29 to the Financial Statements

Name of the Company	Relation	Nature	Purpose	31.3.2015	31.3.2014
APAG Holding AG	Subsidiary	Long Term Loans (Interest bearing) Capital	Expenditure, Working Capital and acquisition	276.22	75.31
Kanoria Africa Textiles Plc	Subsidiary	Pledge of shares of Kanoria Africa Textiles Plc	Borrowing by Kanoria Africa Textiles Plc from Export-Import Bank of India	534.86	-

40. 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	2014-2015		2013-2014	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
Change in Obligation over the year ended 31-03-2015				
- Present Value of Defined Benefit Obligation as on 01-04-2014	9.85	41.54	7.76	35.55
- Employer Service Cost	0.62	2.86	0.74	2.57
- Interest Cost	0.79	3.33	0.79	3.47
- Curtailment Cost / (Credit)	-	-	-	-
- Settlement Cost / (Credit)	-	-	-	-
- Plan Amendments	-	-	-	-
- Acquisitions	-	-	-	-
- Actuarial (gains) / losses	0.37	0.99	1.78	1.77
- Benefits paid	(0.39)	(1.44)	(1.22)	(1.82)
- Present Value of Defined Benefit Obligation as on 31-03-2015	11.24	47.28	9.85	41.54
Expenses recognized during the year 2014-15				
- Employer Expenses	0.62	2.86	0.74	2.57
- Interest Cost	0.79	3.33	0.79	3.47
- Curtailment Cost / (Credit)	-	-	-	-
- Settlement Cost / (Credit)	-	-	-	-
- Actuarial (gains) / losses	0.37	0.99	1.78	1.77
Total	1.78	7.18	3.31	7.81

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)

7.50%

9.00%

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

7%

7%

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 ₹ 7.48 million (previous year ₹ 6.92 million).

NOTES TO FINANCIAL STATEMENTS

41. 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	
5. APAG Elektronik AG, Switzerland	
6. APAG Elektronik s.r.o., Czech Republic	Subsidiary Companies
7. Mr. R. V. Kanoria - Chairman & Managing Director	
8. Mr. T. D. Bahety - Whole Time Director	Key Management Personnel
9. Mrs. M. Kanoria	
10. Mr. S. V. Kanoria	
11. Mr. A. V. Kanoria	Relative of Key Management Personnel
12. Mrs. V. Kanoria	
13. KPL International Limited	Enterprises over which Key Management Personnel exercises significant influence

(ii) Transaction with related parties:

(₹ in million)

Nature of Transaction	2014-2015				2013-2014			
	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	39.20	-	-	-	38.65	-	-	-
Mr. R. V. Kanoria	-	0.65	-	-	-	0.65	-	-
Mrs. M. Kanoria	-	-	0.75	-	-	-	0.75	-
Mr. S. V. Kanoria	-	-	0.83	-	-	-	0.83	-
Mr. A. V. Kanoria	-	-	0.65	-	-	-	0.65	-
Other	-	0.01	-	-	-	0.01	-	-
Investments								
Kanoria Africa Textiles PLC	285.49	-	-	-	198.97	-	-	-
Loans & Advances(net)								
Kanoria Africa Textiles PLC	(15.42)	-	-	-	23.61	-	-	-
APAG Holding AG	200.91	-	-	-	-	-	-	-
Interest & Fees Receivable								
APAG Holding AG	3.61	-	-	-	3.28	-	-	-
APAG Elektronik s.r.o.	1.17	-	-	-	-	-	-	-
Remuneration								
Mr. R. V. Kanoria	-	9.47	-	-	-	11.23	-	-
Mr. T. D. Bahety	-	5.50	-	-	-	4.63	-	-
Mr. S. V. Kanoria	-	-	4.45	-	-	-	4.05	-
Mrs. V. Kanoria	-	-	2.14	-	-	-	1.87	-
Directors' Fees								
Mrs. M. Kanoria	-	-	0.05	-	-	-	-	-
Purchases of Raw Material								
KPL International Limited	-	-	-	-	-	-	-	611.40
Purchases of Fixed Assets								
KPL International Limited	-	-	-	-	-	-	-	0.30
Commission Paid								
KPL International Limited	-	-	-	2.49	-	-	-	1.52
Rent received								
KPL International Limited	-	-	-	0.58	-	-	-	0.71
Rent Paid								
KPL International Limited	-	-	-	0.41	-	-	-	1.61
Refund of Security Deposit (net)								
KPL International Limited	-	-	-	(0.70)	-	-	-	-
Balances due from	308.08	-	-	-	117.81	-	-	0.75
Balances due to	-	-	0.63	-	-	-	0.56	0.05

NOTES TO FINANCIAL STATEMENTS

42. CONSUMPTION OF RAW MATERIALS AND SPARES & COMPONENTS

	Consumption of Raw Materials				Consumption of Spares and Components			
	2014-2015		2013-2014		2014-2015		2013-2014	
		%		%		%		%
Imported	1,269.00	59	1,102.13	48	51.46	76	42.67	75
Indigenous	874.19	41	1,201.46	52	16.65	24	16.45	25
	<u>2,143.19</u>	<u>100</u>	<u>2,303.59</u>	<u>100</u>	<u>68.11</u>	<u>100</u>	<u>59.12</u>	<u>100</u>

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

Signatures to Notes 1 to 43

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

RAJIV SINGHI
Partner
Membership No. 53518

Camp: New Delhi
Dated, the 27th day of May, 2015

For and on behalf of the Board

AMITAV KOTHARI
Director
(DIN: 01097705)

N. K. NOLKHA
Chief Financial Officer

R. V. KANORIA
Managing Director
(DIN: 00003792)

N. K. SETHIA
Company Secretary

INDEPENDENT AUDITORS' REPORT

To the Members of Kanoria Chemicals & Industries Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **KANORIA CHEMICALS & INDUSTRIES LIMITED** ("the Holding Company") its Subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in sub-paragraph (1) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

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

Other Matters

1. We did not audit the financial statements of Pipri Ltd., an Indian subsidiary, whose financial statements reflect total assets of Rs. 116.23 million as at 31st March 2015, total revenues of Rs. 7.68 million and net cash flow of Rs. 0.65 million for the year ended on that date, as considered in the consolidated financial statements. The financial statement have been audited by other auditor whose report has been furnished to us by the management, and our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid 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 consolidated financial statements reflect total assets of Rs. 1,819.11 million as at 31st March 2015, total revenues of Rs. 2,203.42 million and net cash flow of Rs. 268.71 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statement have been audited by other auditor as per the prevailing law of that country and has been converted by the management under Indian GAAP and our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of this foreign subsidiary, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid 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 financial statement of Kanoria Africa Textiles PLC, a foreign subsidiary, whose financial statements reflect total assets of Rs. 2,308.35 million as at 31st March 2015, total revenues of Rs. NIL and net cash flow of Rs. 18.57 million for the year ended on that date, as considered in the consolidated financial statements. The financial statement have been audited by other auditor as per the prevailing law of that country and has been converted by the management under Indian GAAP and our opinion on the consolidated financial statements, insofar as it

INDEPENDENT AUDITORS' REPORT

relates to the amounts and disclosures included in respect of this foreign subsidiary, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid foreign subsidiary, is based solely on the management certifications.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements.

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding Company and subsidiary company incorporated in India, to whom the Order applies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that :-
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the consolidated financial statements disclose the impact of pending litigation on the consolidated financial position of the Group - Refer Note 29 to the consolidated financial statements;
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts; and
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company, incorporated in India except for Rs. 0.31 million which is held in abeyance due to pending legal cases.

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

(RAJIV SINGHI)
(Partner)
Membership No. 53518

Place : New Delhi
Dated : the 27th day of May, 2015

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 & its Subsidiaries (Group)

Our reporting on the CARO 2015 is on Holding Company and a Subsidiary Company incorporated in India. The subsidiary company financial statements have been audited by the other auditor and our report in respect of this subsidiary is based solely on the report of the other auditor, to the extent considered applicable for reporting under CARO 2015 in the case of the consolidated financial statements.

- I. (a) The Holding Company have maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. As per the report of other auditor, the Subsidiary Company does not have any fixed assets, and accordingly this clause is not applicable to it.

Physical verification of fixed assets has been carried out to cover all items as per the policy of the Holding Company, which in our opinion is reasonable having regard to size of the Holding Company and nature of its assets. As reported, no material discrepancies between book records and physical inventory have been noticed.
- II. (a) The inventories have been physically verified at reasonable intervals during the year by the management of the Holding Company except materials lying with third parties, where confirmations are obtained. As per the report of other auditor, the Subsidiary Company does not have any inventory, and accordingly this clause is not applicable to it.

(b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management of the Holding Company is reasonable and adequate in relation to the size of the Holding Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Holding Company has maintained proper records of its 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. The Holding Company and the Subsidiary Company has not granted any loans, secured or unsecured during the year to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013.
- IV. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and to other auditors, there is an adequate internal control system which commensurate with the size and the nature of the business, of the Holding and Subsidiary Company, for purchase of inventories and fixed assets and for sale of goods and services. During the course of our and other auditors audit, no continuing failure to correct major weakness in such internal control system have been observed.
- V. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and to other auditors, the Holding & Subsidiary Company have not accepted any deposit from the public.
- VI. We have broadly reviewed the books of accounts maintained by Company in respect of product, where pursuant to the rule made by the Central Government of India the maintenance of cost records has been prescribed under section 148 (1) of the Companies Act 2013 and are of the opinion that, prima facie, the prescribed records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

Further, as per the report of other auditor, the Subsidiary Company is not required to maintain Cost Records as prescribed by the Central Government under section 148 (1) of the Companies Act, 2013.

- VII. (a) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and to other auditors, the Holding Company and the Subsidiary Company have been generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other statutory dues with the appropriate authorities. Further, no undisputed statutory dues as above were outstanding as at 31st March, 2015 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given, the dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty, Service Tax and Cess which have not been deposited on account of any dispute and the forum where the dispute is pending as on 31st March, 2015 are as under:

Name of the statute	Nature of Dues	Amount (₹ in lacs)	Period to which amount relates	Forum where dispute is pending
The Service Tax under the Finance Act, 1994	Service Tax Demand	6.60	Apr-2009 to Aug-2012	Commissioner (A)- Central Excise
The Central Excise Act, 1994	Excise Duty	0.55	Jul-2012 to May-2013	CESTAT - Central Excise
The Income Tax Act, 1961	Income Tax Demand	42.91	A.Y. 2012-13	C.I.T. (A)
The Indian Stamp Act, 1899	Stamp Duty Demand	3.19	2011-12	Rajasthan High Court

ANNEXURE TO THE AUDITORS' REPORT

- (c) According to the information and explanations given, the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time, except for Rs. 0.31 million which is held in abeyance due to pending legal cases.
- VIII. The Holding and the Subsidiary Company do not have consolidated accumulated losses at the end of the financial year nor have they incurred cash losses, on a consolidated basis, during the financial year covered by our audit and in the immediately preceding financial year.
- IX. Based on our audit procedures and according to the information and explanations given to us, the Holding Company, has not defaulted in repayment of dues to Banks. Further, as per the report of other auditors, the Subsidiary Company has not taken any loan and hence this clause is not applicable to the Subsidiary Company. There were no debentures outstanding during the year.
- X. According to the information and explanations given, the Holding and the Subsidiary Company has not given any guarantee for loans taken by others from banks and financial institutions during the year.
- XI. According to the information and explanations given to us and to other auditor, the Holding Company and the Subsidiary Company has not obtained any term loan during the year, and accordingly this clause is not applicable.
- XII. In our opinion and in the opinion of the other auditor and according to the information and explanations given to us and to other auditor, no fraud by the Holding Company and the Subsidiary company and no material fraud on the Holding Company and the Subsidiary company have been noticed or reported during the course of the audit.

Place : New Delhi
Dated : the 27th day of May, 2015

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

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2015

(₹ in million)

Particulars	Note No.	31.3.2015	31.3.2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	218.49	218.49
Reserves & Surplus	3	4,717.95	4,740.53
		4,936.44	4,959.02
Minority Interest			
		159.13	19.64
Non-current Liabilities			
Long-term Borrowings	4	1,831.07	860.59
Deferred Tax Liabilities (Net)	5	197.18	211.38
Other Long-term Liabilities	6	190.41	198.93
Long-term Provisions	7	79.78	74.61
		2,298.44	1,345.51
Current Liabilities			
Short-term Borrowings	8	961.16	488.57
Trade Payable	9	607.89	724.35
Other Current Liabilities	10	767.74	479.96
Short-term Provisions	7	86.91	79.07
		2,423.70	1,771.95
Total		9,817.71	8,096.12
ASSETS			
Non-current Assets			
Fixed Assets	11		
Tangible Assets		3,014.04	2,896.14
Intangible Assets		422.62	378.81
Capital Work-in-Progress		1,815.52	144.76
		5,252.18	3,419.71
Non-current Investments	12	1,496.83	1,838.14
Long-term Loans & Advances	13	148.69	79.44
Current Assets			
Current Investments	12	247.50	268.33
Inventories	14	757.86	951.00
Trade Receivables	15	747.45	866.53
Cash and Bank Balances	16	347.53	75.00
Short-term Loans & Advances	13	606.91	476.87
Other Current Assets	17	212.76	121.10
		2,920.01	2,758.83
Total		9,817.71	8,096.12

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

AMITAV KOTHARI
Director
(DIN: 01097705)

R. V. KANORIA
Managing Director
(DIN: 00003792)

Camp: New Delhi
Dated, the 27th day of May, 2015

N. K. NOLKHA
Chief Financial Officer

N. K. SETHIA
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31ST MARCH 2015

(₹ in million)

Particulars	Note No.	2014-2015	2013-2014
INCOME			
Revenue from Operations	18	5,309.38	5,413.81
Other Income	19	283.25	429.16
		<u>5,592.63</u>	<u>5,842.97</u>
EXPENSES			
Cost of Raw Materials Consumed	20	3,287.14	3,386.15
Purchases of Stock-in-Trade	21	4.25	102.69
Change in Inventories of finished goods, work-in-progress and Stock-in-Trade	22	72.63	(47.00)
Employees Benefits Expense	23	745.40	679.86
Finance Costs	24	86.29	168.30
Depreciation & Amortization	25	299.18	242.16
Other Expenses	26	953.70	884.73
Total Expenses		<u>5,448.59</u>	<u>5,416.89</u>
Profit before exceptional items and Tax		144.04	426.08
Exceptional items	27	12.18	-
Profit before Tax		<u>131.86</u>	<u>426.08</u>
Tax Expense			
For earlier years		(0.96)	0.00
Current Tax		22.89	68.31
MAT credit		(2.66)	(0.15)
Deferred Tax		(10.55)	16.48
Profit before minority interest		<u>123.14</u>	<u>341.44</u>
Minority Interest		-	4.36
Profit for the year		<u>123.14</u>	<u>337.08</u>
Earning per Equity Share (Face Value ₹ 5 each)	28		
- Basic & Diluted (₹)		2.82	7.71

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 27th day of May, 2015

AMITAV KOTHARI
Director
(DIN: 01097705)

N. K. NOLKHA
Chief Financial Officer

For and on behalf of the Board

R. V. KANORIA
Managing Director
(DIN: 00003792)

N. K. SETHIA
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in million)

	2014-2015	2013-2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	131.86	426.08
Adjustments for:		
Depreciation & Amortization	299.18	242.16
Depreciation included in Exceptional item	32.18	-
Finance Costs	86.29	168.30
(Profit)/Loss on Sale of Fixed Assets (Net)	1.43	3.76
(Profit)/Loss on Sale Investments (Net)	(127.67)	(274.69)
Interest Income	(108.67)	(105.29)
Dividend Income	(38.66)	(32.96)
Foreign Currency Translation Reserve	(70.73)	12.10
Operating Profit before Working Capital changes	205.21	439.46
Adjustments for:		
Trade Receivables, Loans & Advances and Other Current Assets	(157.85)	(364.86)
Inventories	193.13	(497.46)
Trade Payables, Other liabilities & Provisions	(80.89)	706.26
Cash generated from Operations	159.60	283.40
Income Tax Paid	(25.32)	(86.42)
NET CASH FROM OPERATING ACTIVITIES	134.28	196.98
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,141.36)	(724.62)
Sale of Fixed Assets	9.59	8.46
Loan & Advances to related party	0.75	(23.66)
Purchase of shares of subsidiary	(53.12)	-
Purchase of Investments	(2,694.67)	(6,228.23)
Sale of Investments	3,184.47	6,943.87
Fixed Deposit (net)	0.06	16.38
Interest received	99.96	96.12
Dividend received	38.66	32.96
NET CASH USED IN INVESTING ACTIVITIES	(1,555.66)	121.28
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/Payments of Borrowings (net)	1,700.76	(105.69)
Equity Share issued of subsidiary	159.13	-
Dividend Paid (including Dividend Tax)	(76.68)	(76.68)
Finance Charges paid	(89.67)	(167.47)
NET CASH USED IN FINANCING ACTIVITIES	1,693.54	(349.84)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	272.16	(31.58)
CASH AND CASH EQUIVALENTS - AS AT 01.04.2014	59.99	91.57
CASH AND CASH EQUIVALENTS - AS AT 31.03.2015	332.15	59.99
Notes:		
a. Cash and Cash equivalents included in the Cash Flow Statement comprise the following Balance Sheet amounts:		
Cash and Bank Balances	347.53	75.00
Less: Other Bank Balances	15.38	15.01
Cash and Cash equivalents	332.15	59.99
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

RAJIV SINGHI
Partner
Membership No. 53518
Camp: New Delhi
Dated, the 27th day of May, 2015

AMITAV KOTHARI
Director
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Chief Financial Officer

For and on behalf of the Board

R. V. KANORIA
Managing Director
(DIN: 00003792)

N. K. SETHIA
Company Secretary

NOTES TO CONSOLIDATED 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:

These financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention, except for certain fixed assets which have been revalued. GAAP comprises mandatory accounting standards as prescribed under Companies Act, 2013 ('Act'), the provisions of the Act and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued GAAP is initially adopted or a revision to an existing GAAP requires a change in the accounting policy hitherto in use.

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) Tangible 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Depreciation & Amortization :

- (i) Depreciation on tangible fixed assets, except leasehold land, is provided on the straight-line method over the useful lives of assets as prescribed in Schedule II to the Companies Act 2013 or on the basis of rates prescribed under respective local laws except for the following assets of the Indian operations where the useful life is considered lower than that prescribed under Schedule II on the basis of internal technical assesment:

Assets/Asset group	Useful life
Effluent treatment plant Digester	15 Years
Measuring Instruments like flow meters, transmitters, level gauges etc.	10 Years
Other Independent instruments	15 Years

Depreciation for assets purchased/sold during the year is proportionately charged. Depreciation and amortisation method, useful live and residual values are reviewed periodically including at each financial year end.

- (ii) Leasehold lands are amortized over the period of lease on straight line basis.
- (iii) Intangible Assets, other than Goodwill on consolidation, 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.
- (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. g. Inventories :

Inventories are valued as under:-
Stores & Spare Parts etc. #
Raw Materials #
Finished Goods

Work-in-Process

The Cost has been arrived at using Weighted Average method.

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

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. Taxes 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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)

	31.3.2015	31.3.2014
2. SHARE CAPITAL		
(a) 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	218.47	218.47
Add: Forfeited Shares (Amount paid up)	0.02	0.02
	<u>218.49</u>	<u>218.49</u>
(b) Reconciliation of number of Shares (Nos.): Outstanding at the beginning of the year	43,693,333	43,693,333
Outstanding at the end of the year	43,693,333	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 st March, 2015		As at 31 st March, 2014	
	No. of shares	% of Holding	No. of shares	% of Holding
Vardhan Limited	26,133,872	59.81	26,133,872	59.81
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.

	31.3.2015		31.3.2014	
3. RESERVES & SURPLUS				
(a) CAPITAL RESERVE As per last financial statements		34.17		34.17
(b) CAPITAL REDEMPTION RESERVE As per last financial statements		72.69		72.69
(c) SECURITIES PREMIUM ACCOUNT As per last financial statements		161.51		161.51
(d) SPECIAL RESERVE As per last financial statements	24.31		19.34	
Add: Transfer from Surplus	1.47	25.78	4.97	24.31
(e) GENERAL RESERVE As per last financial statements	3,627.41		2,627.41	
Add : Transfer from Surplus	-	3,627.41	1,000.00	3,627.41
(f) FOREIGN CURRENCY TRANSLATION RESERVE Adjustment for transfer of non-integral foreign operations		(61.22)		2.40
(g) SURPLUS Balance as per last Account	818.04		1,555.82	
Add: Foreign Currency Translation adjustment	(3.46)		6.79	
Add: As per annexed Statement of Profit & Loss	123.14		337.08	
	<u>937.72</u>		<u>1,899.69</u>	
Less:				
Proposed Dividend on Equity Shares	65.54		65.54	
Provision for Dividend Tax	13.10		11.14	
Transfer to Special Reserve	1.47		4.97	
Transfer to General Reserve	-		1,000.00	
	<u>80.11</u>	<u>857.61</u>	<u>1,081.65</u>	<u>818.04</u>
Total		<u>4,717.95</u>		<u>4,740.53</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	Non-current		Current maturities	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014
4. LONG-TERM BORROWINGS				
Term Loans				
From Banks (Secured)	1,568.75	503.85	191.84	201.54
From Banks (Unsecured)	262.32	356.74	328.92	61.12
Vehicle Financing from Banks (Secured)	-	-	-	0.41
	<u>1,831.07</u>	<u>860.59</u>	<u>520.76</u>	<u>263.07</u>
Less: Amount disclosed under the head "other current liabilities" (Note no.10)	-	-	520.76	263.07
	<u>1,831.07</u>	<u>860.59</u>	<u>-</u>	<u>-</u>
5. DEFERRED TAX LIABILITIES (NET)				
DEFERRED TAX LIABILITY				
Depreciation		217.43		228.85
DEFERRED TAX ASSETS				
Retirement Benefits		20.25		17.47
		<u>197.18</u>		<u>211.38</u>
6. OTHER LONG-TERM LIABILITIES				
Leasehold land obligation payable		188.79		197.06
Security Deposits		1.62		1.87
		<u>190.41</u>		<u>198.93</u>
7. PROVISIONS				
(a) Provision for employee benefits				
For Gratuity	44.33	39.54	2.95	2.00
For Accrued Leave	35.45	29.98	5.32	0.39
(c) Provision for Product Warranties	-	5.09	-	-
(d) Proposed Dividend	-	-	65.54	65.54
(e) Dividend Tax	-	-	13.10	11.14
	<u>79.78</u>	<u>74.61</u>	<u>86.91</u>	<u>79.07</u>
8. SHORT-TERM BORROWINGS				
(a) Loans Repayable on Demand				
From Banks (Secured)		197.95		103.83
From Banks (Unsecured)		241.96		2.47
(b) Other Loans & Advances				
Buyer's Credit (Secured)		271.25		382.27
Commercial Paper (Unsecured)		250.00		-
		<u>961.16</u>		<u>488.57</u>
9. TRADE PAYABLES				
(a) Due to Micro, Small & Medium Enterprises		-		-
(b) Due to Others		607.89		724.35
		<u>607.89</u>		<u>724.35</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

10. OTHER CURRENT LIABILITIES

	2014-2015	2013-2014
(a) Current maturities of Long term debts	520.76	263.07
(b) Interest accrued but not due on borrowings	1.47	4.85
(c) Unpaid Dividend *	4.77	4.34
(d) Project liabilities	85.13	8.46
(e) Customers' Credit Balances	3.76	50.32
(f) Employee related liabilities	37.41	39.66
(g) Statutory liabilities	40.54	43.62
(h) Security & Trade deposits	1.92	1.96
(i) Other liabilities	71.98	63.68
	<u>767.74</u>	<u>479.96</u>

* These figures does not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund except ₹ 0.31 million (previous year ₹ 0.23 million) which is held in abeyance due to legal case pending.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. FIXED ASSETS

(₹ in million)

PARTICULARS	GROSS BLOCK				DEPRECIATION & AMORTIZATION				IMPAIRMENT			NET BLOCK							
	As at 31.3.2014	Additions	Other adjustment	Foreign Currency Translation adjustment	Sales and/or adjustment	As at 31.3.2015	For the Year	Other adjustment*	Foreign Currency Translation adjustment	Sales and/or adjustment	Up to 31.3.2015	As at 31.3.2014	For the Year	Sales and/or adjustment	Up to 31.3.2015	As at 31.3.2015	As at 31.3.2014		
TANGIBLE ASSETS																			
Land & Site Development	345.43	16.23	-	(4.69)	-	356.97	-	-	-	-	-	-	-	-	-	356.97	-	345.43	
Leasehold land & Site Development	263.20	-	-	(3.98)	-	259.22	6.79	3.24	(0.05)	-	9.98	-	-	-	-	249.24	-	256.41	
Buildings	475.90	280.72	-	(3.48)	21.72	731.42	106.10	16.80	(2.31)	19.87	116.98	-	-	-	-	614.44	-	369.80	
Plant & Machinery	3,390.69	128.03	-	(72.24)	197.85	3,248.63	1,559.48	201.71	(40.05)	187.67	1,545.92	17.85	-	-	17.85	1,684.86	-	1,813.36	
Furniture & Fixtures	120.78	3.84	-	(2.65)	24.23	97.74	56.68	10.90	(2.32)	24.21	42.52	-	-	-	-	55.22	-	64.10	
Vehicles and Fork Lifts	23.86	5.21	-	(0.37)	3.68	25.02	12.19	2.44	(0.23)	3.33	11.28	-	-	-	-	13.74	-	11.67	
Office Equipments	195.92	30.11	-	(9.92)	124.04	92.07	162.32	24.23	(8.87)	125.47	53.87	-	-	-	-	38.20	-	33.60	
Railway Siding & Weigh Bridge	2.89	-	-	-	0.99	1.90	1.12	0.22	0.13	0.94	0.53	-	-	-	-	1.37	-	1.77	
	4,818.67	464.14	-	(97.33)	372.51	4,812.97	1,904.68	259.54	(53.83)	361.49	1,781.08	17.85	-	-	17.85	3,014.04	-	2,896.14	
INTANGIBLE ASSETS																			
Goodwill	259.85	34.61	-	-	-	294.46	-	-	-	-	-	-	-	-	-	294.46	-	259.85	
Computer Software	36.50	22.85	-	(5.53)	0.05	53.77	23.16	6.24	(3.85)	0.05	25.50	-	-	-	-	28.27	-	13.34	
Product Development Cost	221.13	38.49	-	(12.24)	-	247.38	115.51	38.80	(6.82)	-	147.49	-	-	-	-	99.89	-	105.62	
	517.48	95.95	-	(17.77)	0.05	595.61	138.67	45.04	(10.67)	0.05	172.99	-	-	-	-	422.62	-	378.81	
	5,336.15	560.09	-	(115.10)	372.56	5,408.58	2,043.35	304.58	(64.50)	361.54	1,954.07	17.85	-	-	17.85	3,436.66	-	3,274.95	
Capital Work-in-Progress																1,815.52		144.76	
TOTAL																5,252.18		3,419.71	
Figures for the corresponding Previous year	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	-	-	17.85	3,419.71	-		

1. Depreciation for the year includes depreciation on fixed assets of Kanoria Africa Textiles PLC ₹ 5.40 million (Previous Year ₹ 3.19 million) which is transferred to capital work-in-progress.

2. * In terms of MCA notification dated 29th August, 2014 amending Schedule II, the carrying amount of tangible fixed assets (after retaining the residual value), whose remaining useful lives have been reassessed to be nil as at April 1, 2014, has been recognised in the Statement of Profit & Loss as an exceptional item for ₹ 32.18 million.

3. The Company has reassessed the remaining useful lives of its tangible fixed assets as per the requirement of the Schedule II to the Companies Act, 2013. The depreciation charge, as a result of this, for the year ended 31st March, 2015 is higher by ₹ 36.76 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	Face Value ₹	31.3.2015		31.3.2014	
		No.	Amount	No.	Amount
12. INVESTMENTS NON-CURRENT					
NON-TRADE INVESTMENTS (AT COST)					
a. INVESTMENT IN EQUITY INSTRUMENTS					
FULLY PAID UP (QUOTED)					
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
NMDC Limited	1	8,000	2.40	8,000	2.40
(UNQUOTED)					
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	5	-	-	100	-
Woodlands Multispeciality Hospital Limited	10	2,180	0.02	2,180	0.02
OPGS Power Gujarat Private Limited	0.10	186,200	0.04	-	-
b. INVESTMENT IN PREFERENCE SHARES					
FULLY PAID UP (QUOTED)					
8.75% L&T Finance Holdings Limited	100	-	-	913,130	91.31
16.06% Infrastructure Leasing & Financial services Limited	7,500	4,000	50.00	4,000	50.00
c. INVESTMENT IN DEBENTURES/BONDS					
FULLY PAID UP (QUOTED)					
11.9% India Infoline Finance Limited	1,000	59,749	56.32	59,749	56.32
12.75% India Infoline Finance Limited	1,000	50,000	51.20	50,000	51.20
11.85% Shriram City Union Finance Limited	1,000	35,122	35.33	35,122	35.33
8.46% Rural Electrification Corporation Ltd.	1,000,000	21	20.96	21	20.96
8.48% Indian Railway Finance Corporation Ltd.	1,000,000	50	50.00	50	50.00
8.48% NTPC Limited	1,000	31,665	31.66	31,665	31.66
8.48% India Infrastructure Finance Company Limited	1,000	100,000	100.00	100,000	100.00
8.5% National Highway Authority of India	1,000	100,000	100.00	100,000	100.00
8.75% National Highway Authority of India	1,000	40,000	39.55	40,000	39.56
8.68% National Housing Bank	5,000	10,000	50.76	10,000	50.76
11.6% ECL Finance Limited	1,000	50,000	50.00	50,000	50.00
12.95% Cholamandalam Investment & Finance Company Ltd.	500,000	100	51.28	100	51.28
(UNQUOTED)					
19% Shambhavi Realty Private Limited	66,680	-	-	500	34.98
21% Wadhwagroup Holdings Private Limited	16,667	440	10.79	440	40.12
18% Eldeco Sohna Project Ltd.	5,000,000	-	-	6	30.00
d. INVESTMENT IN MUTUAL FUNDS (QUOTED)					
ICICI Prudential FMP Sr.69-1821 Days Plan I-Cumulative	10	5,000,000	50.00	5,000,000	50.00
ICICI Prudential FMP Sr.69-372 Days PLK Regular-Cumulative	10	300,000	3.40	-	-
HDFC FMP 1846 Days-Sr.27-Regular-Growth	10	10,000,000	100.00	10,000,000	100.00
HDFC FMP 3360 Days-Sr.30-Regular-Growth	10	5,000,000	50.00	5,000,000	50.00
L&T FMP-VII (April 1124 DA)-Growth	10	5,000,000	50.00	5,000,000	50.00
BSL Fixed Term Plan-Series IP (980 days)-Growth	10	5,000,000	50.00	5,000,000	50.00
JP Morgan India FMP Sr.23-Regular-Growth	10	400,000	4.00	400,000	4.00
(UNQUOTED)					
Reliance Equity Opportunities Fund-Dividend Reinvest	10	99,095	2.50	2,142,310	47.05
Reliance Vision Fund-Dividend	10	841,389	37.40	-	-
Reliance Dynamic Bond Fund-Growth	10	635,272	10.00	635,272	10.00
ICICI Prudential Discovery Fund-Dividend Reinvest	10	1,231,903	33.32	1,533,297	28.28
ICICI Focus Bluechip Equity Fund-Regular Dividend	10	2,061,990	44.21	-	-
ICICI Prudential Dynamic Fund-Regular-Dividend	10	279,023	4.50	279,023	4.50
Franklin India Blue Chip Fund-Dividend Reinvest	10	-	-	1,036,381	34.28
Franklin India Govt. Security Fund-Long-Growth	10	372,394	10.00	372,394	10.00
HDFC Top 200 Fund-Dividend Reinvest	10	-	-	604,576	22.49
HDFC Mid-Cap Opportunities Fund-Dividend Reinvest	10	131,527	2.00	1,922,114	28.37

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	Long-term		Short-term	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014
13. LOANS AND ADVANCES				
(a) Capital Advances				
Unsecured, Considered Good	115.31	58.65	-	-
(b) Security Deposits				
Unsecured, Considered Good	18.79	18.79	5.95	0.60
(c) Loans and Advances to related parties				
Unsecured, Considered Good	-	0.75	-	-
(d) Other Loans and Advances				
Loans to Others	13.61	-	-	-
Loans to Employees	0.75	0.61	5.12	4.40
Balance with Central Excise and other Government Authorities	-	-	248.09	144.26
Income & Wealth Tax Payments and Tax Deducted at Source less Provision	-	-	254.97	248.91
Other Advances	0.23	0.64	92.78	78.70
	<u>148.69</u>	<u>79.44</u>	<u>606.91</u>	<u>476.87</u>
14. INVENTORIES		31.3.2015		31.3.2014
(as certified by the Management)				
(a) Stores and Spare Parts etc.		59.55		57.16
(b) Raw Materials		433.05		657.74
Raw Materials in transit		109.97		-
(c) Finished Goods		93.16		142.21
(d) Work-in-Process		62.13		93.89
		<u>757.86</u>		<u>951.00</u>
15. TRADE RECEIVABLES				
(a) Outstanding for a period exceeding six months				
Unsecured, Considered Good		0.36		2.56
Doubtful		0.07		0.07
Provision for Doubtful/litigation		(0.07)		(0.07)
		<u>0.36</u>		<u>2.56</u>
(b) Others				
Unsecured, Considered Good		747.09		863.97
Doubtful		9.00		8.67
Provision for Doubtful		(9.00)		(8.67)
		<u>747.09</u>		<u>863.97</u>
		<u>747.45</u>		<u>866.53</u>
16. CASH AND BANK BALANCES				
CASH AND CASH EQUIVALENTS				
(a) Cash in hand		3.22		6.13
(b) Cheques/Drafts in hand		0.02		-
(c) Balances with Scheduled Banks				
In Current Account		328.91		39.71
In Cash Credit Account		-		14.15
OTHER BANK BALANCES				
Earmarked balances with Banks (Unpaid Dividend Account)		4.77		4.34
In Fixed deposit (Receipt deposited as security)		10.61		10.67
		<u>347.53</u>		<u>75.00</u>
17. OTHER CURRENT ASSETS				
(a) Interest and Dividend Receivable				
Unsecured, Considered Good		35.66		26.95
(b) Export Benefits and Claims Receivable				
Unsecured, Considered Good		177.10		94.15
		<u>212.76</u>		<u>121.10</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	2014-2015		2013-2014	
18. REVENUE FROM OPERATIONS				
(a) Sale of Products				
Pentaerythritol	935.04		891.17	
Formaldehyde(37%)	1,502.30		1,888.11	
Hexamine	634.80		509.12	
Power Generation	33.64		26.15	
Electronic & Mechatronic Modules etc.	2,201.32		2,016.17	
Others	200.07		215.68	
Traded Goods	4.86	5,512.03	112.09	5,658.49
(b) Other Operating Revenues				
Miscellaneous Sales	26.31		24.91	
Renewal Energy Certificate benefits	91.40		87.50	
Industrial Incentives	8.43		6.54	
Export benefits	5.10		3.65	
Others	0.09	131.33	0.25	122.85
Gross Revenue from Operations		5,643.36		5,781.34
(c) Excise Duty		333.98		367.53
Net Revenue from Operations		<u>5,309.38</u>		<u>5,413.81</u>
19. OTHER INCOME				
Interest Income				
On long term Investments	103.75		78.50	
On Current Investments	-		20.81	
From Others	4.92	108.67	5.98	105.29
Dividend Income				
On long term Investments		38.66		32.96
Net gain/(loss) on Sale of Investments				
On long term Investments	72.97		257.43	
On Current Investments	54.70	127.67	17.26	274.69
Rent Income		0.60		3.35
Liabilities no longer required written back		6.75		6.91
Other receipts		0.90		3.39
Previous Years Adjustments (Net)		-		2.57
		<u>283.25</u>		<u>429.16</u>
20. COST OF MATERIAL CONSUMED				
Raw Material consumption				
Methanol		1,681.31		1,867.68
Anhydrous Ammonia		132.62		89.30
Ethanol		180.61		209.53
PCBs & Components etc.		1,143.95		1,082.55
Others		148.65		137.09
		<u>3,287.14</u>		<u>3,386.15</u>
21. PURCHASES				
Methanol		4.25		102.69

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	2014-2015		2013-2014	
	Finished Goods	Work-in-Process	Finished Goods	Work-in-Process
22. CHANGE IN INVENTORIES				
Opening Stock				
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>
Closing stock				
Pentaerythritol	24.11	5.74	68.09	5.62
Formaldehyde (37%)	20.66	-	12.01	-
Hexamine	12.53	1.88	11.03	0.38
Electronic & Mechatronic Modules etc.	30.61	46.52	29.21	79.51
Others	5.25	8.00	21.87	8.38
	<u>93.16</u>	<u>62.14</u>	<u>142.21</u>	<u>93.89</u>
	49.05	31.75	(21.01)	(40.75)
Foreign Currency Translation adjustment	(2.64)	-	12.26	-
Change in Excise Duty on Stocks	(5.53)	-	2.50	-
	<u>40.88</u>	<u>31.75</u>	<u>(6.25)</u>	<u>(40.75)</u>
Total	<u>72.63</u>		<u>(47.00)</u>	
23. EMPLOYEES BENEFITS EXPENSE				
Salaries, Wages, Bonus & Gratuity etc. (including payments to Contractors)		655.02		630.82
Contribution to Provident Fund		27.18		22.15
Welfare Expenses		<u>83.35</u>		<u>66.55</u>
		765.55		719.52
Less: Transfer to capital work in progress		<u>20.15</u>		<u>39.66</u>
		<u>745.40</u>		<u>679.86</u>
24. FINANCE COST				
Interest expense		76.91		40.45
Other borrowing Costs		7.68		3.42
Net loss on foreign currency transaction attributable as adjustment to interest cost		<u>30.69</u>		<u>124.63</u>
		115.28		168.50
Less: Transfer to capital work in progress		<u>28.99</u>		<u>0.20</u>
		<u>86.29</u>		<u>168.30</u>
25. DEPRECIATION AND AMORTIZATION				
Depreciation		259.54		207.96
Amortization		<u>45.04</u>		<u>37.39</u>
		304.58		245.35
Less: Transfer to capital work in progress		<u>5.40</u>		<u>3.19</u>
		<u>299.18</u>		<u>242.16</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	2014-2015		2013-2014	
26. OTHER EXPENSES				
Consumption of Stores & Spare parts etc.(including packing materials)		91.31		77.37
Other Manufacturing Expenses		105.03		76.82
Power & Fuel		328.40		287.58
Repairs to				
Plant & Machinery		40.98		43.68
Buildings		2.49		5.17
Others		6.06		5.30
Water Charges & Cess		17.73		17.74
Rates & Taxes (including Provision for wealth tax ₹ 0.07 million) (Previous Year ₹ 0.07 million)		3.98		4.67
Rent		48.87		39.97
Insurance		12.89		11.20
Legal and Professional Charges		83.79		52.47
Research & Development Expenses		47.24		30.09
Product Warranty Expenses		-		7.40
Miscellaneous Expenses		126.39		99.36
CSR Expenditure		0.96		-
Foreign Exchange Rate Fluctuation		36.12		32.52
Commission & Brokerage to Others		8.66		7.39
Freight, Handling & Other Charges		63.71		45.58
Directors' Fees		1.61		0.82
Travelling Expenses (including Directors' Travelling ₹ 4.63 million) (Previous Year ₹ 4.24 million)		53.75		32.95
Charity & Donations		-		0.23
Sales Tax (net)		0.71		-
Payment to Auditors				
(a) Statutory Auditors				
Audit Fees	2.04		1.66	
For Certificates & Others	0.80		0.68	
For Travelling and out of pocket expenses	0.12		0.22	
(b) Cost Auditors				
Audit Fees	0.16		0.13	
For Travelling and out of pocket expenses	0.01		0.01	
(c) Tax Auditors				
Audit Fees	0.10	3.23	0.10	2.80
Directors' Remuneration		17.87		15.86
Provision for bad & doubtful Debts & Advances (net)		1.19		1.54
Unrealized Debts and Claims written off		0.71		5.85
Loss on Fixed Assets sold/discarded (Net)		1.43		3.76
Previous Years Adjustments (Net)		0.57		-
		1,105.68		908.12
Less: Transfer to Capital work in progress				
Power & Fuel	-		0.03	
Rates & Taxes	-		0.02	
Rent	8.17		1.76	
Insurance premium	1.83		0.03	
Legal & Professional Charges	51.31		9.92	
Research & Development Expenses	38.93		10.29	
Miscellaneous expenses	17.25		4.32	
Foreign Exchange Rate Fluctuation	15.50		(2.98)	
Commission & Brokerage to Others	0.13		-	
Travelling expenses	18.86	151.98	-	23.39
		953.70		884.73

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	2014-2015	2013-2014
27. EXCEPTIONAL ITEMS		
(a) Income received on settlement of old claim	(20.00)	-
(b) Depreciation (refer note No.11)	32.18	-
	<u>12.18</u>	<u>-</u>
28. EARNINGS PER SHARE		
(a) Net Profit available to Equity Shareholders	123.14	337.08
(b) Weighted average number of Equity Shares for EPS calculation Number of Equity Shares for Basic/Diluted EPS	43,693,333	43,693,333
(c) Earnings per Share Basic/Diluted (₹)	2.82	7.71
29. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)		
(i) Contingent Liabilities		
(a) Claims/Disputed liabilities not acknowledged as debt (paid ₹ 14.84 million)	68.10	157.76
(b) Outstanding Bank Guarantees	50.42	38.86
(c) Corporate Guarantee given to Gujarat Industrial Development Corporation for securing loan of Narmada Clean Tech Limited	-	11.63
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	386.51	1,039.65
Advances paid	115.31	58.65

30. For the year ended 31st March, 2015, 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 ₹ 13.10 million (Previous year ₹ 11.14 million), the total payout will be ₹ 78.64 million (Previous year ₹ 76.68 million).

31. 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	
			2014-2015	2013-2014
Pipri Limited	Subsidiary	India	100.00%	100.00%
Kanoria Africa Textiles PLC	Subsidiary	Ethiopia	76.49%	100.00%
APAG Holding AG	Subsidiary	Switzerland	100.00%	90.00%

For the purpose of consolidation, the consolidated financial statements of APAG Holding AG reflecting consolidation of following entities as at 31st March, 2015 prepared in accordance with Swiss Auditing Standard, "Review of Financial Statements" 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	
			2014-2015	2013-2014
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

32. Salient Features of Financial Statements of Subsidiary Companies for the year ended 31st March, 2015, pursuant to Companies Act, 2013

(₹ in million)

Name of Subsidiaries ==>	Pipri Limited	Kanoria Africa Textiles PLC#	APAG Holding AG (Consolidated)
Country of incorporation ==>	India	Ethiopia	Switzerland
Reporting Currency ==>	INR	ETB	CHF
Exchange Rate as on 31.3.2015 ==>		₹ 3.0511	₹ 64.1549
(a) Share Capital	46.51	676.81	19.25
(b) Reserves & Surplus	69.50	-	93.06
(c) Share Application Money pending allotment	-	0.03	-
(d) Total Assets	116.23	2,308.35	1,819.11
(e) Total Liabilities	0.22	1,631.51	1,706.80
(f) Investments*	114.85	-	-
(g) Turnover	7.68	-	2,203.42
(h) Profit/(Loss) before Taxation	7.51	-	(30.81)
(i) Provision for Taxation	0.20	-	5.05
(j) Profit/(Loss) after Taxation	7.31	-	(35.86)
(k) Proposed Dividend	-	-	-
(l) % of Shareholding	100.00%	76.49%	100.00%

* Excluding Investment in Subsidiaries.

Kanoria Africa Textiles Plc is yet to commence operations.

33. Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiaries.

Name of Enterprise	Net assets i.e. Total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ in million)	As % of consolidated profit or loss	Amount (₹ in million)
Parent Kanoria Chemicals & Industries Limited	76.51%	3,898.73	119.98%	147.74
Subsidiaries				
Indian Pipri Limited	2.28%	116.01	5.93%	7.31
Foreign Kanoria Africa Textiles PLC APAG Holding AG (Consolidated)	10.16% 7.93%	517.71 403.99	0.00% -25.91%	- (31.91)
Minority interest in all subsidiaries	3.12%	159.13	0.00%	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

34. SEGMENT REPORTING

(A) Primary Segment Information (by Business Segment)

(₹ in million)

Business Segment ==>	2014-2015						2013-2014					
	Alco Chemicals	Solar Power	Electronic Automotive	Textile	Others	Total	Alco Chemicals	Solar Power	Electronic Automotive	Textile	Others	Total
Segment Revenue												
Revenue from operations (net of excise)	2,981.70	125.04	2,202.64	-	-	5,309.38	3,283.99	113.65	2,016.17	-	-	5,413.81
Segment Result												
(Profit before Interest & Tax)	2.04	52.18	(10.01)	-	7.51	51.72	149.68	53.12	67.88	-	24.89	295.57
Less: (i) Finance Cost						86.29						168.30
(ii) Exceptional items						12.18						
(iii) Other Un-allocable expenditure net off Un-allocable income						(178.61)						(298.81)
Profit before Tax						131.86						426.08
Tax Expense:												
For earlier years						(0.96)						-
Current Tax						22.89						68.31
MAT credit						(2.66)						(0.15)
Deferred Tax						(10.55)						16.48
Net Profit:						123.14						341.44
Other Information												
Segment Assets	2,547.77	679.34	1,817.82	2,308.35	116.06	7,469.34	2,992.37	662.89	1,173.99	450.40	108.92	5,388.57
Un-allocable Corporate Assets						2,348.37						2,707.55
Total Assets:						9,817.71						8,096.12
Segment Liabilities	349.93	5.62	394.63	350.52	0.04	1,100.74	619.26	14.24	341.57	209.89	0.05	1,185.01
Un-allocable Corporate Liabilities						111.23						108.83
Total Liabilities:						1,211.97						1,293.84
Segment Capital Employed	2,197.84	673.72	1,423.19	1,957.83	116.02	6,368.60	2,373.11	648.65	832.42	240.51	108.87	4,203.56
Un-allocable Capital Employed						2,237.14						2,598.72
Total Capital Employed:						8,605.74						6,802.28
Capital Expenditure	47.76	1.22	473.78	1,673.08	-	2,195.84	77.20	9.97	203.66	392.37	-	683.20
Un-allocable Capital Expenditure						35.01						11.17
Total Capital Expenditure:						2,230.85						694.37
Depreciation & Amortization	116.89	62.88	112.57	-	-	292.34	102.23	47.11	88.58	-	-	237.92
Un-allocable Depreciation						6.84						4.24
Total Depreciation:						299.18						242.16
Other Non-cash expenses (included in Exceptional items)	-	-	-	-	-	32.18	-	-	-	-	-	-

(B) Secondary Segment information (by Geographical demarcation)

Geographical Segment ==>	2014-2015			2013-2014		
	India	Rest of the World	Total	India	Rest of the World	Total
Segment Revenue	2,924.09	2,385.29	5,309.38	3,279.51	2,134.30	5,413.81
Segment Assets	5,606.69	4,211.02	9,817.71	6,417.87	1,678.25	8,096.12
Segment Liabilities	366.04	845.93	1,211.97	542.76	751.08	1,293.84
Capital Expenditure	83.99	2,146.86	2,230.85	98.34	596.03	694.37

(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 etc., Solar Power business includes Power generation from Solar energy, Textile business includes yarn & denim manufacturing, Electronic Automotive business includes electronic & mechatronic modules etc and others includes Financial Activities & others.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

35. RELATED PARTY DISCLOSURES

(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. Mrs. M. Kanoria	
5. Mr. S. V. Kanoria	Relative of Key Management Personnel
6. Mr. A. V. Kanoria	
7. Mrs. V. Kanoria	
8. KPL International Limited	Enterprises over which Key Management Personnel exercises significant influence

(ii) Transaction with related parties:

(₹ in million)

Nature of Transaction	2014-2015				2013-2014			
	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	-	14.97	17.51	-	-	15.86	17.00	-
Directors' Fees	-	-	0.05	-	-	-	-	-
Dividend Paid	39.20	0.66	2.23	-	38.65	0.66	2.23	-
Purchases of Raw Material	-	-	-	67.04	-	-	-	611.40
Purchases of Fixed Assets	-	-	-	146.05	-	-	-	0.30
Commission Paid	-	-	-	2.49	-	-	-	1.52
Rent received	-	-	-	0.58	-	-	-	0.71
Rent Paid	-	-	-	0.41	-	-	-	1.61
Refund of Security Deposit (net)	-	-	-	(0.70)	-	-	-	-
Balances due from	-	-	-	-	-	-	-	0.75
Balances due to	-	-	0.63	91.13	-	-	0.84	0.05

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

Signatures to Notes 1 to 36

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 27th day of May, 2015

AMITAV KOTHARI
Director
(DIN: 01097705)

N. K. NOLKHA
Chief Financial Officer

For and on behalf of the Board

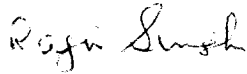
R. V. KANORIA
Managing Director
(DIN: 00003792)

N. K. SETHIA
Company Secretary

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 st March, 2015
Type of Audit Observation	Un-qualified
Frequency of observation	Not Applicable


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

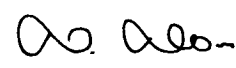


(Rajiv Singhi)
Partner
Membership No. 53518

For Kanoria Chemicals & Industries Limited


(R. V. Kanoria)
Managing Director


(Amitav Kothari)
Chairman – Audit Committee


(N. K. Nolkha)
Chief Financial Officer

27th May, 2015