



# *EXTENDING OUR* CAPABILITIES



ARVIND MAFATLAL GROUP  
The ethics of excellence

# Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements—written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried, wherever possible to identify such statements by using

words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’ and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should

known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Shri H. A. Mafatlal	Chairman
Shri T. M. M. Nambiar	Director
Shri P. N. Kapadia	Director
Shri S. S. Lalbhai	Director
Shri S. M. Kulkarni	Director
Shri V. P. Mafatlal	Director
Shri S. G. Mankad	Director
Shri H. H. Engineer	Director (w.e.f 23-10-2013)
Shri A. K. Srivastava	Finance Director
Shri S. S. Khanolkar	Managing Director

## COMPANY SECRETARY

Shri N. B. Mankad

## BANKERS

State Bank of Hyderabad  
AXIS Bank Limited  
HDFC Bank Limited

## AUDITORS

Messrs Deloitte Haskins & Sells  
Chartered Accountants

## SOLICITORS

Vigil Juris

## REGISTERED OFFICE

2<sup>nd</sup> Floor Sunteck Centre 37/40 Subhash Road  
Vile Parle (East) Mumbai 400057  
Tel: 91 22 6650 9999, Fax: 91 22 6650 9800  
E-mail: info@nfil.in, Website: www.nfil.in

## UNITS

Navin Fluorine, Surat 395023 (Gujarat)  
Navin Fluorine, Dewas 455022 (M.P.)

## REGISTRAR & SHARE TRANSFER AGENT Sharepro Services (India) Pvt. Ltd.

Samhita Warehousing Complex 2<sup>nd</sup> floor  
Gala No. 52 to 56 Bldg. No.13A-B  
Near Sakinaka Telephone Exchange Andheri-Kurla Road  
Sakinaka Mumbai 400072  
Tel: 91 22 6772 0300 / 0400, Fax: 91 22 2859 1568 /  
2850 8927  
E-mail: sharepro@shareproservices.com

## INVESTOR RELATIONS CENTRE

### Sharepro Services (India) Pvt. Ltd.

- |  |   |
|--|---|
| 1. 912 Raheja Centre<br>Free Press Journal Road<br>Nariman Point<br>Mumbai 400021<br>Tel: 91 22 6613 4700<br>Fax: 91 22 2282 5484<br>E-mail: sharepro@shareproservices.com | 2. Devnandan Mega Mall<br>Office No. 416-420 4 <sup>th</sup> floor<br>Opp. Sanyas Ashram<br>Ahmedabad 380006<br>Tel: 079 2658 2381 / 84 |
|--|---|

## 16<sup>th</sup> ANNUAL GENERAL MEETING

On Wednesday, 25 June, 2014  
At 3.00 p.m. at Rama Watumull Auditorium  
K. C. College Dinshaw Wacha Road  
Churchgate Mumbai 400020

- Shareholders intending to require information about accounts to be explained in the meeting are requested to inform the Company at least seven days in advance of the Annual General Meeting.
- Shareholders are requested to bring their copy of Annual Report to the Meeting as the practice of handing out copies of the Annual Report at the Annual General Meeting has been discontinued in view of the high cost of paper and printing.
- The Listing Fees for the year 2014-15 have been paid by the Company to Mumbai, Ahmedabad and National Stock Exchanges where the shares of the Company are listed.

# NOTICE

**NOTICE IS HEREBY GIVEN THAT** the 16<sup>th</sup> Annual General Meeting of the Members of the Company will be held on Wednesday, the 25 June, 2014 at 3.00 p.m. at Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400020 to transact the following business:

## ORDINARY BUSINESS:

1. To consider and adopt the Directors' Report, the Audited Financial Statements including the Statement of Profit and Loss for the year ended 31 March, 2014 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To confirm the payment of Interim Dividend on equity shares for the year 2013-14 and to declare a final dividend for the year 2013-14 on equity shares.
3. To appoint a Director in place of Shri V. P. Mafatlal (holding DIN 00011350) who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint Auditors, to hold office from the conclusion of this meeting until the conclusion of the 19<sup>th</sup> Annual General Meeting of the Company and to fix their remuneration.

## SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** Shri H. H. Engineer (holding DIN 01843009) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 23 October, 2013, in terms of Section 260 of the Companies Act, 1956 (corresponding to Section 161(1) of the Companies Act, 2013) and Article 127 of the Articles of Association of the Company and whose term of office expires at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV

to the Companies Act, 2013, Shri T.M.M. Nambiar (holding DIN 00046857), Director of the Company whose period of office was liable to determination by retirement of directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri P. N. Kapadia (holding DIN 00078673), Director of the Company whose period of office was liable to determination by retirement of directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri S.S. Lalbhai (holding DIN 00045590), Director of the Company whose period of office was liable to determination by retirement of directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri S.M. Kulkarni (holding DIN 00003640), Director of the Company whose period of office was liable to determination by retirement of directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years ."

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri S.G. Mankad (holding DIN 00086077), Director of the Company whose period of office was liable to determination by retirement of directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years ."

11. To consider and, if thought fit, to pass the following Resolution, with or without modifications, as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** in supersession of the Ordinary Resolution passed at the Extra Ordinary General Meeting of members held on 10 January, 2003 and pursuant to Section 180(1)(c)

and any other applicable provisions of the Companies Act 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained / to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of ₹ 150 crores (Rupees one hundred fifty crores) over and above the aggregate of the paid up share capital and free reserves of the Company."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to negotiate, finalise and settle with the lenders concerned, all deeds, documents and writings for the purpose of borrowings and to do all such acts, deeds and things as may be necessary and expedient for giving effect to the aforesaid resolution."

12. To consider and, if thought fit, to pass the following Resolution, with or without modifications, as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** in accordance with the provisions of Section 148 (3) of the Companies Act, 2013 read with Rule 14 of The Companies (Audit and Auditors) Rules 2014 and other applicable provisions, if any of the Companies Act, 2013, payment of Remuneration of ₹ 2.50 lacs (Rupees two lacs fifty thousand only) (apart from re-imbursement of out-of-pocket expenses incurred for the purpose of Audit) to Shri I. V. Jagtiani, Cost Auditor (Membership Number M-997) for conducting the audit of Cost Accounting Records relating to the chemical products manufactured by the Company for the year 1 April, 2014 to 31 March, 2015 be and is hereby approved and ratified."

Regd. Office:  
2<sup>nd</sup> floor Sunteck Centre  
37/40 Subhash Road  
Vile Parle (East)  
Mumbai 400057

Place : Mumbai  
Dated : 28 April, 2014

By Order of the Board,  
N.B. Mankad  
Company Secretary



**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER.**
2. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Item Nos.5 - 12 mentioned in the above Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday the 16 June, 2014 to Friday the 20 June, 2014 (both days inclusive) for the purpose of payment of dividend, if any.
4. The final dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on 30 June, 2014.

In order to enable the Company, to directly credit the dividend amount in the bank accounts:

- a) Shareholders holding shares in demat accounts are requested to update their Bank Account details with their respective Depository Participants.
- b) Shareholders holding shares in physical form are requested to provide the following details along with an authorization letter allowing the Company to directly credit the dividend in their bank accounts:

Name of first account holder (as appearing in the bank account records), Bank name, branch name, branch address, Account type and account number, IFSC code and MICR code and a copy of cancelled cheque.

5. The shareholding of Independent Directors seeking appointment / re-appointment at this meeting are as under:  
 Shri H. H. Engineer - Nil shares, Shri T. M. M. Nambiar - 1000 shares, Shri P. N. Kapadia - 1385 shares, Shri S. S. Lalbhai - 1000 shares, Shri S. M. Kulkarni - Nil shares and Shri S. G. Mankad - Nil shares.
6. Members are requested to note that pursuant to the provisions of Section 205C of the Companies Act, 1956 the dividend remaining unclaimed / unpaid for a period of seven years from the date it becomes due for payment shall be credited to the Investor Education and Protection Fund (IEPF) set up by the Central Government. The Company has already transferred the unclaimed / unpaid dividend declared for the year 2006 to the said fund. Members who have so far not claimed the dividends declared for any subsequent financial year(s) therefore are requested to make claim with the Company immediately as no claim shall lie against the fund or the company in respect of individual amounts once credited to the said fund.

7. The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Company and has issued circulars allowing service of notices / documents including annual report by e-mail to its members. To support this green initiative of the government in full measure, members who have not registered their e-mail addresses so far, are requested to register the same in respect of electronic holdings with the depository through their depository participants. Members who are holding shares in physical form are requested to get their e-mail addresses registered with the Registrar and Share Transfer Agent.
8. In terms of Section 108 of the Companies Act, 2013 read with The Companies (Management and Administration) Rules, 2014 e-voting facility is being provided to the Members. Details of the e-voting process and other relevant details are being sent to all the Members along with the Notice.

**ANNEXURE TO NOTICE**

Explanatory Statement as required by Section 102 of the Companies Act, 2013.

In conformity with the provisions of Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out all material facts in respect of Item Nos. 5 to 12.

**In respect of Item No. 5**

Shri H. H. Engineer, aged 66 Years, holds a Bachelor's Degree in Science and a Diploma in Business Management from the Hazarimal Somani College, Mumbai. He has varied experience of over 44 years in the Banking Sector. He retired as an Executive Director, Wholesale Banking of HDFC Bank Ltd.

Shri H. H. Engineer was appointed as an Additional Director by the Board of Directors on 23 October, 2013 under Article 127 of the Articles of Association of the Company and under Section 260 of the Companies Act, 1956 (corresponding to Section 161 (1) of the Companies Act, 2013). He is presently an Independent Director on the Board as per the current provisions of the Listing Agreement. He will hold office up to the ensuing Annual General Meeting. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri H. H. Engineer being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years. As required under Section 160 of the Companies Act, 2013, a notice has been received from a member of the Company along with requisite deposit, signifying his intention to propose Shri H. H. Engineer as a candidate for the office of the Independent Director of the Company.

In the opinion of the Board, Shri H. H. Engineer fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the management of the Company. Having regard to his qualifications, knowledge and experience his appointment as an Independent Director will be in the interest of the Company. Copy of the draft letter for appointment of Shri H. H. Engineer as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday. The Board recommends his appointment as an Independent Director in the interest of the Company, to utilize his expertise.

None of the Directors, key managerial personnel and/or their relatives, except Shri H. H. Engineer is concerned or interested in the Resolution.

#### **In respect of Item No. 6**

Shri T. M. M. Nambiar, aged 77 Years, holds a Bachelors Degree in Commerce and is a Member of the Institute of Chartered Accountants of India. He is on the Board of the Company since March, 2003. He is presently an Independent Director on the Board as per the current provisions of the Listing Agreement. He is having experience of over 51 years and was associated as President / Chairman / Member of the prestigious Institutions like Cement Manufacturers Association, National Council for Cement and Building Materials and Development Council for Cement Industry, the Associated Chambers for Commerce and Industry of India, Bombay Chamber of Commerce etc. He was associated for more than 26 years with Associated Cement Company Ltd including six years as Managing Director.

Shri T. M. M. Nambiar is a Director, whose period of office was liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri T. M. M. Nambiar, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years. A notice has been received from a member of the Company along with requisite deposit signifying his intention to propose Shri T. M. M. Nambiar as a candidate for the office of Independent Director of the Company.

In the opinion of the Board, Shri T. M. M. Nambiar fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the management of the Company. Having regard to his qualifications, knowledge and experience, his appointment as an Independent Director will be in the interest of the Company. Copy of the draft letter for appointment of Shri T. M. M. Nambiar as an Independent

Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday. The Board recommends his appointment as an Independent Director in the interest of the Company, to utilize his expertise.

None of the Directors, key managerial personnel and/ or their relatives, except Shri T. M. M. Nambiar is concerned or interested in the Resolution.

#### **In respect of Item No. 7**

Shri P. N. Kapadia, aged 62 Years, is a renowned Advocate and Solicitor having experience of more than 36 years in the legal field. He is a partner of Vigil Juris, Advocates & Solicitors, Mumbai. He is on the Board of the Company since January, 2003. He is presently an Independent Director on the Board as per the current provisions of the Listing Agreement.

Shri P. N. Kapadia is a Director, whose period of office was liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri P. N. Kapadia, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years. A notice has been received from a member of the Company along with requisite deposit signifying his intention to propose Shri P. N. Kapadia as a candidate for the office of Independent Director of the Company.

In the opinion of the Board, Shri P. N. Kapadia fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the management of the Company. Having regard to his qualifications, knowledge and experience, his appointment as an Independent Director will be in the interest of the Company. Copy of the draft letter for appointment of Shri P. N. Kapadia as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday. The Board recommends his appointment as an Independent Director in the interest of the Company, to utilize his expertise.

None of the Directors, key managerial personnel and /or their relatives, except Shri P. N. Kapadia is concerned or interested in the Resolution.

#### **In respect of Item No. 8**

Shri S. S. Lalbhai, aged 53 Years, holds a Bachelor's Degree in Science and a Masters Degree in Chemistry from USA and also a Masters Degree in Economy Planning & Policy from Boston

University, USA. He is on the Board of the Company since March, 2003. He is an Industrialist having varied experience of more than 30 years in Chemicals and general management. He is the Managing Director and CEO of Atul Limited. He is presently an Independent Director on the Board as per the current provisions of the Listing Agreement.

Shri S. S. Lalbhai is a Director, whose period of office was liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri S. S. Lalbhai, being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for a term of five consecutive years. A notice has been received from a member of the Company along with requisite deposit signifying his intention to propose Shri S. S. Lalbhai as a candidate for the office of Independent Director of the Company.

In the opinion of the Board, Shri S. S. Lalbhai fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the management of the Company. Having regard to his qualifications, knowledge and experience, his appointment as an Independent Director will be in the interest of the Company. Copy of the draft letter for appointment of Shri S. S. Lalbhai as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday. The Board recommends his appointment as an Independent Director in the interest of the Company, to utilize his expertise.

None of the Directors, key managerial personnel and/or their relatives, except Shri S. S. Lalbhai is concerned or interested in the Resolution.

#### **In respect of Item No. 9**

Shri S. M. Kulkarni, aged 75 Years, is a B. E., Fellow, Institute of Management, UK, Fellow, Indian Institute of Engineers and Fellow, Institute of Directors, UK. He is on the Board of the Company since October, 2006. He is currently a Consultant and acts as a Corporate and Business Advisor to several Indian and international corporate entities and has vast expertise in the areas of international business, alliance management, strategic planning, corporate governance, business development, venture capital funding and education. He is presently an Independent Director on the Board as per the current provisions of the Listing Agreement.

Shri S. M Kulkarni is a Director, whose period of office was liable to determination by retirement of Directors by rotation under

the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri S. M Kulkarni, being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for a term of five consecutive years. A notice has been received from a member of the Company along with requisite deposit signifying her intention to propose Shri S. M. Kulkarni as a candidate for the office of Independent Director of the Company.

In the opinion of the Board, Shri S. M Kulkarni fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the management of the Company. Having regard to his qualifications, knowledge and experience, his appointment as an Independent Director will be in the interest of the Company. Copy of the draft letter for appointment of Shri S. M Kulkarni as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday. The Board recommends his appointment as an Independent Director in the interest of the Company, to utilize his expertise.

None of the Directors, key managerial personnel and/or their relatives, except Shri S. M. Kulkarni is concerned or interested in the Resolution.

#### **In respect of Item No. 10**

Shri S. G. Mankad, aged 67 Years, is a retired I.A.S Officer. He has done his M. A. in History from St. Stephens College, Delhi University and Diploma in Development Studies from Cambridge University. He is on the Board of the Company since April, 2011. He was the Chief Secretary of Government of Gujarat from 2005 to 2007 and has also held important positions in Government of India (Ministry of Finance, Ministry of Agriculture and Ministry of Human Resource Development) and Government of Gujarat. He is associated with various State/private sector corporates in his capacity as Chairman/Director. He is presently an Independent Director on the Board as per the current provisions of the Listing Agreement.

Shri S. G. Mankad is a Director, whose period of office was liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri S. G. Mankad, being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for a term of five consecutive years. A notice has been received from a member of the Company along with requisite deposit signifying his intention to propose Shri S. G. Mankad as a candidate for the office of Independent Director of the Company.



In the opinion of the Board, Shri S. G. Mankad fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the management of the Company. Having regard to his qualifications, knowledge and experience his appointment as an Independent Director will be in the interest of the Company. Copy of the draft letter for appointment of Shri S. G. Mankad as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday. The Board recommends his appointment as an Independent Director in the interest of the Company, to utilize his expertise.

None of the Directors, key managerial personnel and /or their relatives, except Shri S. G. Mankad is concerned or interested in the Resolution.

#### **In respect of Item No. 11**

The Members of the Company at their Extra Ordinary General Meeting held on 10 January, 2003 had, inter alia, by passing an enabling Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956, approved borrowing an amount up to ₹ 150 crores in excess of paid-up capital and free reserves apart from temporary loans obtained from the Company's Bankers in the ordinary course of business.

Section 180(1)(c) of the Companies Act, 2013 which came in to effect from 12 September, 2013 prescribes that the Board of Directors shall not, without the consent of the Company by way of a Special Resolution, borrow moneys which together with the money already borrowed will exceed aggregate paid-up capital and free reserves apart from temporary loans obtained from the Company's Bankers in the ordinary course of business.

The Ministry of Corporate Affairs has vide its general Circular dated 25 March, 2014 clarified that the earlier Resolutions passed under Section 293 of the Companies Act, 1956 (corresponding to Section 180 of the Companies Act, 2013) shall remain valid for a period of one year from the date of Notification of Section 180 of the Companies Act, 2013 viz. up to 11 September, 2014. The Company may be required to borrow funds in future which may exceed the aggregate of paid-up capital and free reserves. This may attract the provisions of Section 180(1)(c) of the Companies Act, 2013. Accordingly, Special Resolution is proposed for approval of Members.

The Board of Directors recommend passing of the Special Resolution at Item No. 11 of the Notice.

None of the Directors, key managerial personnel and / or their relatives is concerned or interested in the Resolution.

#### **In respect of Item No. 12**

Section 148(2) of the Companies Act, 2013 provides that if the Central Government is of the opinion that it is necessary to do so, it may, by Order, direct that the audit of cost records of class of companies, which are covered under sub-section (1) and which have a net worth of such amount as may be prescribed or a turnover of such amount as may be prescribed, shall be conducted in the manner specified in the Order.

The said Section 148(2) has been notified by the Ministry of Corporate Affairs and has been made effective from 1 April, 2014, however so far, no Rules or Orders have been issued in this regard. The Company was covered under the Cost Audit Regulations under the provisions of the Companies Act, 1956 and Orders issued thereunder.

Based on the recommendation of the Audit Committee, the Board of Directors thought it expedient to appoint Shri I. V. Jagtiani, as the Cost Auditor for Cost Audit of chemical products for the Year 1 April, 2014, to 31 March, 2015 on a remuneration of ₹ 2.50 lacs apart from reimbursement of out of pocket expenses incurred for the purpose of audit subject to approval of remuneration by the Members. Section 148(3) read with Rule 14 of The Companies (Audit and Auditors) Rules 2014 prescribes that the remuneration of the Cost Auditor shall be approved by the Shareholders. Accordingly, this Ordinary Resolution is proposed for approval of the Members.

The Board of Directors recommend passing of the Ordinary Resolution at Item No. 12 of the Notice.

None of the Directors, key managerial personnel and /or their relatives is concerned or interested in the Resolution.

Regd. Office:  
2<sup>nd</sup> floor Sunteck Centre  
37/40 Subhash Road  
Vile Parle (East)  
Mumbai 400057  
Place : Mumbai  
Dated : 28 April, 2014

By Order of the Board,  
N.B. Mankad  
Company Secretary

**Particulars of the Directors seeking appointment / reappointment at the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement.**

Name	Shri V. P. Mafatlal	Shri H. H. Engineer	Shri T. M. M. Nambiar
Age	40 years	66 Years	77 Years
Date of Appointment/ Reappointment	21 <sup>st</sup> January, 2003	23 <sup>rd</sup> October, 2013	3 <sup>rd</sup> March, 2003
Expertise in functional areas	Textiles and Chemicals. Industrialist having business experience of more than 17 years in Textiles and Chemicals.	He has varied experience of over 44 years in the Banking Sector. He retired as an Executive Director, Wholesale Banking of HDFC Bank Ltd.	Having vast experience of over 51 Years and was associated as President / Chairman/ Member of the prestigious Institutions like Cement Manufacturers Association, National Council for Cement and Building Materials and Development Council for Cement Industry, The Associated Chamber of Commerce and Industry of India, Bombay Chamber of Commerce etc. He was associated for more than 26 years with Associated Cement Company Ltd. including 6 years as Managing Director.
Brief resume	B. Sc (Economics) University of Pennsylvania, Wharton School, U.S.A	Diploma in Business Management from Hazarimal Somani College, Mumbai.  Bachelor of Science, Mumbai University.	B.Com, A. C.A.
Names of the Companies in which he holds Directorship / Committee Memberships.	<b>Director in:</b> Mafatlal Services Ltd. Tropical Clothing Co. Pvt. Ltd. Cebon Apparel Pvt. Ltd. eyeindia.com Pvt. Ltd. Techergo Solutions Ltd. Mafatlal Fabrics Pvt. Ltd. Sarvamangala Holdings Pvt. Ltd. Myrtle Chemtex Trading Pvt. Ltd. Mayflower Chemtex Trading Pvt. Ltd. Mafatlal Exim Pvt. Ltd. NOCIL Ltd. Mafatlal Impex Pvt. Ltd. Shripad Associates Pvt. Ltd. Arvi Associates Pvt. Ltd. Altamount Products & Services Pvt. Ltd. Mafatlal Global Apparel Ltd. Sukarma Investments Pvt. Ltd. Mafatlal Industries Ltd. Navin Fluorine International Ltd. Manchester Organics Ltd. U.K <b>Committee Membership:</b> <b>Stakeholders Relationship Committee:</b> NOCIL Ltd. - Member <b>Corporate Social Responsibility (CSR) Committee:</b> Navin Fluorine International Ltd. - Member	<b>Director in:</b> The Federal Bank Ltd. Infrastructure Leasing & Financial Services Ltd. Navin Fluorine International Ltd. <b>Committee Membership:</b> <b>Corporate Social Responsibility (CSR) Committee:</b> Navin Fluorine International Ltd. - Member	<b>Director in:</b> ION Exchange (India) Ltd. ION Exchange Projects & Engineering Ltd. Navin Fluorine International Ltd. <b>Committee Membership :</b> <b>Audit Committee:</b> ION Exchange (India) Ltd. - Chairman Navin Fluorine International Ltd. - Chairman <b>Nomination and Remuneration Committee :</b> Navin Fluorine International Ltd. - Member <b>Stakeholders Relationship Committee:</b> Navin Fluorine International Ltd. - Member

**Particulars of the Directors seeking appointment / reappointment at the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement.**

Name	Shri P. N. Kapadia	Shri S. S. Lalbhai	Shri S. M. Kulkarni	Shri S. G. Mankad
Age	62 Years	53 Years	75 Years	67 Years
Date of Appointment/ Re-appointment	21 <sup>st</sup> January, 2003	3 <sup>rd</sup> March, 2003	19 <sup>th</sup> October, 2006	29 <sup>th</sup> April, 2011
Expertise in functional areas	Advocate and Solicitor.	He is an Industrialist having varied experience of more than 30 years in chemical and general management.	Corporate and Business Advisor	He is a retired IAS Officer. He was the Chief Secretary to Government of Gujarat from 2005 to 2007 and has also held important positions in Government of India (Ministries of Finance, Agriculture and Human Resource Development) and Government of Gujarat.
Brief Resume	B.A, LL.B Having experience of more than 36 Years in the legal field. He is the Partner of Vigil Juris, Advocates & Solicitors, Mumbai.	B. Sc, M.S (Chemistry), U.S.A, M.S (Economy Planning & Policy), Boston, U.S.A.	B.E, Fellow, Institute of Management-U.K., Fellow Indian Institution of Engineers and Fellow Institute of Directors U.K.  He is currently a Consultant and acts as a Corporate and Business Advisor to several Indian and International Corporate entities and has vast experience in the areas of International Business, Alliance Management, Strategic Planning , Corporate Governance, Business Development, Venture Capital Funding and Education.	I.A.S (Retd.) M.A. (History) Delhi University, Diploma in Development Studies, Cambridge University.

Name	Shri P. N. Kapadia	Shri S. S. Lalbhai	Shri S. M. Kulkarni	Shri S. G. Mankad
Name of the Companies in which he holds Directorships / Committee Memberships	<b>Director in:</b> Afcons Infrastructure Ltd. Sumangala Investments Pvt. Ltd. HTA Marketing Services Pvt. Ltd. C.C. Chokshi Advisors Pvt. Ltd. Hindustan Thompson Associates Pvt. Ltd. Gokak Textiles Ltd. Hangama Digital Services Pvt. Ltd. Mafatlal Industries Ltd. Navin Fluorine International Ltd. <b>Committee Membership:</b> <b>Audit Committee:</b> Afcon Infrastructure Ltd. - Member Navin Fluorine International Ltd. - Member <b>Nomination and Remuneration Committee :</b> Afcon Infrastructure Ltd. - Member Mafatlal Industries Ltd. - Member <b>Stakeholders Relationship Committee:</b> Afcon Infrastructure Ltd.- Chairman Mafatlal Industries Ltd.- Chairman Navin Fluorine International Ltd. - Chairman	<b>Director in:</b> Amal Ltd. Atul Bio-Science Ltd. Atul Ltd. Atul Rajasthan Date Palms Ltd. Wyeth Ltd. Navin Fluorine International Ltd. <b>Committee Membership:</b> <b>Audit Committee:</b> Navin Fluorine International Ltd. - Member <b>Nomination and Remuneration Committee:</b> Navin Fluorine International Ltd. - Chairman <b>Stakeholders Relationship Committee:</b> Atul Ltd. - Member Wyeth Ltd. - Member	<b>Director in:</b> Bayer Crop Science Ltd. Camlin Fine Sciences Ltd. Styrolution ABS (India) Ltd. Hindustan Construction Co Ltd. KEC International Ltd. HCC Real Estate Ltd. JM Financial Trustee Company Pvt. Ltd. Lavasa Corporation Ltd. Raychem RPG Ltd. RPG Enterprises Ltd. Styrolution India Pvt. Ltd. Navin Fluorine International Ltd. <b>Committee Membership:</b> <b>Audit Committee:</b> Bayer Cropscience Ltd. - Chairman Styrolution ABS (India) Ltd. - Chairman Hindustan Construction Co Ltd. - Chairman KEC International Ltd. - Member Camlin Fine Science Ltd. - Chairman Lavasa Corporation Ltd.- Chairman HCC Real Estate Ltd. - Member J M Financial Trustee Co. Pvt. Ltd. - Member Styrolution India Pvt. Ltd. - Chairman Navin Fluorine International Ltd. - Member <b>Nomination &amp; Remuneration Committee:</b> Bayer Crop Science Ltd. - Member Styrolution ABS (India) Ltd. - Member Hindustan Construction Co Ltd. - Member KEC International Ltd. - Member Camlin Fine Science Ltd. - Member Navin Fluorine International Ltd. - Member	<b>Director in:</b> Bhavnagar Energy Company Ltd. Gujarat International Finance Tec City Company Ltd. IL&FS Education and Technology Services Ltd. Deepak Nitrite Ltd. Gruh Finance Ltd. IL&FS Skills Development Corporation Ltd. Swaraj Engines Ltd. Mahindra Intra-Trade Ltd. National Securities Depository Ltd. Navin Fluorine International Ltd. <b>Committee Membership:</b> <b>Audit Committee:</b> Deepak Nitrite Ltd. - Member IL&FS Skills Development Corporation Ltd. - Chairman Mahindra Intra-Trade Ltd. - Member National Securities Depository Ltd. - Member <b>Nomination and Remuneration Committee:</b> Deepak Nitrite Ltd. - Member <b>Stakeholders Relationship Committee:</b> Gruh Finance Ltd. - Member <b>Corporate Social Responsibility (CSR) Committee:</b> Mahindra Intra Trade Ltd. - Member National Securities Depository Ltd. - Member Swaraj Engines Ltd. - Member Navin Fluorine International Ltd. - Member

## SUMMARISED FINANCIAL DATA

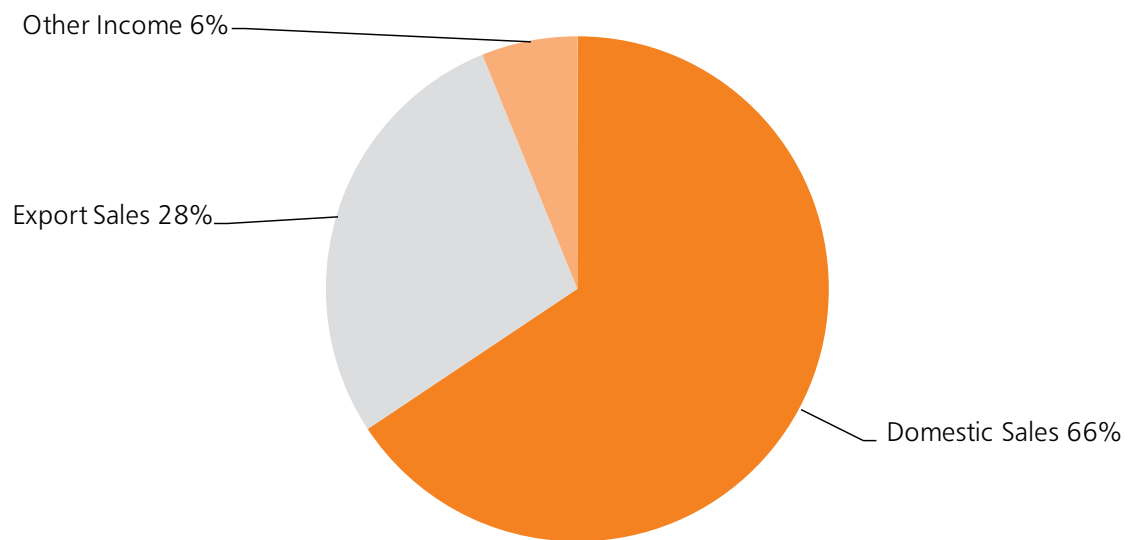
(₹ in lacs)

Particulars	Financial Year Ended on									
	2004 - 05	2005 - 06	2006 - 07	2007 - 08	2008 - 09	2009 - 10	2010 - 11	2011 - 12	2012 - 13	2013 - 14
<b>PROFIT &amp; LOSS ACCOUNT</b>										
Total Income	24712	23828	27392	29544	42262	43723	44113	79486	53855	47850
Profit before Depreciation, Interest, Exceptional Items and Tax	5579	3483	4580	4058	10178	13589	12313	34071	9428	9007
Exceptional Items	(2181)	(121)	(260)	(506)	(757)	—	—	—	—	—
Finance costs	(711)	(818)	(783)	(890)	(863)	(249)	(360)	(354)	(610)	(540)
Depreciation, Amortisation and Impairment	(657)	(750)	(883)	(1148)	(1718)	(1107)	(1354)	(1773)	(1961)	(2055)
Profit before Tax	2030	1794	2655	1514	7309	12233	10599	31944	6857	6413
Profit after Tax	242	855	1260	788	4529	7436	7164	23124	4316	5066
Dividend (₹ per share)	2.00	3.00	4.00	4.00	10.00	14.00	15.00	75.00 *	15.00	16.00
Earning per share (EPS) ₹	3.59	9.54	12.47	7.81	44.84	73.63	71.11	236.90	44.22	51.90
<b>BALANCE SHEET</b>										
Net Fixed Assets	11801	14166	17252	18312	17396	17793	20491	24168	23918	23127
Investments	2262	2262	1743	1625	1625	85	4776	20494	24664	26294
Current Assets (Net)	7619	9963	9780	9942	10860	14455	14734	15873	13945	13779
Total Application	21946	26391	28775	29879	29881	32333	40002	60536	62527	63201
Borrowings	7009	8807	9247	9175	5264	1136	4907	9334	8324	5700
Net Worth:										
Share capital	757	1009	1010	1010	1010	1010	976	976	976	976
Reserves and surplus	14180	16417	17557	18229	21892	28088	32204	47361	49970	53210
	14937	17426	18567	19239	22902	29098	33180	48337	50946	54186
Total Sources	21946	26391	28775	29879	29881	32333	40002	60536	62527	63201
Book value per Equity share (₹)	147.90	172.54	183.84	190.48	226.75	288.10	339.92	495.20	521.93	555.12
(Face value - ₹ 10/- per Share)										
Debt / Equity Ratio	0.47	0.51	0.50	0.48	0.23	0.04	0.15	0.19	0.16	0.11
Operating EBITDA ( % )	23%	15%	17%	14%	25%	31%	28%	43%	18%	19%
Profit After Tax ( % )	1%	4%	5%	3%	11%	17%	16%	29%	8%	11%
Return on Net Worth ( % )	2%	5%	7%	4%	21%	29%	23%	57%	9%	10%
Return on Capital Employed	14%	11%	12%	8%	27%	40%	30%	64%	12%	11%

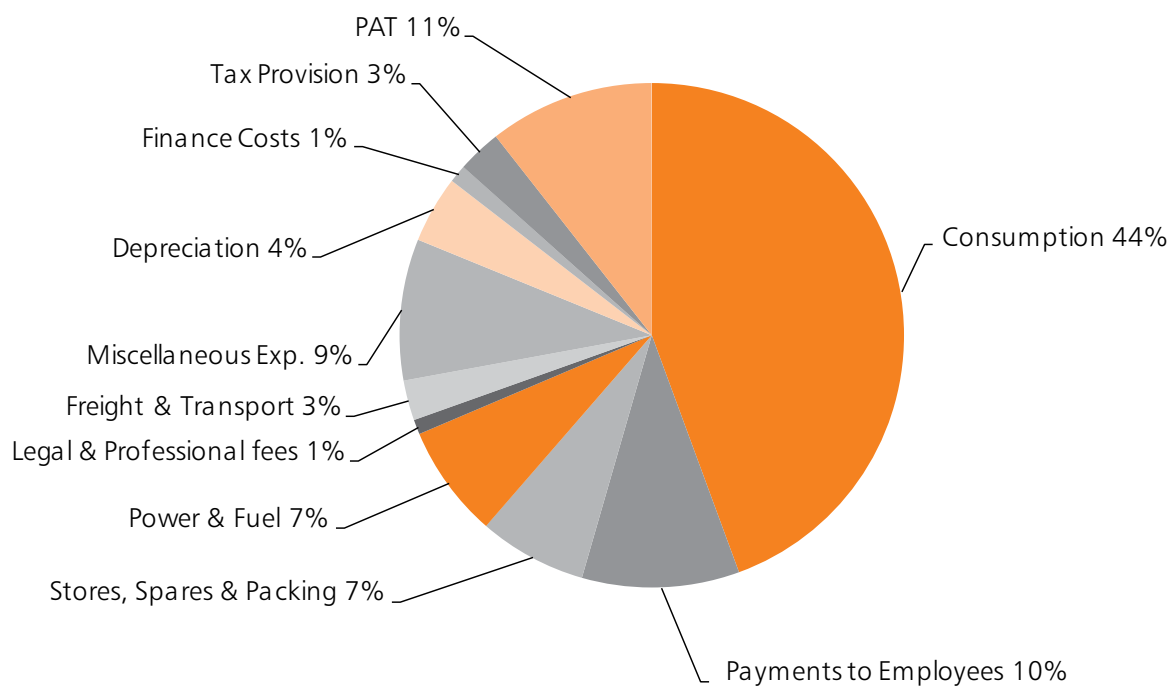
\* including special dividend of ₹ 60/-



### Rupee Earned (%)



### Rupee Spent (%)



# DIRECTORS' REPORT

To,

The Members

Navin Fluorine International Limited

Your Directors are pleased to present the Sixteenth Annual Report together with the audited accounts for the year ended 31 March, 2014.

## 1. FINANCIAL RESULTS

(₹ in lacs)

	Current Year	Previous Year
Operating income	44914	52469
Other income (including non-recurring income)	2936	1385
<b>EBIDTA</b>	<b>9007</b>	<b>9428</b>
<i>less:</i> Depreciation	2055	1961
Interest	540	610
Tax	1346	2541
<b>Profit after tax</b>	<b>5066</b>	<b>4316</b>
<i>add:</i> Surplus brought forward from the previous year	27695	25518
Amount available for appropriation	32762	29834
<b>Appropriation</b>		
Transfer to general reserve	507	432
Interim dividend	732	732
Proposed final dividend	830	732
Corporate dividend tax	265	243
<b>Surplus carried to Balance sheet</b>	<b>30427</b>	<b>27695</b>

Note: Figures are regrouped wherever necessary to make the information comparable.

## 2. DIVIDEND

Your Company paid an interim dividend of ₹ 7.50 per share on 9,761,097 equity shares of nominal value of ₹10/- each, aggregating to ₹ 732.08 lacs in the month of October 2013. The Board of Directors is pleased to recommend a final dividend for the year of ₹ 8.50 per share on 9,761,097 equity shares of nominal value of ₹ 10/- each, aggregating to ₹ 829.69 lacs.

## 3. YEAR IN RETROSPECT

Profit after tax (PAT) increased by 17% from ₹ 4,316 lacs to ₹ 5,066 lacs despite an erosion of income from sale of carbon credits by ₹ 5,711 lacs compared to the previous year and the Profit before tax (PBT) declined by 6% from ₹ 6,858 lacs to ₹ 6,412 lacs. This has been the first full year of operations of the Company without any income from sale of carbon credits since 2007-08. Turnover declined by 14% from ₹ 52,469 lacs to ₹ 44,914 lacs during the year. Overall revenues from operations however, declined by a marginal 4%. Performances of the individual verticals have been a mixed experience. Revenues from inorganic fluorides and

Contract Research and Manufacturing Services (CRAMS) grew by 14% and 82% respectively, but they have been off-set by 12% decline in both the refrigerant gases and specialty verticals over the previous year.

This is the second consecutive year of the Indian rupee sharply weakening against the US Dollar. Last year, from a level of 49 the Indian rupee moved down to 54/55 and in 2013-14 it went all the way down to 68 in August' 13 before settling at 60 at the end of March 2014. While the depreciating rupee continued to put inflationary pressures on the domestic market, the other indices of the Indian economy like, GDP growth, industrial production, consumer demand, housing sector growth, etc. also remained depressed. The only silver lining was the boost in the export earnings on account of a weak Indian Rupee.

Given the challenges of the business environment, during the current fiscal, the Company embarked on an aggressive plan to strengthen the resilience and sustainability of its various business verticals and improve the operating efficiencies across its manufacturing and materials management functions. Many work-practices

and standard operating procedures were reviewed and modified to bring in overall permanent cost efficiencies in input- output norms, energy usages, import-export points, parcel sizes, etc. The combination of all these efforts helped the Company maintain a healthy PBT and improve its PAT during the current fiscal. Going forward, these initiatives will also strengthen the competitiveness of the products in the international markets.

The CRAMS business has grown in line with its business plan to a respectable level of ₹ 2,559 lacs for the current year. The offerings by the Company in the dedicated fluorine space have been well accepted by the international community of pharma researchers and formulators. In 2013-14 more than 40 molecules have been developed, worked on and delivered to more than 15 global pharma and agro majors. Encouraged by the excellent response from a large community of diverse global players the Company decided to embark on an ambitious expansion of its contract manufacturing by investing ₹ 6,500 lacs at its Dewas site to enable it to deliver ton level quantities in larger batch sizes. The new capacity is expected to come on stream in the first quarter of the next fiscal. Alongside augmenting its delivery capabilities, the Business Unit (BU) is also enhancing its marketing reach in the US West coast and Japan by having a direct representation in those geographies in addition to Europe, where Manchester Organics Limited (MOL), the UK based subsidiary of the Company has a strong presence. The NFIL-MOL combine has also worked well together to garner a higher share in the contract research and manufacturing space of fluorinated molecules.

The inorganic fluorides have grown by 14% during the year despite a very challenging domestic market by achieving higher volumes of potassium and sodium fluorides and price increases across its product range. It has also initiated exports in a good way which has a potential to grow in the coming years thereby improving capacity utilization in the BU and insulating the overall revenues of the Company from market and product related uncertainties. The BU has been ably supported by in-house R&D initiatives.

The Refrigerant Gases business remained under severe price pressures during the year. Disconnect between the input costs and product prices continued through the year due to a global demand - capacity imbalance. There has been a 12% decline in the revenues from this BU on the back of weak pricing despite sustained volumes.

The specialty BU also suffered a 12% decline due to weak demand of some of its strong products. However, it could access price escalations from exports due to a weak rupee. It could also achieve modest price increases in the domestic market due to its unique market position in some of the critical high value products.

The Company has a high exposure to fuel price movement as all its BUs, except CRAMS have high materials handling. But, despite a 15% rise in the price of diesel during the year the logistics costs could be managed within limits as Hazira port became operational for containerized cargos during the year. The Company will continue to enjoy this permanent advantage due to the proximity of Bhestan plant, which, by far is the largest operations of the Company, to Hazira.

Through the year the technology teams worked relentlessly to improve productivity, quality and costs of the flag-ship products to offer a competitive marketing edge to the BUs on one hand and flexibility of sourcing to the supply chain on the other.

During the year substantial quantities of non-Chinese fluorspar (the most important raw material) have been used while maintaining and improving product quality. This helped the supply chain to cap the cost of fluorspar, which is completely imported, despite a sharp depreciation in rupee. Sulphur another key raw material, which is linked to its international price experienced more than 20% inflation during the year. Here again, the manufacturing group made modifications in the plant to enable usage of cheaper molten sulphur. The operations group also successfully managed energy consumption to keep the overall energy costs at acceptable levels despite a 25% increase in natural gas price on the back of a weak rupee.

During the year a conservative stocking strategy for raw materials was followed to remain closer to the market price of all the raw materials and access the resultant movement in the finished product prices. This helped in successful inventory management and maintain a low average working capital through the year.

The company maintained a good financial health with a sizeable treasury income. The BASEL II rating of the Company is maintained at 'CARE AA-' (indicating high degree of safety regarding timely servicing of financial obligations and very low credit risk) for borrowings with a tenure of more than one year and fund-based facilities. The rating for short-term facilities (less than one year) has been maintained at 'CARE A+' (indicating very strong degree of safety regarding timely servicing of financial obligations and lowest credit risk) for its non-fund based facilities.

The Company is fully committed to its responsibilities in health, safety and environmental (HSE) management and has continued to make sizable investments in HSE during the year.

#### 4. CORPORATE SOCIAL RESPONSIBILITY (CSR)

At Navin Fluorine International Ltd., (a part of Arvind Mafatlal Group), fulfilling CSR has been a way of life. It is more than an obligation and more than a duty. It is considered as a humble tribute to what society has given

us. We are striving continuously with the sole objective of creating an environment of well-being in all spheres of life. The Group has been implementing a range of CSR activities over the last fifty years, in areas like poverty alleviation, health care, education, women's upliftment in rural India etc.

Pursuant to the provision of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted a CSR Committee. Shri H. A. Mafatlal is the Chairman of the Committee and Shri S. G. Mankad, Shri H. H. Engineer and Shri V. P. Mafatlal are other Members of the Committee. The Board of Directors, have based on the recommendations of the Committee, formulated a CSR Policy. The Company, during the year contributed ₹ 34.60 lacs and also participated in other ways for various social and community development programmes aligned with the overall ethos of the group. The Company operated a fully equipped medical van catering to eleven villages near Surat close to our plant at Bhestan, examining approximately 24,000 people (unique patient - > 4700). A public eye camp was organised in Dewas which was attended by approximate 750 people. Plantation and green conservation activities within our Surat factory has been carried out by BAIF. During the year contributions were made for specified purposes in connection with the Uttarakhand natural calamity. As usual contributions were made for Sadguru Seva Sangh Trust which carries out pioneering eye-care work in Chitrakoot, MP and elsewhere in India. Contributions were also made during the year for animal care and other nature care initiatives carried out by local organisations near Surat. The Company continues to support other agencies / trusts involved in CSR activities.

#### 5. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Sulakshana Securities Limited (SSL), created through the Sanctioned Scheme of Rehabilitation (SS) of Mafatlal Industries Limited (MIL) to settle dues of the term lenders of MIL, continued to remain a wholly-owned subsidiary of your Company. All the debts of SSL stands settled / funded today.

The Company holds 51% of the ordinary voting shares of Manchester Organics Limited, an operating specialised chemicals research company in Runcorn, U.K. During the year MOL has returned a good financial performance and its accounts have been considered in the consolidated results of the Company.

As per the general exemption granted under Section 212(8) of the Companies Act, 1956, by the Government of India, Ministry of Corporate Affairs, New Delhi vide its General Circular No.2/2011, dated 8 February, 2011, Balance Sheet and Statement of Profit and Loss, Directors' Report and the Auditors' Report of the subsidiary companies have not been attached with the Balance Sheet of the Company.

However, other details required to be given as per the said General Circular No.2/2011, dated 8 February, 2011 have been disclosed in the Annual Report.

The Annual Accounts and related information of the subsidiary companies are open for inspection by any member / investor at the Registered Office of the Company on any working days between 2.00 p.m. and 4.00 p.m. and the Company will make available these documents / details upon request by any member of the Company who may be interested in obtaining the same. The annual accounts and related information of the subsidiary company are also available on the Company's website.

The Company held 43% of the equity share capital of Mafatlal Denim Limited (MDL) which was its only associate company. With effect from 1 April, 2012 MDL was amalgamated with Mafatlal Industries Limited (MIL) under the composite scheme of arrangement and amalgamation of MDL and Mishapar Investments Ltd. with MIL. Consents of the Hon'ble High Courts of Bombay and Gujarat for the scheme were received and filed with the Registrar of Companies during the year. On the amalgamation becoming effective during the year, the Company received shares of MIL in lieu of the MDL shares of the same value. The Company currently has no associate company.

Pursuant to the agreement entered into by the Company with the Gujarat Mineral Development Corporation Limited (GMDC) and Gujarat Fluorochemicals Limited (GFL); Swarnim Gujarat Fluorspar Private Limited, a Joint Venture company (JV), has been incorporated for beneficiation of fluorspar ore to be supplied by GMDC to ensure long term supply of fluorspar, which is a key raw material of the Company. The Company has subscribed to 25 % of the initial equity share capital by payment of ₹ 1.25 lacs. The JV is yet to start its operations. Its final accounts for the year ended 31 March, 2014 have been considered in the consolidated results of the Company.

#### 6. INDUSTRIAL RELATIONS

There were cordial and harmonious industrial relations during the year and the management received full cooperation from the employees. The long term wage settlement at Bhestan has expired on 31 March, 2014 and has been taken up by both the management and the employees for renegotiation in a spirit of cooperation.

During the year, extensive training and developmental activities were undertaken, both in-house and out-bound for the employees. Various efficiency and quality improvement initiatives, including some functional and behavioral training programs were undertaken. The total number of employees as on 31 March, 2014 was 584.

#### 7. INSURANCE

The properties and insurable assets and interests of your Company, like building, plant and machinery and stocks, among others, are adequately insured.

**8. PARTICULARS OF EMPLOYEES**

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 forms a part of this report and will be sent on demand to the shareholders. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary.

**9. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE**

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required, to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed hereto and forms part of this report.

**10. EMPLOYEE STOCK OPTION SCHEME 2007**

Pursuant to the provisions of Guidelines 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines 1999, as amended, the details of stock options as on 31 March, 2014 under the "Employee Stock Option Scheme 2007" are set out in the Annexure to the Directors' Report.

**11. REPORTS ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION ANALYSIS**

As required under the Listing Agreement with Stock Exchanges, reports on corporate governance as well as management discussion and analysis are attached and forms part of the Directors' Report.

**12. DIRECTORATE**

Pursuant to the provisions of the Companies Act, 2013, Shri V. P. Mafatlal retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. Shri T. M. M. Nambiar, Shri P. N. Kapadia, Shri S. S. Lalbhai, Shri S. M. Kulkarni and Shri S. G. Mankad whose period of Office was liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956 are being appointed as Independent Directors at this Meeting for five consecutive years. Notices under Section 160 of the Companies Act, 2013 have been received from Members signifying their intention to propose their candidatures as Independent Directors of the Company.

The Board of Directors has appointed Shri H. H. Engineer as an Additional Director w.e.f 23 October, 2013. He will hold Office up to the ensuing Annual General Meeting of the Company and being eligible, offers himself for appointment. Notice under Section 160 of the Companies Act, 2013 has been received by the Company from a Member signifying his intention to propose the candidature of Shri H. H. Engineer as a Director of the Company.

In order to comply with Section 152 of the Companies Act, 2013, Shri S. S. Khanolkar Managing Director and Shri A. K. Srivastava Finance Director have been classified as Directors liable to retire by rotation.

**13. DIRECTORS' RESPONSIBILITY STATEMENT**

As required under the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors report that:

- i) In the preparation of the annual accounts, the applicable accounting standards were followed along with proper explanation relating to material departures.
- ii) The Directors selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent. The purpose was to give a true and fair view of the state of affairs of your Company and the profit of the Company at the end of the financial year.
- iii) The Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding your Company's assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors had prepared the annual accounts on a going concern basis.

**14. AUDITORS**

At the Annual General Meeting, members are requested to appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the 19<sup>th</sup> Annual General Meeting and fix their remuneration. The specific notes forming part of the accounts referred to in the Auditors' Report are self-explanatory and give complete information.

**15. COST AUDITORS**

As per the requirements of the Central Government and pursuant to the provisions of Section 233B of the Companies Act, 1956, the audit of the Cost Accounts relating to chemical products is being carried out every year. The Company has appointed Shri I. V. Jagtiani, Cost Auditor, Mumbai to audit the cost accounts for the year 2013-14 from 1 April, 2013 to 31 March, 2014 for which necessary approval from the Central Government has been received. The Cost Audit Report in respect of Financial Year 2013-14 will be filled on or before the due date i.e. 27<sup>th</sup> September, 2014.

**16. DONATION**

During the year under review, the Company made donations of ₹ 34.60 lacs for various charitable and other purposes.

**17. APPRECIATION**

The Directors wish to place on record their appreciation of the devoted services of the employees, who have largely contributed to the efficient management of your Company. The Directors also place on record their appreciation for the continued support from the shareholders, the lenders and other associates.

For and on behalf of the Board,  
**H. A. Mafatlal**  
Chairman

Mumbai  
Dated: 28 April, 2014



# ANNEXURE TO THE DIRECTORS' REPORT

## 1. CONSERVATION OF ENERGY

### A. Energy Conservation measures taken

1. Achieved considerable power savings in one of our main product by choosing proper cooling water distribution.
2. In natural gas fired boiler, the change of burner has increased efficiency of NG consumption considerably.
3. Plant wise capacity utilization has been enhanced to improve overall per ton energy consumption for some of the major products.
4. Work on revamping old steam network in Surat has been undertaken.
5. More energy consumption points have been brought under measurement by installing energy meters which have started providing useful data for optimizing overall energy conservation at Surat site.

### B. Additional investment and proposal, if any being implemented for reduction in consumption of energy

1. Steam consumption for production of oleum 65% is expected to come down considerably by maximizing heat recovery from steam which in turn will reduce the cooling tower load.
2. Implemented a condensate recycling for waste heat boiler of sulfuric acid plant to generate additional steam.
3. Optimization of brine compressor network in one of the plants.

### C. Impact of the measures at (A) and (B) above, for the reduction of energy consumption and consequent impact on the cost of production of goods

1. Power requirement in one of our major products has come down considerably.
2. The natural gas fired boiler efficiency has improved considerably with a very short pay-back for the investment made.
3. Consumption of natural gas on per ton of HF production has improved during the year making the product more cost efficient and competitive.

4. Rationalisation of steam consumption in Sulphuric acid plant has brought down overall energy costs considerably.

### D. Total energy consumption and energy consumption per unit of production:

The particulars are furnished in the prescribed Form A annexed hereto.

## 2. TECHNOLOGY ABSORPTION

Efforts made in technology absorption are furnished in prescribed Form B annexed hereto.

## 3. FOREIGN EXCHANGE EARNINGS AND OUTGO

### A. Activities relating to export initiatives taken to increase exports, developments to new export markets for products and services and export plans.

More than 25 % of the revenue comes from exports. Refrigerant gases, Specialties and the CRAMS are the major foreign currency earners for the Company. The Company is represented well in Japan, Europe and the U.S.A where regular customer visits are made. Manchester Organics Limited, the U.K based research subsidiary also adds to the visibility of the Company's offerings in various specialized areas. The market reach is enhanced by participations in major pharma, agro and fine chemicals industry exhibitions in India, E.U and China. The Company also attends a few scientific events through the year like informer in the U.S.A to enhance its visibility as a credible player in fluoro-molecules. The inquiries received at these events are taken up by the marketing and delivery teams to take them to their logical conclusions.

### B. TOTAL FOREIGN EXCHANGE USED AND EARNED

(₹ in lacs)

	Current Year	Previous Year
Total Foreign exchange used	12,349.42	15,600.92
Total Foreign exchange earned	13,280.34	20,650.36

**FORM A****Form for Disclosure of Particulars with respect to Conservation of Energy**

	Current Year	Previous Year
<b>(A) POWER &amp; FUEL CONSUMPTION</b>		
<b>(1) Electricity</b>		
<b>(a) Purchased</b>		
Units (in Kwh)	25,462,900	11,802,703
Total Cost (₹)	135,533,942	76,159,016
Rate/Unit (₹)	5.32	6.45
<b>(b) Own Generation</b>		
<b>Through Captive Power Plant</b>		
Units (in Kwh)	4,655,612	19,664,201
Unit per M3 of Natural Gas (Kwh)	3.43	3.52
Cost/Unit (₹)	11.14	8.48
<b>(2) Others</b>		
<b>(a) High Speed Diesel (HSD)</b>		
Quantity (K.Ltrs)	249	168
Total Cost (₹)	14,233,640	8,283,608
Rate/Unit (Per K.Ltr.)	57,071	49,254
<b>(b) Natural Gas</b>		
Quantity (Cub. Mtrs.)	5,390,771	9,830,630
Total Cost (₹)	191,364,651	292,958,081
Rate (₹/Cub Mtrs.)	35.50	29.80
<b>(c) Water</b>		
Quantity (K. Ltrs.)	760,091	911,506
Total Cost (₹)	5,357,071	4,378,436
Rate (₹/K.Ltrs)	7.05	4.80
<b>(d) Light Diesel Oil (L.D.O.)</b>		
Quantity (K. Ltrs.)	464	45,404
Total Cost (₹)	20,416	1,834,280
Rate (₹/K.Ltrs)	44.00	40.40
<b>(B) CONSUMPTION PER UNIT OF PRODUCTION:</b>		
(1) Electricity (Kwh/Mt.)	1,106	1,110
(2) Natural Gas (Cub.Mtrs/Mt.)	198	347
(3) Others (K Ltrs/Mt.)	28	31
<b>Production</b>	<b>MT</b>	<b>MT</b>
Synthetic Cryolite, Aluminium Fluoride & Fluorocarbon Gases	7,492	7,636
Natural Gas (Cub. Mtrs / Mt.)	19,732	20,700
<b>Total</b>	<b>27,225</b>	<b>28,336</b>

## FORM B

### A) RESEARCH & DEVELOPMENT

#### 1) Specific areas in which R & D is carried out by your Company

The R&D efforts of the company are directed towards the following:

- Working on new chemical entities with Fluorine as per the recommendation of the selection committee to develop cost effective, environmental friendly and robust processes.
- Development of new fluorinating reagents, techniques, application and platform as per the need of the market and customers.
- Work with the technical services and manufacturing team members to scale up the process knowledge for commercial production, to resolve all trouble shooting issues, if any and to involve in process norm, quality and waste generation improvements of NFIL existing products along with the other manufacturing team members.
- Develop relevant analytical tools to analyze as per customer's requirement not only all new and existing products as per specifications but also intermediates, raw materials, impurities to have a better understanding of the process.
- To work with customers and marketing team members to initiate key strategic projects with selected customers with clear business objectives right from the initial activities.

#### 2) Benefits derived as a result of the above R & D

Following benefits are derived from the above R&D activities:

- Contributed to the manufacturing of new products and new application of existing product successfully in the pipeline and create business opportunities for Specialty Fluoro-chemicals, which included both organic and inorganic chemicals
- Created opportunities and technical platforms for successful strategic partnership for a new large volume fluoro-chemicals by developing cost effective processes
- Further strengthened the customers resolve by involving with them early in the value chain for their product pipeline to create future opportunities for the company as a strategic vendor both in national and international markets

#### 3) Future plan of action

The R&D center continues to add value and play an instrumental role in achieving the business targets of the Company. The role is not limited to just developing new processes but also to support the technical services, production and manufacturing team including trouble shooting for existing products. The R&D shall be working

closely with the marketing to create research based strategic initiatives both for specific products and specific application, especially in the areas of fluoro-chemical intermediates and products in pharmaceutical, agro, refrigerant, surfactants and electronic industries. The R&D is also planning to leverage its capabilities with its research based subsidiary Company Manchester Organics Limited to enhance its capabilities to synthesize and manufacture higher value added chemicals in the future.

#### 4) Expenditure on R& D :

	(₹ in lacs)	
	Current Year	Previous Year
Capital Expenditure	21.58	93.07
Recurring Expenditure	702.11	726.35
<b>Total Expenditure</b>	<b>723.69</b>	<b>819.42</b>
Total R & D expenditure as a % of total turnover	1.61%	1.56%

#### B) TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

##### a) Efforts in brief were made towards technology absorption, adaptation & innovation

NFIL R&D Center continues to be focused on utilizing its wide knowledge base, varied technical handling capabilities of difficult to use reagents, specially in fluorination, to create a niche area of expertise. This is also increasingly finding its uses as anesthetics, orphan drugs, non conventional energy storage and also in refrigerant and related industries. R&D team also uses modern tools, its customer network and advanced online literature availability to scientists to look for suitable techniques to introduce required fluorine atom in a desired position in a molecule in more than one way in selected chemical entities. This unique and niche capability has been the focus for finding new uses, products, processes and application of NFIL to create more business opportunities and possibilities of strategic collaboration with prospective customers in the future.

##### b) Benefits derived as a result of above efforts

The benefits for such efforts as mentioned above shall lead to:

- Increase in revenue for all business units at NFIL and to gain a status of strategic supplier and partner of choice for its customers
- Help in enhancing confidence and ability to get involved with customer pipeline at an early stage of development
- Create possible joint ventures, preferred partnership, enhance opportunities of collaboration with customers to create sustainable business growth and value creation for the company

##### c) Information regarding technology imported during the last five years: NIL.

**Information to be disclosed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999**

a.	Options in force at the beginning of the year	32300
b.	Options granted	NIL
c.	Options vested	NIL
d.	Options exercised	NIL
e.	Options lapsed / surrendered	2100
f.	Total number of shares arising as a result of exercise of option	NIL
g.	Total number of options in force at the end of the year	30200
h.	Money realized by exercise of options	NIL
i.	The pricing formula	Market price on the day preceding the dates of grants
j.	Variation in terms of option:	NIL
k.	Employees wise details of options granted	
	i. Senior managerial personnel	given herein below*
	ii. Any other employee who receives a grant in any one year of option amounting to 5 % or more of option granted during that year	NIL
	iii. Identified employees who were granted option, during any one year, equal to or exceeding 1 % of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
l.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [Accounting Standard (AS) 20 'Earnings Per Share']	NIL, since no option has been exercised
m.	Impact of employee compensation cost calculated as difference between intrinsic value and fair market value in accordance with SEBI Guidelines on ESOP	NIL, since there has been no vesting.
n.	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options.	
	(1) Weighted average exercise price	₹ 381 per share
	(2) Weighted average fair value (Black Scholes model)	₹ 191 per share
	(3) The price of the underlying share in market at the time of option granted	₹ 374 and ₹ 407

**\* Employees wise details of options granted / in force at the end of the year**

1	Shri A. K. Srivastava	8700
2	Shri S. S. Khanolkar	8000
3	Shri Partha Roy Chowdhury	4000
4	Shri Sunil Tandon	2200
5	Shri Niraj B. Mankad	1900
6	Shri Ketan Sablok	1400
7	Shri Manoj Pandya	1600
8	Shri Laxminarayn N. Ravi	1500
9	Shri Roshan Adhikari	900
Total number of Options in force at the end of the year		30200

# CORPORATE GOVERNANCE REPORT

The essence of Corporate Governance lies in its transparency, its efficiency lies in its ability to protect the stakeholders' interest. This is precisely what your Company's governance process and practice ventured to achieve; a transparency and professionalism in action as well as the implementation of policies and procedure to ensure high ethical standards as well as responsible management.

To enunciate the spirit behind the governance process, your Company listed out its various compliances with the statutory requirements of the day, as well as the spirit of the practice.

## 1. BOARD OF DIRECTORS :

As on 31 March, 2014, your Company's Board of Directors consisted of ten Directors with varied experiences in different areas. Some of them are acknowledged as leading professionals in their respective fields. The composition of the Board is in conformity with the provisions of Clause 49 of the Listing Agreement(s). Shri H. A. Mafatlal, the Chairman of the Company, heads the Board. The Board comprises of one Executive Promoter Director, one Non-Executive Promoter Director, two Executive Professional Directors and six Independent Non-Executive Directors.

Sr. No.	Names of Directors	Category (Executive / Non-Executive)	Number of Board Meetings attended	Whether last AGM held on 24 June, 2013 attended	Other directorships held (including in private companies at the year end)	\$ Number of Committee Membership / Chairmanship in other domestic companies as at the year end
1.	Shri H. A. Mafatlal	Promoter Executive	7	Yes	12*	2
2.	Shri T. M. M. Nambiar	Independent Non-Executive	7	Yes	2	1
3.	Shri P. N. Kapadia	Independent Non-Executive	7	Yes	8**	3
4.	Shri S. S. Lalbhai	Independent Non-Executive	7	Yes	5	2
5.	Shri S. M. Kulkarni	Independent Non-Executive	7	Yes	11***	10
6.	Shri V. P. Mafatlal	Promoter Non-Executive	7	Yes	19****	1
7.	Shri S. G. Mankad	Independent Non-Executive	7	Yes	9	5
8.	Shri H. H. Engineer (w.e.f. 23-10-2013)	Independent Non-Executive	3	N.A	2	-
9.	Shri A. K. Srivastava	Professional Executive	7	Yes	1	-
10.	Shri S. S. Khanolkar	Professional Executive	7	Yes	2*****	-

\* In four Private Limited Companies and one Foreign Company.

\*\* In five Private Limited Companies.

\*\*\* In two Private Limited Companies.

\*\*\*\* In thirteen Private Limited Companies and one Foreign Company.

\*\*\*\*\* In one Private Limited Company and one Foreign Company.

\$ Under this column, membership / chairmanship of Audit Committee and Stakeholders Relationship Committee is considered.

Shri V. P. Mafatlal is the nephew of Shri H. A. Mafatlal, Chairman of the Company.

All the relevant information such as production, sales, exports, financial results, capital expenditure proposals and statutory dues, among others, are as a matter of routine, placed before the Board for its approval / information.

A total of seven meetings of the Board of Directors were held on 30 April, 2013, 24 June, 2013, 25 July, 2013, 23 October, 2013, 17 December, 2013, 27 January, 2014 and 21 March, 2014. The Company has thus observed the provisions of the Listing Agreement(s), allowing not more than four months gap between two such meetings.

Personal shareholding of Non-Executive Directors as on 31 March, 2014 is as follows:

Name of the Directors	Number of equity shares
Shri T. M. M. Nambiar	1000
Shri P. N. Kapadia	1385
Shri S. S. Lalbhai	1000
Shri S. M. Kulkarni	NIL
Shri V. P. Mafatlal	112343
Shri S. G. Mankad	NIL
Shri H. H. Engineer	NIL



## 2. AUDIT COMMITTEE

As required under Section 177 of the Companies Act, 2013 and Section 292A of the erstwhile Companies Act, 1956, read with the provisions of Clause 49 of the Listing Agreement(s) with the Stock Exchange(s), the Board has constituted an Audit Committee. Shri T. M. M. Nambiar is the Chairman of the Committee with Shri P. N. Kapadia, Shri S. S. Lalbhai and Shri S. M. Kulkarni as the other members. The terms of reference of the Audit Committee are as outlined in the Companies Act, 2013 (and erstwhile Companies Act, 1956) and the Listing Agreement(s).

During 2013-2014, a total of four meetings of the Audit Committee were held on 30 April, 2013, 25 July, 2013, 23 October, 2013 and 27 January, 2014. The attendance of the members of the Audit Committee was as follows:

Sr. No.	Dates of Audit Committee Meetings	Attendance of Directors			
		Shri T. M. M. Nambiar	Shri P. N. Kapadia	Shri S. S. Lalbhai	Shri S. M. Kulkarni
1.	30 April, 2013	Yes	Yes	Yes	Yes
2.	25 July, 2013	Yes	Yes	Yes	Yes
3.	23 October, 2013	Yes	Yes	Yes	Yes
4.	27 January, 2014	Yes	Yes	Yes	Yes

Yes – Attended

Executive Chairman, Managing Director, Finance Director, Vice-President (Finance and Accounts), Statutory Auditors, Internal Auditors and Cost Auditors are usually invited and attend the meetings of the Audit Committee. The Company Secretary Shri N. B. Mankad acts as the Secretary of the Audit Committee.

## 3. STAKEHOLDERS RELATIONSHIP COMMITTEE

Pursuant to the provisions of the Companies Act, 2013, the Shareholders' / Investors' Grievance Committee has been re-named as Stakeholders Relationship Committee.

Shri P. N. Kapadia is the Chairman of the Committee. Shri T. M. M. Nambiar and Shri A. K. Srivastava are the other members of the Committee. The Committee looks into redressing the grievances of the Security holders of the Company viz. non-receipt of transferred shares and non-receipt of dividend, among others. During 2013-2014, one Meeting of Stakeholders Relationship Committee was held on 23 October, 2013. The attendance of the members of the Committee was as follows.

Sr. No.	Date of Stakeholders Relationship Committee Meeting	Attendance of Directors		
		Shri P. N. Kapadia	Shri T. M. M. Nambiar	Shri A. K. Srivastava
1.	23 October, 2013	Yes	Yes	Yes

Yes – Attended

The other relevant details are as under:

a)	Number of complaints received from shareholders from 1 April, 2013 to 31 March, 2014	7
b)	Number of complaints resolved	7
c)	Number of complaints pending at the end of the year	0
d)	Number of pending transfers as on 31 March, 2014 due to certain defects	NIL

Shri N. B. Mankad, Company Secretary is the Compliance Officer of the Company.

## 4. NOMINATION AND REMUNERATION COMMITTEE

Pursuant to the provisions of the Companies Act, 2013, the Remuneration Committee has been re-named as Nomination and Remuneration Committee.

Shri S. S. Lalbhai is the Chairman of the Committee. Shri T. M. M. Nambiar and Shri S. M. Kulkarni are the other members of the Committee.

The Committee is, inter alia, authorized to identify persons who are qualified to become Directors, appointment of Senior Management, evaluation of Directors performance, recommending policy relating to the remuneration for the Directors, key managerial personnel and other employees and granting of stock options to Senior Management Personnel. During the year, one meeting of the Committee was held on 30 April, 2013. The details of attendance of the members of the Nomination and Remuneration Committee is as follows:

Sr. No.	Date of Nomination and Remuneration Committee Meeting	Attendance of Directors		
		Shri S. S. Lalbhai	Shri T. M. M. Nambiar	Shri S. M. Kulkarni
1.	30 April, 2013	Yes	Yes	Yes

Yes – Attended

#### 5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Pursuant to the provisions of the Section 135 of the Companies Act, 2013, the Board has constituted a Corporate Social Responsibility Committee on 21 March, 2014. Shri H. A. Mafatlal is the Chairman of the Committee and Shri S. G. Mankad, Shri H. H. Engineer and Shri V. P. Mafatlal are the other members of the Committee.

The Committee is inter alia authorized to formulate and recommend to the Board a CSR Policy, the amount of expenditure to be incurred on the permissible activities and monitoring the CSR Policy.

#### 6. REMUNERATION OF DIRECTORS

Remuneration paid to the Executive Directors and Non-Executive Directors:

(₹ in lacs)

Sr. No.	Director	Salary and Perquisites	Commission*	Sitting Fees
1	Shri H. A. Mafatlal	47.61	98.00	-
2	Shri A. K. Srivastava	119.17	-	-
3	Shri S. S. Khanolkar	146.51	33.50	-
4	Shri T. M. M. Nambiar	-	7.00	2.60
5	Shri P. N. Kapadia	-	7.00	2.40
6	Shri S. S. Lalbhai	-	7.00	2.40
7	Shri S. M. Kulkarni	-	7.00	2.40
8	Shri V. P. Mafatlal	-	7.00	1.40
9	Shri S.G. Mankad	-	7.00	1.40
10	Shri H. H. Engineer	-	3.50	0.80

\*Payable in financial year 2014-2015

Note: Other service contracts, notice period and severance fees, among other – None

In terms of the Company's "Employee Stock Option Scheme – 2007" approved by the shareholders at the 9<sup>th</sup> Annual General Meeting held on 20 July, 2007, Shri A. K. Srivastava and Shri S. S. Khanolkar have been granted 8700 and 8000 stock options respectively. The relevant details required to be disclosed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are given in Annexure to Directors' Report.

The Non-Executive Directors are paid remuneration in accordance with the prevalent practice in the industry and commensurate with their experience, time devoted to the Company and also taking into account profits of the Company. Besides the above remuneration, there is no other material pecuniary relationship or transaction by the Company with Non-Executive Directors.

#### 7. DISCLOSURE

- a) Disclosure on material transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management and their subsidiaries or relatives, among others, that may have potential conflict with the interest of the Company at large.

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

- b) Details of non-compliance by the Company, penalties, strictures imposed by stock exchanges / SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

None

- c) The Company has framed a Whistle Blower Policy which at present is one of the non-mandatory requirements of Clause 49 of the Listing Agreement. The said policy was approved and adopted by the Board at its meeting held on 29 July, 2012 and was modified on 28 April, 2014 to meet with the requirements of the Companies Act, 2013. The objectives of the policy are:
1. To provide a mechanism for employees and directors of the Company and other persons dealing with the Company to report to the Audit Committee; any instances of unethical behavior, actual or suspected fraud or violation of the Company's Ethics Policy and
  2. To safeguard the confidentiality and interest of such employees / directors/ other persons dealing with the Company against victimization, who notice and report any unethical or improper practices.
  3. To appropriately communicate the existence of such mechanism, within the organization and to outsiders.
- d) The Company has laid down procedures to inform the Board Members about the risk assessment and risk mitigation mechanism, which is periodically reviewed and reported to the Board of Directors by senior executives.
- e) Disclosure of accounting treatment different from accounting standards.  
None
8. **CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT**
- The Board of Directors, at its Meeting held on 27 October, 2005, laid down the Code of Conduct for all the Board Members and members of the senior management. The Code is also placed on the Company's website – [www.nfil.in](http://www.nfil.in). A certificate from the Managing Director, affirming compliance of the said Code by all the Board Members and members of the senior management to whom the Code is applicable, is annexed separately to this report.
9. **CEO / CFO CERTIFICATION**
- The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49. The Managing Director and the Chief Financial Officer also give quarterly certification on financial results to the Board in terms of Clause 41.

## 10. GENERAL BODY MEETING

Location and time where the last three Annual General Meetings (AGM) were held:

AGM	Year	Venue	Date	Time	No. of Special Resolutions passed
15 <sup>th</sup>	2012-13	Rama Watumull Auditorium K.C. College, Dinshaw Wacha Road Churchgate, Mumbai 400020	24 June, 2013	3.00 p.m.	3
14 <sup>th</sup>	2011-12	Rama Watumull Auditorium K.C. College, Dinshaw Wacha Road Churchgate, Mumbai 400020	18 June, 2012	3.00 p.m.	-
13 <sup>th</sup>	2010-11	Rama Watumull Auditorium K.C. College, Dinshaw Wacha Road Churchgate, Mumbai 400020	22 June, 2011	3.00 p.m.	1

Whether special resolutions:

a)	Were put through postal ballot last year	:	No
	Details of voting pattern	:	N.A.
	Person who conducted the postal ballot exercise	:	N.A.
b)	Are proposed to be conducted through postal ballot this year	:	N.A.
	Procedure for postal ballot	:	N.A.

## 11. MEANS OF COMMUNICATION

The financial results of the Company are reported as mentioned below

Half yearly report sent to shareholders	No
Quarterly results proposed to be published in which newspaper	In English – Economic Times In Marathi – Maharashtra Times
Any website	<a href="http://www.nfil.in">www.nfil.in</a>
Whether it displays official news release and the presentation made to institutional investors or to the analysts	Yes
Whether management discussion and analysis report is a part of the annual report	Yes

## 12. GENERAL SHAREHOLDERS INFORMATION

<b>A. 16<sup>th</sup> Annual General Meeting</b>	
Date	: 25 June, 2014
Time	: 3.00 p.m.
Venue	: Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road Churchgate, Mumbai 400020
<b>B. Financial Calendar</b>	
First quarterly results	: 1 April, 2014 to 31 March, 2015 (tentative)
Second quarterly results:	End of July 2014
Third quarterly results	End of October 2014
Fourth quarterly results	End of January 2015
Audited yearly results	End of May 2015
<b>C. Date of Book Closure (both days inclusive)</b>	
: 16 June, 2014 to 20 June, 2014	
<b>D. Dividend payment date</b>	
: 30 June, 2014	
<b>E. Listing</b>	
: BSE Ltd. (BSE) Ahmedabad Stock Exchange Ltd. (ASE) National Stock Exchange of India Ltd. (NSE)	
<b>F. Stock Code</b>	
: BSE 532504 ASE 45433 NSE NAVINFLUOR EQ	
<b>G. ISIN Number</b>	
: INE 048 G 01018	
<b>H. Monthly High and Low</b>	

### Bombay Stock Exchange

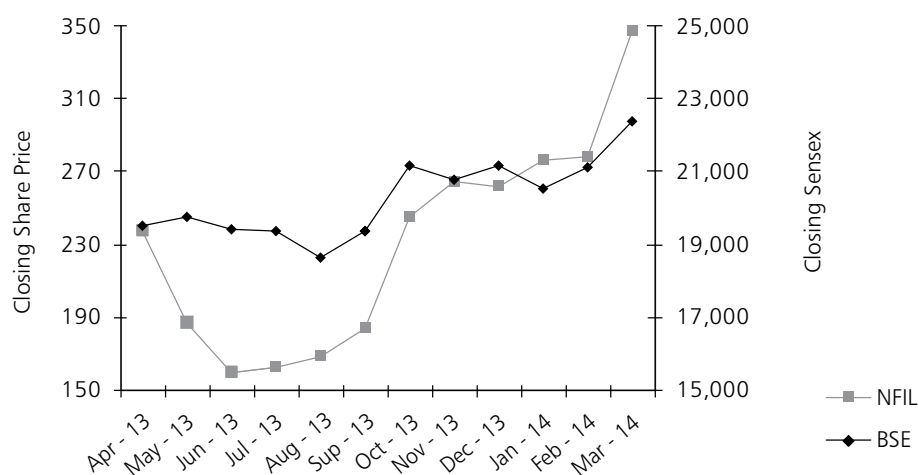
Month	Highest	Lowest	BSE Sensex Highest	BSE Sensex Lowest	Number of shares traded
April 2013	242.85	213.00	19622.68	18144.22	62863
May 2013	228.15	186.50	20443.62	19451.26	154960
June 2013	218.90	158.00	19860.19	18467.16	69592
July 2013	177.80	148.10	20351.06	19126.82	82283
August 2013	180.00	156.00	19569.20	17448.71	38964
September 2013	186.90	164.00	20739.69	18166.17	32041
October 2013	246.60	176.55	21205.44	19264.72	176029
November 2013	284.90	237.25	21321.53	20137.67	116597
December 2013	284.00	238.00	21483.74	20568.70	59084
January 2014	300.80	255.95	21409.66	20343.78	105774
February 2014	301.00	255.10	21140.51	19963.12	102143
March 2014	363.85	276.00	22467.21	20920.98	297275

## National Stock Exchange :

Month	Highest	Lowest	NSE NIFTY Highest	NSE NIFTY Lowest	Number of shares traded
April 2013	244.70	216.00	5962.30	5477.20	92127
May 2013	229.90	186.00	6229.45	5910.95	300782
June 2013	194.00	159.00	6011.00	5616.85	107533
July 2013	176.90	129.50	6093.35	5675.75	172978
August 2013	179.80	156.60	5808.50	5118.85	71455
September 2013	184.95	167.00	6142.50	5318.90	70379
October 2013	246.00	178.00	6309.05	5700.95	429735
November 2013	285.50	237.00	6342.95	5972.45	241760
December 2013	283.50	238.00	6415.25	6129.95	91416
January 2014	300.90	259.60	6358.30	6027.25	916610
February 2014	301.60	257.00	6282.70	5933.30	318958
March 2014	363.85	276.00	6730.05	6212.25	730213

Performance in comparison to broad based indices

Company Share Price and BSE Sensex



Market prices of the Equity Shares of ₹ 10/- each of the Company on BSE are as under:

	Apr - 13	May - 13	Jun - 13	Jul - 13	Aug - 13	Sep - 13	Oct - 13	Nov - 13	Dec - 13	Jan - 14	Feb - 14	Mar - 14
BSE Sensex	19504.18	19760.30	19395.81	19345.70	18619.72	19379.77	21164.52	20791.93	21170.68	20513.85	21120.12	22386.27
NFIL Share Price	237.45	187.00	159.65	162.80	168.05	183.75	244.65	264.25	262.10	276.35	277.90	347.25

# I. REGISTRAR AND SHARE TRANSFER AGENTS

Sharepro Services (India) Pvt. Ltd.

Samhita Warehousing Complex,

2<sup>nd</sup> floor Gala No. 52 to 56

Building No.13A-B Near Sakinaka Telephone Exchange

Andheri-Kurla Road Sakinaka Andheri (East)

Mumbai 400072

Tel: 91 22 6772 0300 / 6772 0400

Fax: 91 22 2859 1568 / 2850 8927

E-mail: sharepro@shareproservices.com

## Investor Relations Centre

Sharepro Services (India) Pvt. Ltd.

- |   |   |
|---|---|
| <p>1. 912 Raheja Centre<br/>Free Press Journal Road<br/>Office No.416-420<br/>4<sup>th</sup> floor Nariman Point<br/>Mumbai 400021<br/>Tel: 91 22 6613 4700<br/>E-mail: sharepro@shareproservices.com</p> | <p>2. Devnandan Mega Mall<br/>Opp. Sanyas Ashram<br/>Ashram Road<br/>Ahmedabad 380006<br/>Tel: 079 26582381 / 84<br/>Fax: 91 22 2282 5484</p> |
|---|---|

# J. SHARE TRANSFER SYSTEM

All the share related work is being undertaken by our R&T Agent, Sharepro Services (India) Pvt. Ltd., Mumbai. A Share Transfer Committee of three Directors approves the share transfer, transmission, split and consolidation, among others, of shares. The share transfers are registered and returned within 15 days from the date of receipt if relevant document are complete in all respects. The shareholders' / investors' grievances are also taken up by our R&T Agent.

# K. DISTRIBUTION OF SHAREHOLDING AS ON 31 MARCH, 2014

Slab	Total number of shareholders	%	Number of Shares	% of total share capital
Less than 500	99627	98.73	1958522	20.07
501-1000	709	0.70	547642	5.61
1001-2000	280	0.28	411118	4.21
2001-3000	90	0.09	228536	2.34
3001-4000	48	0.05	170039	1.74
4001-5000	31	0.03	145138	1.49
5001-10000	61	0.06	445857	4.56
10001-above	58	0.06	5854245	59.98
<b>Total</b>	<b>100904</b>	<b>100</b>	<b>9761097</b>	<b>100</b>



**L. SHAREHOLDING PATTERN AS ON 31 MARCH, 2014**

Sr. No.	Category	Number of shares held	% of holding
1.	Promoters' holding	3790494	38.83
2.	Mutual Funds and UTI	292279	2.99
3.	Bank, Financial institutions, insurance companies, central / state government institutions	5132	0.05
4.	FII's (Foreign Institutional Investors)	785010	8.05
5.	Private Corporate Bodies	747398	7.66
6.	Indian Public	4050076	41.49
7.	NRIs / OCBs	90708	0.93
8.	Any other (please specify)	0	0
	<b>Total</b>	<b>9761097</b>	<b>100</b>

**M. DEMATERIALISATION DETAILS**

As on 31 March, 2014, 30954 shareholders were holding 9340046 equity shares in demat form which constitutes 95.69% of the total share capital of the company.

**N. OUTSTANDING GDR / ADR : N.A.****O. PLANTS / FACTORIES**

1. Navin Fluorine, Bhestan, Surat – 395023
2. Navin Fluorine, Dewas, M.P. - 455002

**P. ADDRESS FOR CORRESPONDENCE**

Navin Fluorine International Limited

a) Registered Office 2 <sup>nd</sup> floor Sunteck Centre 37/40 Subhash Road Vile Parle (East) Mumbai 400057 Tel: 91 22 6650 9999 Fax 91 22 6650 9800 Website: www.nfil.in E-mail: <a href="mailto:mankad@mafatlals.com">mankad@mafatlals.com</a>	b) Mafatlal House 4 <sup>th</sup> floor Backbay Reclamation Mumbai 400020 Tel : 91 22 6617 3636 Fax: 91 22 6635 7633	c) Kaledonia Office No.3, 6 <sup>th</sup> floor Opp. Vijay Nagar Society Sahar Road Andheri (E) Mumbai 400069 Tel: 91 22 6771 3800 Fax: 91 22 6771 3924
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The Company has complied with all the mandatory requirements of Clause 49 and has also complied with two of the non - mandatory requirements (as on 31 March, 2014) viz. setting up of Remuneration Committee and framing of Whistle Blower Policy.

## ANNEXURE TO CORPORATE GOVERNANCE REPORT OF NAVIN FLUORINE INTERNATIONAL LIMITED

### Declaration regarding Affirmation of Code of Conduct

In terms of the requirement of Clause 49 of the Listing Agreement, this is to confirm that all members of the Board and the senior management personnel have affirmed compliance with Code of Conduct for the year ended 31 March, 2014.

Place : Mumbai  
Date : 28 April, 2014

Shekhar S. Khanolkar  
Managing Director

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## AUDITOR'S CERTIFICATE

To,  
The Members of  
Navin Fluorine International Limited

We have examined the compliance of conditions of corporate governance by Navin Fluorine International Limited for the year ended on 31<sup>st</sup> March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the clause. 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 the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Deloitte Haskins & Sells  
Chartered Accountants  
Registration No.117364W  
R. Salivati  
Partner  
Membership No.34004

Place : Mumbai  
Dated: 28<sup>th</sup> April, 2014

# MANAGEMENT DISCUSSION AND ANALYSIS

## ECONOMIC OVERVIEW

The economic slowdown is expected to have bottomed out last year. A spell of global financial turbulence caused capital outflows and pressure on the exchange rate, but strong policy measures stabilized the currency, rebuilt reserves, and narrowed the excessive current account deficit. Weaknesses remain, however, and include persistent inflation, fiscal imbalances, bottlenecks to investment, and inefficiencies that require structural reforms. Without a systemic resolution, growth is forecast to pick up modestly.

However, we are optimistic about our prospects as the Indian economy works towards its recovery and with our wide ranging capabilities; we expect to deliver a strong performance going forward.

India is likely to grow by 5.6 per cent in 2014-15 against a projected growth of less than 5 per cent in the current fiscal. The global economy in 2014 appears to be in a better shape than what it was in 2012 and 2013. The economic growth in F.Y. 2015 is likely to be contributed majorly by the industrial sector, which is estimated to grow by 4.1 per cent.

*(Source: India Ratings)*

## GLOBAL FLUOROchemicals INDUSTRY OUTLOOK

The global scenario for chemicals during the year was mixed, as the US and EU faced sluggish local economies due to high unemployment levels, sovereign debt crisis and declining output levels. In recent years, the global chemical industries have moved eastward towards Asia and the Middle East with major hubs being set up in these regions. India faces major competition from hubs in China, Singapore and the Middle East for which it needs to maintain competitiveness and cost.

The global fluorochemicals market is expected to reach USD 24.99 billion by 2020. Positive demand outlook from key application markets such as refrigeration, HVAC, pharmaceuticals, aluminium, steel and electronic consumables is expected to drive fluorochemicals sales over the next six years. The gradual recovery of automotive industry, especially in Asia and increasing application scope for fluoropolymers in chemical processing, construction, electronics, automotive, cookware and medical is also expected to drive fluorochemicals demand over the forecast period.

Fluorocarbons dominated the global market, accounting for over 52% of global fluorochemicals volumes in 2013. Hydrochlorofluorocarbon (HCFC), accounting for over 60% of the total fluorocarbon market, is currently being phased out by Hydro FluoroCarbon (HFC) and other products, owing

to regulatory pressure. As a result, HCFC demand will decline going forward. Demand for HFCs grew considerably from 2001 to 2011, and they will continue their strong advances as replacements for HCFCs in the developing world. However, concerns over the global warming potential (GWP) of HFCs will begin to limit demand, particularly in Western Europe, presenting opportunities for low-GWP HFO fluorocarbons to penetrate the market.

Being the largest global market for automotive, pharmaceuticals, electronic consumables and chemical processing, Asia Pacific dominated fluorochemicals demand in 2013, accounting for over 46% of global volumes. Asia Pacific fluorochemicals market revenue is expected to reach USD 11.68 billion by 2020. North America and Europe, relatively mature markets, are estimated to grow at a CAGR of 2.8% and 3% from 2014 to 2020, respectively.

*(Source: PR Web)*

## OPPORTUNITIES AND STRENGTHS

Growth of the Fluorochemicals Industry will mainly be driven by the following major factors:

### GROWTH IN PHARMACEUTICALS AND HEALTHCARE

The Global Pharmaceutical Industry Revenue is forecasted to reach an estimated USD 1,226 Billion by 2018, with good growth over the next five years. The industry is expected to register growth led by an aging population, changing lifestyles, and increasing incidence of chronic diseases across the entire global population, providing growth opportunities for the industry players.

*(Source: Research & Markets)*

Fluorine has become an essential tool in drug discovery. Including fluorine atoms in potential medicines can have a variety of dramatic effects on the molecules' properties, perhaps making them more selective, increasing their efficacy, or making them easier to administer. Around a fifth of all drugs in the market today contain at least one fluorine substituent.

India's pharmaceutical sector will touch US\$ 45 billion by 2020, according to a major study by global management and consulting firm, McKinsey & Company. The Indian pharmaceutical market is expected to be the sixth largest in the world by 2020.

The world is looking at India for front-end manufacturing solutions, contract research and machinery and technologies.

The rise of pharmaceutical outsourcing and investments by multinational companies (MNCs), allied with the country's growing economy, committed health insurance segment and improved healthcare facilities, is expected to drive the market's growth.

India is today one of the top emerging markets in the global pharmaceutical scene. The sector is highly knowledge based and its steady growth is positively affecting the Indian economy.

#### **GROWTH IN AIR-CONDITIONERS AND REFRIGERATORS MARKET**

In a country like India, the temperature remains high for almost eight months in a year. Traditionally, air conditioners (ACs) were regarded as a luxury product being preferred by high end segment of the country, but gradually, demand is emerging from middle income segment of India as well. With the introduction of new technologies, prices have declined over the years, which are generating demand for air conditioners. According to a study, air conditioners market in India is forecasted to double its market revenues in next five years.

Indian air conditioners market is expected to grow strongly during the next five years provided the national economic fundamentals don't take a turn for the worse.

*(Source: PR News wire)*

Refrigerator market in India is one of the fastest growing segments of the consumer durable industry. The utility and the need of refrigerator is felt 365 days in a year, and hence has become an indispensable item of every household. Moreover, due to the hot and humid weather conditions in the country, the necessity of the product has increased manifolds. Fluorine is used in refrigeration to prevent build up of micro organism like bacteria, yeast etc. in food. It also helps to preserve the freshness of food.

The Indian refrigerator market is estimated to grow at fast pace in accordance with the national demand growth for other consumer durables.

*(Source: Research & Markets)*

#### **GROWTH IN AGROCHEMICALS**

Introduction of fluorine into technicals has become an important concept in the quest for a modern crop protection product with optimal efficacy, environmental safety, user friendliness, and economic viability. Fluorinated organic compounds represent an important and growing family of commercial agrochemicals. A number of recently developed agrochemical candidates represent novel classes of chemical compounds with new modes of action; several of these compounds contain new fluorinated substitutes.

The global agrochemical industry is expected to witness good growth and reach an estimated US \$ 68.5 billion in 2017 with a CAGR of 5.5% over the next five years. A rise in the global demand for nutritious and high-quality food and the shrinking of arable land is expected to drive the agrochemical industry over the forecast period.

*(Source: Research & Markets)*

There is a substantial increase in outsourcing of key agrochemical intermediates, of which many are fluorinated, out of India by most of the global agrochemicals majors.

Indian agrochemicals market is expected to reach \$6.8 bn by F.Y. 2017. Increasing demand of food grains & declining farmlands in India have increased pressure on farm yield improvement and reduction in crop losses due to pest attacks. Indian crop protection market was estimated at \$ 3.8 billion in F.Y. 2012 with exports constituting about 50% of the market. The crop protection market has experienced strong growth in the past and is expected to grow further at approximate 12% p.a. to reach \$ 6.8 billion by F.Y. 2017. The growth would be largely driven by export demand which is expected to grow at 15-16% p.a, while domestic demand is expected to grow at 8-9% p.a.

*(Source: Tata Strategic Management Group)*

The management is aware of these macro developments in the business environment in which the Company operates. There is a process of constantly identifying, monitoring and reviewing potential opportunities and threats to the business and take appropriate actions at suitable times.

The Company is well poised to exploit the emerging market opportunities and is continuously driving its R&D and innovation initiatives which act as catalysts in realising its aspirations.

- The Company's positioning in the fluoro-specialities space; a niche segment with high entry barriers provides the necessary protection from emerging competitive threats.
- High capacities of HF, refrigerant gas and other organic and inorganic chemicals provide the necessary scale benefits.
- Strong reputation as a reliable provider of fluorinated chemicals and established presence among major pharmaceutical and agrochemicals producers provides an additional edge.
- Significant investments made in R&D, CRO and CRAMS provide the launching pad to synthesise value-added molecules alongside innovator companies finally migrating to full-fledged manufacture of high-potential compounds.

#### **WEAKNESSES & THREATS**

While there is a proper structure for risk management, which is regularly implemented across the organization, there are certain regular risks and concerns that surface in the business.

The threats to the Company, closely monitored and addressed, comprise of:

- Currency volatility
- Unpredictable pricing by Chinese competitors in some of the Company's products

## OUR PERFORMANCE

## A. DIVISIONAL ANALYSIS

	Refrigerants	Specialty chemicals	Bulk fluorides	CRO/ CRAMS
Applications	Air-conditioning (residential and cars) and household refrigerators	Pharmaceutical, agrochemical and petrochemical industries	Metal industries (mostly steel, abrasive and glass)	Research for a broad range of pharma and agro companies
Geographical presence	India, South-East Asia, Middle East and South Africa	India, Europe, the US and Asia	India and Asia	India, Europe and the US
Revenue by geography	* Domestic: 68 percent * Exports: 32 percent	* Domestic: 64 percent * Exports: 36percent	* Domestic: 96 percent * Exports: 4 percent	export more than 90 percent

## B. SEGMENT ANALYSIS

## REFRIGERANTS

The Company has a near forty year history of manufacturing and selling HCFC 22 in India, Middle-East and South Asia. Its Mafron brand is a generic name for refrigerant gases in the country and a preferred choice for original equipment manufacturers, service technicians and equipment owners. It has a distribution network of 120 strong distributors in India and overseas. The Company's refrigerant products are exported to South Asia, South-East Asia, the Middle-East and Turkey.

In 2013-14, the Company derived 32% percent of its refrigerant revenues from international markets (same as the previous year) while the rest was marketed within India. The Refrigerant Gases business remained under severe price pressures during the year. Disconnect between the input costs and product prices continued through the year due to a global demand-capacity imbalance. There has been a 12% decline in the revenues from this BU on the back of weak pricing despite sustained volumes. The division also engaged in HFC134a trading, mainly importing in bulk, repackaging and selling in the domestic market.

As informed earlier the division's CER income ceased with effect from 31 December, 2012.

## SPECIALTY CHEMICALS

The Company's specialty segment manufactures fluorine-based molecules with niche applications in the specialised petrochemicals, pharmaceutical and agrochemical segments.

The division has a rich fluorine chemistry competence backed by a robust research set-up. 36% of its revenue is derived from international business.

The specialties business withered weak demand of some of its high-selling products through the year. However, the business could access price escalations from exports due to a weak rupee scenario. It could also achieve modest price increases in the domestic market due to its

unique value proposition. During the year the division introduced 2 (previous year 6) new fluorinated compounds with growing applications in the pharmaceutical and agrochemical sectors. The Company expects to work closely with customers and introduce new products to widen its customer base.

## INORGANIC FLUORIDES

This segment caters mainly to the steel sector and also has dominant applications in the glass, pharmaceutical and agrochemical industries.

The inorganic fluorides BU grew by 14% during the year despite very challenging domestic market situations, by growing volumes of new organic fluorides and modest price increases across its product range. It has also initiated its exports business which has a potential to grow in the coming years thereby improving capacity utilization in the BU and insulating the overall revenues of the Company from market and product related uncertainties.

The division also introduced a compound for the glass industry in the current year, providing cost competitiveness. The product has a high potential to grow both in the domestic and international markets in the coming years.

## CONTRACT RESEARCH AND MANUFACTURING SERVICES (CRAMS) AND RESEARCH AND DEVELOPMENT (R&amp;D)

The Contract research and manufacturing services is a new vertical the company ventured into two years back. During the year, the division posted a handsome turnover of ₹ 26 crs which is expected to strongly grow in FY 15 and the future years. This is a research and knowledge based initiative to cater to the rapid product development need of the major global pharma and agro companies in Europe, United States and Japan. In addition to bringing in the advantages of cost and time, Navin Fluorine brings to its customers a vast experience of synthesising fluorinated compounds.

Encouraged by the excellent responses from a large community of diverse global players the Company decided

to embark on an expansion of its contract manufacturing facility by investing ₹ 65 crs at its Dewas site to enable it to deliver ton level quantities in larger batch sizes. The new capacity is expected to come on stream in the first quarter of the next fiscal. Alongside augmenting its delivery capabilities, the BU is also enhancing its marketing reach in the US West coast and Japan by having a direct representation in those geographies in addition to US East coast and Europe, where Manchester Organics Limited (MOL), the UK based subsidiary of the Company has a strong presence. The NFIL-MOL combine has also worked well together to garner a higher share in the contract research and manufacturing space of fluorinated molecules.

### C. ANALYSIS OF OUR FINANCIAL STATEMENTS

The significant financial highlights of the Company are mentioned below:

- Decline in revenues by 14% from ₹ 52469 lacs in 2012-13 to ₹ 44914 lacs as there has been no income from sale of carbon credits during the year against ₹ 5711 lacs last year
- Decline in profit before tax by 6% from ₹ 6857 lacs in 2012-13 to ₹ 6412 lacs despite there being no income from sale of carbon credits during the year, as significant operating efficiency improvements were achieved during the year
- Net profit has grown by 17% from ₹ 4316 lacs in 2012-13 to ₹ 5066 lacs as there has been a write-back of ₹ 380 lacs, an earlier provisioning done on account of advances given to a SSL, the wholly owned subsidiary of the Company
  - ROCE decreased to 11% in the current year from 12% in the previous year
  - EBITDA improved from 18% in the previous year to 19% in the current year
  - ROE increased to 10% in the current year from 9% in the previous year
  - EPS was higher at ₹ 51.90 in the current year compared with ₹ 44.22 in the previous year

### HUMAN RESOURCES

Navin recognises people as the primary source of its competitiveness and continues to focus on people development by encouraging a continuously learning human resource base to unleash their potential and achieve their aspirations.

There were cordial and harmonious industrial relations during the year. The long term wage settlement at Bhestan has expired on 31 March, 2013 and is going on for renegotiation in a spirit of cooperation.

During the year, extensive training and developmental activities were undertaken, both in-house and out-bound for the employees. Various efficiency and quality improvement initiatives, including some functional and behavioural training programs were undertaken.

Constant initiatives on capability building of employees at all levels in order to build organisational capability in functional and project management areas, fulfil the technical skill requirement arising out of advanced mechanisation and preparing bench strength of skilled manpower for critical positions in existing operations as well as for foreseen future requirements.

The company had 584 employees as on 31 March, 2014 and enjoyed full cooperation from all its employees.

### RISK MANAGEMENT

The Company measures, estimates and controls risks with the objective to enhance shareholders' value. Approach to risk management remains structured, proactive and flexible while remaining alert to changes in the business environment and competition at all times.

The formal and structured risk management programme is integrated with the operating business process. A formal risk identification and evaluation programme, involving cross functional teams of senior and middle management across all the functional areas, is carried out every three years. The identified risks are assessed, rated and prioritised based on their likelihood of occurrence and impact by cascading it through different layers of management. Mitigation plans are worked out for each critical risk. The action plans are implemented through the designated risk owners and champions for each risk. The progress is reviewed along with the regular management review process.

The Company actively encourages development of a risk culture that encourages employees to identify risks and associated opportunities and respond to them with appropriate timely actions.

### INTERNAL CONTROL SYSTEMS

All the Company's major business processes are currently run on SAP ECC 6. The Company has an adequate internal audit system commensurate with its size and nature of operations. An independent firm of chartered accountants carries out the internal audit across the organisation including Manchester Organics Limited, the UK based subsidiary of the Company.

The Company strives to maintain a dynamic system of internal controls and procedures – including internal control over financial reporting – designed to ensure reliable financial record-keeping, transparent financial reporting and disclosure.

The internal auditors periodically interact with the Audit Committee of the Board of Directors to discuss the terms of reference and frequency of the audit, significant audit observations and their disposals and remedies, if any.



# FINANCIAL SECTION STANDALONE

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF  
NAVIN FLUORINE INTERNATIONAL LIMITED

## Report on the Financial Statements

We have audited the accompanying financial statements of **NAVIN FLUORINE INTERNATIONAL LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

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

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs).
  - (e) On the basis of the written representations received from the directors as on 31 March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No. 117364W)

(R. Salivati)  
(Partner)  
(Membership No. 34004)

Mumbai, 28 April, 2014

# ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

- |  |  |
|--|--|
| <p>(i) Having regard to the nature of the Company's business / activities / result, clauses (vi), (x), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of CARO are not applicable to the Company for the year.</p> <p>(ii) In respect of its fixed assets:</p> <p>(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.</p> <p>(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.</p> <p>(iii) In respect of its inventories:</p> <p>(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.</p> <p>(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.</p> <p>(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.</p> <p>(iv) The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.</p> <p>(v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.</p> | <p>(vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:</p> <p>(a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.</p> <p>(b) Where each of such transaction is in excess of ₹ 5.00 lacs in respect of any party, the transactions have been made at prices which are <i>prima facie</i> reasonable having regard to the prevailing market prices at the relevant time.</p> <p>(vii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.</p> <p>(viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, <i>prima facie</i>, the prescribed cost records have been maintained and are being made up. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.</p> <p>(ix) According to the information and explanations given to us, in respect of statutory dues:</p> <p>(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.</p> <p>(b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March, 2014 for a period of more than six months from the date they became payable.</p> <p>(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31 March, 2014 on account of disputes are given below:</p> |
|--|--|

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ In lacs)
Income Tax Act, 1961	Income Tax	CIT, Appeals, VII, Mumbai	2005-06	36.13
Income Tax Act, 1961	Income Tax	CIT, Appeals, VII, Mumbai	2006-07	226.33
Income Tax Act, 1961	Income Tax	ITAT, Mumbai	2007-08	70.42
Income Tax Act, 1961	Income Tax	CIT(Appeals)- 13, Mumbai	2010-11	0.35
Income Tax Act, 1961	Income Tax	CIT(Appeals)- 13, Mumbai	2011-12	121.31
Central Excise Act	Excise Duty	High Court	1993-94 to 2005-06	90.33
Central Excise Act	Excise Duty	Commissioner of Central Excise	2005-06 & 2006-07	0.17
Central Excise Act	Excise Duty	Assistant Commissioner of Central Excise	1994-95	0.76
Central Excise Act	Excise Duty	Commissioner of Central Excise	2007-08	36.25
M.P. Sales Tax Act	Sales Tax	Deputy Commissioner	2006-07	47.97
The West Bengal Value Added Tax Act	Value Added Tax	Deputy Commissioner Appeals	2000-01 to 2004-05	11.87
The West Bengal Value Added Tax Act	Value Added Tax	Deputy Commissioner Appeals	2005-06	2.7
M.P. Commercial Tax Act 1994	Commercial Tax	Assistant Commissioner of Commercial Taxes	1992-93, 1994-95 to 1996-97	8.3
U.P. VAT Act	Value Added Tax	Sales Tax Appellate Tribunal	2001-02	1.68
M.P. Sales Tax Act	C.S.T. & Entry Tax	Appellate Board	1996-97 & 2005-06	18.52
M.P. Sales Tax Act	C.S.T. & Commercial Tax	Department of Industries M.P. Government	1997-98	12.42
M.P. Commercial Tax Act	Commercial Tax	Madhya Pradesh High Court	1990-91 to 1995-96	28.51
U.P VAT Act	Value Added Tax	Allahabad High Court	1998-99 to 2000-01	69.14
The West Bengal Value Added Tax Act	Value Added Tax	Appellate Revisional Board	1994-95	1.08

- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks. The Company has not issued any debentures.
- (xi) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No. 117364W)

(R. Salivati)  
(Partner)  
(Membership No. 34004)

Mumbai, 28 April, 2014

# Balance Sheet as at 31 March, 2014

(₹ in Lacs)

	Note No.	As at 31 March, 2014	As at 31 March, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	975.72	975.72
Reserves and surplus	4	53,209.80	49,970.60
		<b>54,185.52</b>	<b>50,946.32</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	5	3,315.58	3,256.46
Other long term liabilities	6	2,305.51	2,049.59
Long-term provisions	7	384.49	339.58
		<b>6,005.58</b>	<b>5,645.63</b>
<b>Current liabilities</b>			
Short-term borrowings	8	5,699.57	8,323.92
Trade payables	9	5,823.58	5,014.88
Other current liabilities	10	1,351.29	1,238.86
Short-term provisions	11	1,154.02	972.94
		<b>14,028.46</b>	<b>15,550.60</b>
<b>Total</b>		<b>74,219.56</b>	<b>72,142.55</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	12		
Tangible assets		22,520.05	22,958.35
Intangible assets		76.16	89.06
Capital work-in-progress		531.18	870.64
		<b>23,127.39</b>	<b>23,918.05</b>
Non-current investments	13	13,449.35	16,517.89
Long-term loans and advances	14	5,521.44	5,181.09
		<b>42,098.18</b>	<b>45,617.03</b>
<b>Current assets</b>			
Current investments	15	12,844.82	8,146.18
Inventories	16	5,726.62	7,193.22
Trade receivables	17	8,287.01	7,084.55
Cash and bank balances	18	2,528.03	2,746.56
Short-term loans and advances	19	2,545.84	1,241.17
Other current assets	20	189.06	113.84
		<b>32,121.38</b>	<b>26,525.52</b>
<b>Total</b>		<b>74,219.56</b>	<b>72,142.55</b>
Significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

In terms of our report attached

For Deloitte Haskins &amp; Sells

Chartered Accountants

Registration No. 117364W

R. Salivati  
Partner  
Membership No. 34004

H. A. Mafatlal  
Chairman

S. S. Khanolkar  
Managing Director

N. B. Mankad  
Company Secretary

V. P. Mafatlal  
S. S. Lalbhai  
A. K. Srivastava  
P. N. Kapadia  
S. G. Mankad  
T.M.M. Nambiar  
H. H. Engineer

} Directors

Mumbai, dated, 28 April, 2014

# Statement of Profit and Loss for the year ended 31 March, 2014

(₹ in lacs)

	Note No.	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Revenue from operations (gross)	21	48,341.68	55,934.16
less: excise duty		3,427.84	3,464.79
Revenue from operations (net)		44,913.84	52,469.37
Other income	22	2,936.23	1,385.25
<b>Total</b>		<b>47,850.07</b>	<b>53,854.62</b>
<b>Expenses</b>			
Cost of materials consumed	23	20,858.89	24,788.66
Purchases of stock-in-trade	23	442.65	619.86
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(68.33)	(14.76)
Employee benefits expense	25	4,827.19	4,416.19
Finance costs	26	539.63	609.74
Depreciation and amortization expense	27	2,055.07	1,961.17
Other expenses	28	12,782.46	14,615.99
<b>Total</b>		<b>41,437.56</b>	<b>46,996.85</b>
<b>Profit before tax</b>		<b>6,412.51</b>	<b>6,857.77</b>
<b>Tax Expense</b>			
Current tax		1,287.00	2,171.00
Excess provision for tax relating to prior years		-	(22.10)
Deferred tax		59.12	392.54
		<b>1,346.12</b>	<b>2,541.44</b>
<b>Profit for the year</b>		<b>5,066.39</b>	<b>4,316.33</b>
<b>Earnings per share (of ₹ 10/- each)</b>			
Basic	29	51.90	44.22
Diluted	29	51.90	44.22
Significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants  
Registration No. 117364W

R. Salivati  
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Directors

Mumbai, dated, 28 April, 2014



# Cash Flow Statement for the year ended 31 March, 2014

(₹ in lacs)

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	6,412.51	6,857.77
adjustments for,		
Depreciation / amortization	2,055.07	1,961.17
Loss on sale / write off of fixed assets (net)	29.14	56.10
Profit on sale of current investments	(1,085.95)	(172.15)
Provision for doubtful debts / advances written back	(391.16)	(36.03)
Interest expense	539.63	609.74
Interest income	(148.47)	(415.67)
Net loss / (gain) on foreign currency translations	18.85	32.69
Share of (profit) / loss in the partnership firm where the Company is a partner	(1.07)	0.11
Dividend on investments (non-trade)	(142.34)	(53.47)
Bad debts written off	1.80	-
Excess provision of earlier years written back	(1.87)	(75.03)
Provision for doubtful debts / advances	1.57	23.21
<b>Operating profit before working capital changes</b>	<b>7,287.71</b>	<b>8,788.44</b>
(Increase) / decrease in trade receivables	(1,263.28)	(906.72)
(Increase) / decrease in inventories	1,466.60	1,208.39
(Increase) / decrease in loans and advances	(1,928.03)	(195.67)
Increase / (decrease) in trade and other payables	1,292.90	864.93
	<b>(431.81)</b>	<b>970.93</b>
<b>Cash generated from operations</b>	<b>6,855.90</b>	<b>9,759.37</b>
Net income tax paid	(1,054.92)	(2,743.80)
<b>Net cash flow from operating activities</b>	<b>5,800.98</b>	<b>7,015.57</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(1,577.97)	(1,716.93)
Capital contribution in partnership firm where Company is a partner (current)	1.07	(0.11)
Share of profit / (loss) in the partnership firm where the Company is a partner	1.07	(0.11)
Bank balances not considered as cash and cash equivalents	(39.93)	8,817.89
Amounts refunded by Sulakshana Securities Ltd., a subsidiary	394.97	(8.00)
Redemption of investments in preference shares	3,000.00	-
Purchase of investments	(25,902.49)	(6,146.18)
Amount invested in joint venture	-	(1.25)
Sale of fixed assets	72.96	27.32
Sale of investments	22,569.80	2,072.15
Dividend income	142.34	53.47
Interest income	137.18	886.95
<b>Net cash flow (used in) / from investing activities</b>	<b>(1,201.00)</b>	<b>3,985.20</b>

# Cash Flow Statement for the year ended 31 March, 2014

(₹ in lacs)

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Calls in arrears received during the year (including securities premium)	-	0.13
Repayments of other borrowings (net)	(2,624.35)	(1,010.47)
Dividend paid (including dividend distribution tax)	(1,694.69)	(8,318.42)
Interest expense	(539.63)	(609.74)
<b>Net cash (used in) / from financing activities</b>	<b>(4,858.67)</b>	<b>(9,938.50)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(258.69)</b>	<b>1,062.27</b>
Cash and cash equivalents at the beginning of the year	2,429.17	1,366.90
Cash and cash equivalents at the end of the year	2,170.48	2,429.17
<b>Note,</b>		
<b>Reconciliation of cash and cash equivalents</b>		
As per Balance sheet - note 18	2,170.48	2,428.94
Foreign exchange (gains) and losses	-	0.23
<b>As per Cash Flow Statement</b>	<b>2,170.48</b>	<b>2,429.17</b>

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants  
Registration No. 117364W

R. Salivati  
Partner  
Membership No. 34004

H. A. Mafatlal  
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T.M.M. Nambiar  
H. H. Engineer

} Directors

Mumbai, dated, 28 April, 2014

## Notes forming part of Financial Statements for the year ended 31 March, 2014

### NOTE 1 CORPORATE INFORMATION

Navin Fluorine International Limited (the Company) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on the Bombay, Ahmedabad and National stock exchanges. The Company belongs to the reputed Arvind Mafatlal Group in India. Established in 1967, it has the largest integrated fluorochemicals complex in India. The Company primarily focuses on fluorine chemistry, producing refrigeration gases, some basic building block fluorides and specialty organofluorines. Its manufacturing facilities are located at Surat, Gujarat and Dewas, Madhya Pradesh.

### NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of preparation of Financial Statements

The financial statements are prepared under historical cost convention on accrual basis of accounting and in accordance with generally accepted accounting principles.

#### b. Use of estimates

The preparation of financial statements requires 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 materialise or are known.

#### c. Tangible fixed assets

Fixed assets are recorded at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation, amortisation and impairment loss, if any.

#### d. Depreciation on tangible fixed assets

Depreciation has been provided for on all fixed assets on straight-line basis in accordance with the provisions of the Companies Act, 1956, (the Act) at the rates and in the manner specified in Schedule XIV of the Act except some identified items of office equipment which are depreciated over a period of five years. In respect of Specialty Chemicals, Cryolite, Aluminium Fluoride, Refrigerant Gases, ABF, Fluoroaniline Plants, R & D Pilot Plant and Captive Power Plant depreciation have been provided for at the rate applicable to continuous process plants. Leasehold land is amortised over the period of lease.

#### e. Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortisation. Computer Software which are capitalised, are amortised over a period of 6 years on straight-line basis.

#### f. Impairment of tangible and intangible assets

Impairment loss is provided to the extent that the carrying amount(s) of assets exceed their recoverable amount(s). Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash-flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable willing parties, less the costs of disposal.

#### g. Investments

Long-term investments are carried at cost. Provision is made to recognize a diminution, other than temporary, in the carrying amounts of long-term investments. Current investments are carried individually, at the lower of cost and fair value.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Fixed assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

#### h. Inventories

Items of inventory are valued at cost or net realizable value, whichever is lower. Cost is determined on the following basis:

Raw materials, traded goods, stores and spares - Weighted average

Process stocks and finished goods - At material cost plus appropriate value of overheads

#### i. Retirement and other employee benefits

i. The Company contributes towards provident fund, family pension fund and superannuation fund which are defined contribution schemes. Liability in respect thereof is determined on the basis of contribution required to be made under the statutes / rules.

ii. Gratuity liability, a defined benefit scheme, and provision for compensated absences is accrued and provided for on the basis of actuarial valuations made at the year end.

## Notes forming part of Financial Statements for the year ended 31 March, 2014

### NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

#### j. Foreign currency transactions

Transactions in foreign currency are recorded at the rates of exchange in force at the time the transactions are effected. At the year-end, monetary items denominated in foreign currency and forward exchange contracts are reported using closing rates of exchange. Exchange differences arising thereon and on realization / payment of foreign exchange are accounted, in the relevant year, as income or expense.

In case of forward exchange contracts, or other financial instruments that are in substance forward exchange contracts, the premium or discount arising at the inception of the contracts is amortized as expense or income over the life of the contracts. Gains / losses on settlement of transactions arising on cancellation / renewal of forward exchange contracts are recognized as income or expense.

#### k. Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

#### l. Operating lease

Lease arrangements where the risks and rewards incidental to the ownership of an asset substantially vest with the lesser are recognized as Operating lease. Operating lease receipts and payments are recognized as income or expense, as the case may be, in the Statement of Profit and Loss on a straight-line basis over the lease term.

#### m. Revenue recognition

Revenue (income) is recognized when no significant uncertainty as to its determination or realization exists. Revenue from operations includes carbon credits which are recognized on delivery thereof or sale of rights therein as the case may be, in terms of the contracts with the respective buyers.

#### n. Taxes on income

Tax expense comprises of both current and deferred tax at the applicable enacted / substantively enacted rates. Current tax represents the amount of income-tax payable / recoverable in respect of the taxable income / loss for the reporting period. Deferred tax represents the effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.

#### o. Provisions and contingencies

A provision is recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

#### p. Employee stock option

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India. Compensation expense is amortized over the vesting period of the option on a straight line basis. The Company measures compensation cost relating to employee stock options using the intrinsic value method.

#### q. Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

## Notes forming part of Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
<b>NOTE 3 SHARE CAPITAL</b>		
<b>Authorised shares</b>		
35,000,000 equity shares of ₹ 10/- each	3,500.00	3,500.00
<b>Issued, subscribed and fully paid shares</b>		
9,761,097 (as at 31 March, 2013, 9,761,097) equity shares of ₹ 10/- each, fully paid-up	976.11	976.11
<i>/less:</i> Calls in arrears (refer note 3 f)	0.39	0.39
<b>Total</b>	<b>975.72</b>	<b>975.72</b>

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

Particulars	Opening balance	Buyback	Closing balance
<b>Equity shares with voting rights</b>			
Year ended 31 March, 2014			
- Number of shares	9,761,097	-	9,761,097
- Amount (₹ in lacs)	976.11	-	976.11
Year ended 31 March, 2013			
- Number of shares	9,761,097	-	9,761,097
- Amount (₹ in lacs)	976.11	-	976.11

- b. Terms / rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each equity shareholder is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2014, the amount of dividend, per share, recognized as distributions to equity shareholders is ₹ 16/- (year ended 31 March, 2013, ₹ 15/-)

- c. Details of shareholders holding more than 5% shares in the company:

Equity shares of ₹ 10/- each fully paid	31 March, 2014		31 March, 2013	
Name	Nos.	% holding	Nos.	% holding
Mafatlal Impex Private Limited	1,085,193	11.12	1,085,193	11.12
Suremi Trading Private Limited	646,081	6.62	646,081	6.62
NOCIL Limited	566,340	5.80	566,340	5.80

- d. For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 31.

- e. During the period of five years immediately preceding the reporting date:

	As at 31 March, 2014	As at 31 March, 2013	As at 31 March, 2012	As at 31 March, 2011	As at 31 March, 2010
Equity shares bought back by the company	-	-	-	338,792	-

Pursuant to the decision of the Board of Directors of the Company taken in its meeting dated 24 September, 2010, the Company bought back 338,792 equity shares of nominal value of ₹ 10/- each at a price of ₹ 400/- per share for an aggregate value of ₹ 1,355.17 lacs during 2010-11 under Section 77A of the Companies Act, 1956 through tender offer by utilising the Securities premium account to the extent of ₹ 1,321.29 lacs. The Capital redemption reserve was created out of General reserve for ₹ 33.88 lacs being the nominal value of shares thus bought back. All the equity shares bought back were extinguished by 5 March, 2011.

- f. Calls unpaid (by other than officers and directors)

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
7,871 (previous year 7,891) equity shares of ₹ 10/- each, ₹ 5/- called up but unpaid	0.39	0.39

- g. Out of the rights issue made in 2004-05, 109 equity shares could not be offered on rights basis due to the non-availability of details of beneficial holders from depositories. The same are kept in abeyance.

## Notes forming part of Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
<b>NOTE 4 RESERVES AND SURPLUS</b>		
<b>Capital reserve no. 1</b>		
Balance of excess of assets over liabilities and reserves taken over pursuant to the scheme of demerger of MIL		
As per last Balance sheet	8,035.17	8,035.17
	<b>8,035.17</b>	<b>8,035.17</b>
<b>Capital reserve no. 2</b>		
Compensation received pursuant to the Montreal Protocol for phasing out production of ozone depleting substances		
As per last Balance sheet	6,823.20	6,823.20
	<b>6,823.20</b>	<b>6,823.20</b>
<b>Capital redemption reserve</b>		
As per last Balance sheet	33.88	33.88
	<b>33.88</b>	<b>33.88</b>
<b>Securities premium account</b>		
As per last Balance sheet	1,052.79	1,052.79
<i>less:</i> amount in arrears (net of receipts during the year, ₹ nil; as at 31 March, 2013, ₹ 0.10 lacs)	1.97	1.97
	<b>1,050.82</b>	<b>1,050.82</b>
<b>Contingency reserve</b>		
Reserve created in terms of a corporate guarantee given		
As per last Balance sheet	1,000.00	1,000.00
<i>less:</i> transferred to General Reserve	1,000.00	-
	<b>-</b>	<b>1,000.00</b>
<b>General reserve</b>		
As per last Balance sheet	5,332.34	4,900.34
<i>add:</i> transferred from Contingency Reserve	1,000.00	-
<i>add:</i> transferred from surplus in statement of Profit and Loss	507.00	432.00
	<b>6,839.34</b>	<b>5,332.34</b>
<b>Surplus in Statement of Profit and loss</b>		
Balance as per last Balance Sheet	27,695.19	25,518.20
<i>add:</i> profit for the year	5,066.39	4,316.33
	<b>32,761.58</b>	<b>29,834.53</b>
<b><i>less:</i> appropriations</b>		
Interim dividend (₹ 7.50 per share, previous year, ₹ 7.50 per share)	732.08	732.08
Proposed final dividend (₹ 8.50 per share, previous year, ₹ 7.50 per share)	829.69	732.08
Corporate tax on dividend	265.42	243.18
Transferred to General reserve	507.00	432.00
<b>Total appropriations</b>	<b>2,334.19</b>	<b>2,139.34</b>
	<b>30,427.39</b>	<b>27,695.19</b>
<b>Total</b>	<b>53,209.80</b>	<b>49,970.60</b>



## Notes forming part of Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
<b>NOTE 5 DEFERRED TAX LIABILITIES (NET)</b>		
Difference between book and tax written down values of fixed assets	3,304.56	3,387.83
Others	23.02	13.02
<b>Gross deferred tax liability</b>	<b>3,327.58</b>	<b>3,400.85</b>
Deferred tax asset		
Provision for doubtful debts / advances	12.00	144.39
<b>Gross deferred tax asset</b>	<b>12.00</b>	<b>144.39</b>
<b>Net deferred tax liability</b>	<b>3,315.58</b>	<b>3,256.46</b>
<b>NOTE 6 OTHER LONG-TERM LIABILITIES</b>		
Advance against project contracts	303.24	303.24
Security deposits received	640.62	384.70
Others		
- Iraq gas project	1,031.70	1,031.70
- Land development	329.95	329.95
<b>Total</b>	<b>2,305.51</b>	<b>2,049.59</b>
<b>NOTE 7 LONG-TERM PROVISIONS</b>		
Provision for employee benefits		
Provision for compensated absences	384.49	339.58
<b>Total</b>	<b>384.49</b>	<b>339.58</b>
<b>NOTE 8 SHORT-TERM BORROWINGS</b>		
<b>Secured</b>		
Cash credit from banks	3,791.04	4,704.16
Buyers' credit from banks	-	1,636.47
<b>Unsecured</b>		
Commercial paper	1,908.53	1,983.29
<b>Total</b>	<b>5,699.57</b>	<b>8,323.92</b>

Cash credit and buyers' credit from banks are secured by hypothecation of certain stocks and book debts of the Company, both present and future and second charge created / to be created on all the fixed assets of the company situated at Bhestan and certain fixed assets at Dewas.

## Notes forming part of Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
<b>NOTE 9 TRADE PAYABLES</b>		
Trade payables *	5,823.58	5,014.88
<b>Total</b>	<b>5,823.58</b>	<b>5,014.88</b>

\* Dues to Micro, Small and Medium enterprises have been determined to the extent such parties have been identified on the basis of information collected. The total amount remaining unpaid as at the end of the year is ₹ 16.75 lacs (previous year, ₹ 41.01 lacs) (refer note 40)

<b>NOTE 10 OTHER CURRENT LIABILITIES</b>		
Unpaid dividend	191.87	173.56
Unpaid money on buy-back of shares	1.08	4.47
Other payables		
- Statutory dues payable	202.19	177.90
- Trade / security deposits	557.56	646.03
- Advance from customers	323.75	182.28
- Provision for gratuity (refer note 30)	74.84	54.62
<b>Total</b>	<b>1,351.29</b>	<b>1,238.86</b>

<b>NOTE 11 SHORT-TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
Provision for compensated absences	151.69	113.47
	<b>151.69</b>	<b>113.47</b>
<b>Other Provisions</b>		
Provision for tax (net of advance tax ₹ 4,381.13 lacs, as at 31 March, 2013, ₹ nil)	31.63	2.97
Provision for proposed equity dividend	829.69	732.08
Provision for tax on proposed dividend	141.01	124.42
	<b>1,002.33</b>	<b>859.47</b>
<b>Total</b>	<b>1,154.02</b>	<b>972.94</b>

## Notes forming part of Financial Statements for the year ended 31 March, 2014

## NOTE 12 FIXED ASSETS

(₹ in lacs)

Tangible assets	Gross Block				Depreciation / amortisation				Net Block	
	As at 1 April, 2013	Additions/ adjustments	Deductions/ adjustments	As at 31 March, 2014	As at 1 April, 2013	For the year	Deductions/ adjustments	Upto 31 March, 2014	As at 31 March, 2014	As at 31 March, 2013
<b>Owned assets</b>										
Freehold land	10.56	-	-	10.56	-	-	-	-	10.56	10.56
	(10.56)	-	-	(10.56)	-	-	-	-	(10.56)	
Leasehold land	2,595.99	-	-	2,595.99	27.86	26.21	-	54.07	2,541.92	2,568.13
	(2,595.99)	-	-	(2,595.99)	(1.65)	(26.21)	-	(27.86)	(2,568.13)	
Buildings	2,797.29	-	362.55	2,434.74	354.73	70.72	65.16	360.29	2,074.45	2,442.56
	(2,714.54)	(82.75)	-	(2,797.29)	(281.79)	(72.94)	-	(354.73)	(2,442.56)	
Plant and machinery	27,617.78	1,776.28	462.52	28,931.54	10,471.50	1,732.53	406.98	11,797.05	17,134.49	17,146.28
	(26,538.03)	(1,184.67)	(104.92)	(27,617.78)	(8,867.87)	(1,647.27)	(43.64)	(10,471.50)	(17,146.28)	
Furniture and fixtures	319.82	65.34	-	385.16	89.20	20.13	-	109.33	275.83	230.62
	(319.02)	(0.80)	-	(319.82)	(70.06)	(19.14)	-	(89.20)	(230.62)	
Vehicles	289.53	-	48.90	240.63	106.94	24.39	25.30	106.03	134.60	182.59
	(312.87)	(11.12)	(34.46)	(289.53)	(96.56)	(26.75)	(16.37)	(106.94)	(182.59)	
Office equipment	629.89	62.00	108.54	583.35	252.28	72.55	89.68	235.15	348.20	377.61
	(560.93)	(74.24)	(5.28)	(629.89)	(188.03)	(65.48)	(1.23)	(252.28)	(377.61)	
<b>Total</b>	<b>34,260.86</b>	<b>1,903.62</b>	<b>982.51</b>	<b>35,181.97</b>	<b>11,302.51</b>	<b>1,946.53</b>	<b>587.12</b>	<b>12,661.92</b>	<b>22,520.05</b>	<b>22,958.35</b>
As at and for the year ended 31 March, 2013	(33,051.94)	(1,353.58)	(144.66)	(34,260.86)	(9,505.96)	(1,857.79)	(61.24)	(11,302.51)	(22,958.35)	

Intangible assets	Gross Block				Depreciation / amortisation				Net Block	
	As at 1 April, 2013	Additions/ adjustments	Deductions/ adjustments	As at 31 March, 2014	As at 1 April, 2013	For the year	Deductions/ adjustments	Upto 31 March, 2014	As at 31 March, 2014	As at 31 March, 2013
Computer software	164.52	13.81	-	178.33	75.46	26.71	-	102.17	76.16	89.06
	(148.77)	(15.75)	-	(164.52)	(49.64)	(25.82)	-	(75.46)	(89.06)	
<b>Total</b>	<b>164.52</b>	<b>13.81</b>	<b>-</b>	<b>178.33</b>	<b>75.46</b>	<b>26.71</b>	<b>-</b>	<b>102.17</b>	<b>76.16</b>	<b>89.06</b>
As at and for the year ended 31 March, 2013	(148.77)	(15.75)	-	(164.52)	(49.64)	(25.82)	-	(75.46)	(89.06)	
Capital work-in-progress									531.18	870.64

Note: Figures in parentheses are as at and for the year ended 31 March, 2013

## Notes forming part of Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

### NOTE 13 NON-CURRENT INVESTMENTS

	As at 31 March, 2014			As at 31 March, 2013		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
(a) Investment property (at cost less accumulated depreciation, given on operating lease)						
Cost of premises	-	4,759.32	4,759.32	-	4,759.32	4,759.32
<b>add:</b> purchased / adjustment during the year	-	349.49	349.49	-	-	-
<b>less:</b> accumulated depreciation (including on reclassification ₹ 56.20 lacs)	-	360.47	360.47	-	222.44	222.44
<b>Net</b>	-	4,748.34	4,748.34	-	4,536.88	4,536.88
(b) Non-trade investments (valued at cost unless stated otherwise)						
<i>Investment in equity instruments</i>						
(i) of subsidiaries						
150,000 (as at 31 March, 2013, 150,000) equity shares of Sulakshana Securities Limited of ₹ 10/- each, fully paid-up	-	15.00	15.00	-	15.00	15.00
5,100 (as at 31 March, 2013, 5,100) equity shares of Manchester Organics Limited of £ 0.01 each, fully paid-up	-	3,265.12	3,265.12	-	3,265.12	3,265.12
(ii) of associates						
Nil * (as at 31 March, 2013, 17,747,072) equity shares of Mafatlal Denim Limited of ₹ 10/- each, fully paid-up (Refer note 43)	-	-	-	-	1,552.73	1,552.73
(iii) of joint venture						
12,500 (as at 31 March 2013, 12,500) equity shares of ₹ 10/- each fully paid-up in Swarnim Gujarat Fluorspar Private Limited	-	1.25	1.25	-	1.25	1.25
(iv) of other companies						
481,600 (as at 31 March, 2013, 481,600) equity shares of Cebon Apparel Private Limited of ₹ 10/- each, fully paid-up	-	9.03	9.03	-	9.03	9.03
9,300 (as at 31 March, 2013, 9,300) equity shares of Mafatlal Services Limited of ₹ 100/- each, fully paid-up	-	12.74	12.74	-	12.74	12.74
1,774,707 * (as at 31 March, 2013, nil) equity shares of Mafatlal Industries Limited of ₹ 10/- each, fully paid-up (Refer note 43)	1,552.73	-	1,552.73	-	-	-
6,850,000 (as at 31 March, 2013, 6,850,000) equity shares of NOCIL Limited of ₹ 10/- each, fully paid-up	1,137.84	-	1,137.84	1,137.84	-	1,137.84
	2,690.57	3,303.14	5,993.71	1,137.84	4,855.87	5,993.71
<b>less:</b> adjustments to the carrying amount of investments	-	15.00	15.00	-	15.00	15.00
	2,690.57	3,288.14	5,978.71	1,137.84	4,840.87	5,978.71
<i>Investment in preference shares</i>						
Nil (as at 31 March, 2013, 30,000,000) Fully Redeemable Non-Cumulative preference shares of Mafatlal Industries Limited of ₹ 10/- each, fully paid-up	-	-	-	-	3,000.00	3,000.00
	-	-	-	-	3,000.00	3,000.00

## Notes forming part of Financial Statements for the year ended 31 March, 2014

## NOTE 13 NON-CURRENT INVESTMENTS (Contd.)

(₹ in lacs)

	As at 31 March, 2014			As at 31 March, 2013		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<b>Investment in Debentures</b>						
4 (as at 31 March, 2013, nil) 18% Redeemable Non-Convertible Debentures of Eldeco Sohna Projects Limited of ₹ 5,000,000/- each	-	200.00	200.00	-	-	-
4 (as at 31 March, 2013, nil) 17% Redeemable Non-Convertible Debentures of ATS Almond Infrabuild Private Limited of ₹ 5,000,000/- each	-	200.00	200.00	-	-	-
<b>Investment in bonds</b>						
150** 11% Corporate bonds - series IV of Housing Development Finance Corporation	-	1.50	1.50	-	1.50	1.50
<b>Investment in mutual funds (face value of ₹ 10/- each)</b>						
Nil (as at 31 March, 2013, 3,728,255) units of HDFC Income Fund Growth	-	-	-	-	1,000.00	1,000.00
Nil (as at 31 March, 2013, 2,710,064) units of ICICI Prudential Income Fund	-	-	-	-	1,000.00	1,000.00
Nil (as at 31 March, 2013, 1,715,982) units ICICI Pru Corporate Bond Fund - B Growth	-	-	-	-	300.00	300.00
3,000,000 (as at 31 March, 2013, 3,000,000) units of J. P. Morgan India Income Fund series 301	-	300.00	300.00	-	300.00	300.00
4,000,000 (as at 31 March, 2013, 4,000,000) units of DSP BlackRock FTP - Series 11	-	400.00	400.00	-	400.00	400.00
5,000,000 (as at 31 March, 2013, nil) units of Reliance Interval Fund - II Series 2	-	500.00	500.00	-	-	-
6,200,000 (as at 31 March, 2013, nil) units of ICICI Prudential Fixed Maturity Plan - Series 72	-	620.00	620.00	-	-	-
5,000,000 (as at 31 March, 2013, nil) units of HDFC FMP - Series 28	-	500.00	500.00	-	-	-
	-	2,320.00	2,320.00	-	3,000.00	3,000.00
<b>Investment in partnership firm</b>						
Capital contribution in Urvija Associates (subsidiary)	-	0.80	0.80	-	0.80	0.80
<b>Total</b>	<b>2,690.57</b>	<b>10,758.78</b>	<b>13,449.35</b>	<b>1,137.84</b>	<b>15,380.05</b>	<b>16,517.89</b>
Aggregate amount of quoted investments			2,690.57			1,137.84
Aggregate market value of listed and quoted investments			3,126.70			959.00
Aggregate amount of unquoted investments			10,758.78			15,380.05

Details of investment in partnership firm - Urvija Associates	As at 31 March, 2014		As at 31 March, 2013	
Name of the partner	Total capital	Share of profits	Total capital	Share of profits
Navin Fluorine International Limited	0.80	80%	0.80	80%
Mayflower Textiles Private Limited	0.10	10%	0.10	10%
Myrtle Textiles Private Limited	0.10	10%	0.10	10%

\* the investments have been pledged against credit facilities of Mafatlal Industries Limited (Mafatlal Denim Limited in the previous year)

\*\* pending transfer in the Company's name and not available for physical verification.

## Notes forming part of Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
<b>NOTE 14 LONG-TERM LOANS AND ADVANCES</b>		
<b>Capital advances</b>		
- Unsecured, considered good	568.75	51.80
<b>Security deposits</b>		
- Unsecured, considered good	555.70	510.12
<b>Loans and advances to related parties (refer note 44)</b>		
- Secured, considered good	2,277.06	2,396.70
- Unsecured, considered good	173.27	67.16
- Doubtful	-	380.38
	<b>2,450.33</b>	<b>2,844.24</b>
Provision for doubtful advances	-	380.38
	<b>2,450.33</b>	<b>2,463.86</b>
Loans and advances to employees (unsecured, considered good)	14.78	23.79
Prepaid expenses (unsecured, considered good)	4.75	0.97
Advance income-tax (net of provision ₹ 20,666.57 lacs, as at 31 March, 2013, ₹ 22,301.17 lacs) (unsecured, considered good)	1,546.71	1,750.13
Advance fringe benefit tax (net of provision ₹ 89.00 lacs, as at 31 March, 2013, ₹ 89.00 lacs)	12.08	12.08
<b>Other loans and advances (unsecured, considered good)</b>		
- Iraq gas project	162.70	162.70
- Land development	205.64	205.64
	<b>1,946.66</b>	<b>2,155.31</b>
<b>Total</b>	<b>5,521.44</b>	<b>5,181.09</b>

### Note,

Loans and advances in the nature of loans, due from:

Subsidiary Company:

Sulakshana Securities Limited	2,419.60	2,814.57
Maximum amount outstanding during the year	2,814.57	2,814.57

Others:

Staff	14.53	15.97
(interest bearing with repayment schedules beyond seven years) Maximum amount outstanding during the year	15.97	29.68

## Notes forming part of Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
<b>NOTE 15 CURRENT INVESTMENTS</b> (valued at lower of cost or fair value)		
<b>Unquoted</b>		
<i>Investment in Mutual Funds</i> (face value of ₹ 10/- each)		
Nil (as at 31 March, 2013, 8,000,000) units of SBI Debt Fund Series 8	-	800.00
Nil (as at 31 March, 2013, 6,000,000) units of Tata Fixed Maturity Plan Series 39 Scheme B	-	600.00
Nil (as at 31 March, 2013, 6,000,000) units of Sundaram Fixed Term Plan - CK	-	600.00
Nil (as at 31 March, 2013, 5,000,000) units of DWS Fixed Maturity Plan - Series 2	-	500.00
Nil (as at 31 March, 2013, 6,000,000) units of ICICI Prudential FMP Series 62 - Plan F	-	600.00
Nil (as at 31 March, 2013, 6,000,000) units of DWS Fixed Maturity Plan - Series 6	-	600.00
Nil (as at 31 March, 2013, 5,000,000) units of Tata Fixed Maturity Plan Series 40 Scheme A	-	500.00
Nil (as at 31 March, 2013, 5,000,000) units of ICICI Prudential FMP Series 63 - Plan D	-	500.00
Nil (as at 31 March, 2013, 3,000,000) units of Sundaram Fixed Term Plan - CQ	-	300.00
Nil (as at 31 March, 2013, 9,791,797) units of DWS Premier Bond Regular Plan - Growth	-	1,896.18
Nil (as at 31 March, 2013, 1,047,050) units of ICICI Prudential Short Term Fund	-	250.00
Nil (as at 31 March, 2013, 3,186,337) units of Reliance Dynamic Bond Fund	-	500.00
Nil (as at 31 March, 2013, 1,267,482) units of Templeton Income Builder Fund	-	500.00
1,234,775 (as at 31 March, 2013, nil) units of Templeton Income Builder Fund - Plan A	500.00	-
3,241,226 (as at 31 March, 2013, nil) units of ICICI Pru Corporate Bond Fund Regular Plan Half Yearly Dividend	337.64	-
7,500,000 (as at 31 March, 2013, nil) units of IDFC Fixed Term Plan - Series 31	750.00	-
6,762,605 (as at 31 March, 2013, nil) units of SBI Dynamic Bond Fund	1,000.00	-
7,000,000 (as at 31 March, 2013, nil) units of DSP Blackrock FMP - Series 111	700.00	-
5,000,000 (as at 31 March, 2013, nil) units of SBI Debt Fund Series	500.00	-
10,000,000 (as at 31 March, 2013, nil) units of HDFC FMP 372D	1,000.00	-
10,000,000 (as at 31 March, 2013, nil) units of HDFC FMP	1,000.00	-
10,000,000 (as at 31 March, 2013, nil) units of Axis Fixed Term Plan-Series 56	1,000.00	-



## Notes forming part of Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
<b>NOTE 15 CURRENT INVESTMENTS (valued at lower of cost or fair value)</b> <i>(Contd.)</i>		
10,000,000 (as at 31 March, 2013, nil) units of DWS Fixed Maturity Plan-Series 51	1,000.00	-
10,000,000 (as at 31 March, 2013, nil) units of Reliance Fixed Horizon Fund - XXV - Series 26	1,000.00	-
20,049,045 (as at 31 March, 2013, nil) units of DWS Fixed Maturity Plan-Series 51	2,004.90	-
11,000,000 (as at 31 March, 2013, nil) units of HDFC FMP	1,100.00	-
8,918,026 (as at 31 March, 2013, nil) units of Templeton Income Builder Fund - Plan A	952.28	-
<b>Total</b>	<b>12,844.82</b>	<b>8,146.18</b>
<b>NOTE 16 INVENTORIES (valued at lower of cost and net realizable value)</b>		
Raw materials	2,403.06	3,830.30
Work-in-progress	540.11	386.43
Finished goods	2,215.61	2,162.74
Traded goods	53.72	191.94
Stores and spares	514.12	621.81
<b>Total</b>	<b>5,726.62</b>	<b>7,193.22</b>
<b>Details of work-in-progress</b>		
Fluoro chemicals	540.11	386.43
<b>NOTE 17 TRADE RECEIVABLES</b>		
<b>Unsecured</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	82.19	6.77
Doubtful	30.17	39.30
	112.36	46.07
<i>less:</i> provision for doubtful trade receivables	30.17	39.30
	<b>82.19</b>	<b>6.77</b>
<b>Other receivables</b>		
Unsecured, considered good	8,204.82	7,077.78
Doubtful	2.69	2.69
	<b>8,207.51</b>	<b>7,080.47</b>
<i>less:</i> provision for doubtful trade receivables	2.69	2.69
	<b>8,204.82</b>	<b>7,077.78</b>
<b>Total</b>	<b>8,287.01</b>	<b>7,084.55</b>

## Notes forming part of Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
<b>NOTE 18 CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	7.27	7.39
Balances with banks		
in current accounts	2,026.71	2,021.55
in deposits accounts		
- original maturity of 3 months or less	136.50	400.00
	<b>2,170.48</b>	<b>2,428.94</b>
<b>Other bank balances</b>		
in deposit accounts		
- original maturity more than 3 months	150.00	125.00
in earmarked accounts		
- unpaid dividend account	191.87	173.56
- buy-back account	1.09	4.47
- balances held as margin money	14.59	14.59
	<b>357.55</b>	<b>317.62</b>
<b>Total</b>	<b>2,528.03</b>	<b>2,746.56</b>

Certain current accounts with banks, which have been transferred from MIL pursuant to its scheme of demerger, are in the process of being transferred in the Company's name.

<b>NOTE 19 SHORT TERM LOANS AND ADVANCES</b>		
<b>Loan and advances to related parties (refer note 44)</b>		
- Unsecured, considered good	67.02	24.70
<b>Security deposits</b>		
- Unsecured, considered good	100.21	40.34
Loans to employees (unsecured, considered good)	9.75	9.95
Prepaid expenses (unsecured, considered good)	71.91	37.05
<b>Balances with statutory / government authorities (unsecured, considered good)</b>		
- CENVAT credit receivable	197.41	242.77
- Service tax credit receivable	516.97	221.29
	<b>796.04</b>	<b>511.06</b>
<b>Other loans and advances (unsecured, including advance to suppliers)</b>		
Unsecured, considered good	1,582.57	665.07
Doubtful	2.43	2.43
	<b>1,585.00</b>	<b>667.50</b>
Provision for doubtful advances	2.43	2.43
	<b>1,582.57</b>	<b>665.07</b>
<b>Total</b>	<b>2,545.84</b>	<b>1,241.17</b>
<b>Note,</b>		
Loans and advances in the nature of loans, due from:		
Staff (interest bearing)	8.50	9.95
Maximum amount outstanding during the year	8.50	9.95

## Notes forming part of Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
<b>NOTE 20 OTHER CURRENT ASSETS</b>		
Interest accrued on fixed deposits with banks	24.05	12.76
Rent receivable	165.01	101.08
<b>Total</b>	<b>189.06</b>	<b>113.84</b>

<b>NOTE 21 REVENUE FROM OPERATIONS</b>		
<b>Sale of products</b>		
Finished goods	47,505.70	55,244.34
Traded goods	637.26	511.18
	<b>48,142.96</b>	<b>55,755.52</b>
<b>Other operating Revenue</b>		
Scrap sales	198.72	178.64
<b>Revenue from operations (gross)</b>	<b>48,341.68</b>	<b>55,934.16</b>
<i>less: Excise Duty *</i>	3,427.84	3,464.79
<b>Revenue from operations (net)</b>	<b>44,913.84</b>	<b>52,469.37</b>

\*Excise duty deducted from turnover represents excise duty collected on sale of goods. Excise duty shown under 'expenditure' (note 28) represents the aggregate of excise duty borne by the Company and difference between excise duty on opening and closing stocks of finished goods.

<b>Details of products sold</b>		
<b>Finished goods</b>		
Synthetic cryolite, aluminium fluoride, fluorocarbon gases	15,720.75	18,076.71
Carbon credits	-	5,710.54
Hydrofluoric acid and other fluorine chemicals	28,448.89	29,344.75
Others (including sulphuric acid and oleum)	3,336.06	2,112.34
	<b>47,505.70</b>	<b>55,244.34</b>
<b>Traded goods</b>		
Mafron gases	446.25	511.18
Others	191.01	-
	<b>637.26</b>	<b>511.18</b>
<b>Total</b>	<b>48,142.96</b>	<b>55,755.52</b>

## Notes forming part of Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
<b>NOTE 22 OTHER INCOME</b>		
Interest income (Refer note 1, below)	148.47	415.67
Dividend income:		
Current investments	12.51	12.37
Long-term investments	129.83	41.10
Other non-operating income (Refer note 2, below)	2,645.42	916.11
<b>Total</b>	<b>2,936.23</b>	<b>1,385.25</b>
<b>Notes,</b>		
<b>1 Interest income comprises:</b>		
Interest from banks on deposits	28.35	362.56
Interest on loans & advances	37.04	14.19
Interest on Investments	8.37	-
Other interest	74.71	38.92
	<b>148.47</b>	<b>415.67</b>
<b>2 Other non-operating income:</b>		
Rental income from investment property	1,061.14	524.47
Provision for doubtful debts / advances written back / credit balances written back	391.16	36.03
Excess provision of earlier years written back (net)	1.87	75.03
Insurance claims	98.27	18.62
Profit on sale of current investments	1,085.95	172.15
Share of profit in the partnership firm where the Company is a partner	1.07	-
Miscellaneous income	5.96	89.81
	<b>2,645.42</b>	<b>916.11</b>

## Notes forming part of Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
<b>NOTE 23 COST OF RAW MATERIALS CONSUMED</b>		
Inventories at the beginning of the year	3,830.30	4,864.43
<i>add:</i> purchases	19,431.65	23,754.53
	<b>23,261.95</b>	<b>28,618.96</b>
<i>less:</i> Inventories at the end of the year	2,403.06	3,830.30
	<b>20,858.89</b>	<b>24,788.66</b>
<b>Details of raw materials consumed</b>		
Fluorspar	7,381.12	8,953.97
Chloromethanes	1,456.03	2,702.91
Spor 11	1,550.35	1,639.24
Sulphur	1,228.21	1,398.66
Others	9,243.18	10,093.88
<b>Total</b>	<b>20,858.89</b>	<b>24,788.66</b>
Purchase of stock-in-trade - Mafron gases	442.65	619.86
	<b>442.65</b>	<b>619.86</b>
<b>NOTE 24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Inventories at the end of the year</b>		
Finished goods	2,215.61	2,162.74
Work-in-process	540.11	386.43
Stock-in-trade	53.72	191.94
	<b>2,809.44</b>	<b>2,741.11</b>
<b>Inventories at the beginning of the year</b>		
Finished goods	2,162.74	2,267.66
Work-in-process	386.43	385.17
Stock-in-trade	191.94	73.52
	<b>2,741.11</b>	<b>2,726.35</b>
<b>Net increase</b>	<b>68.33</b>	<b>14.76</b>
<b>NOTE 25 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	4,066.52	3,806.22
Contribution to provident and other funds	376.24	338.72
Gratuity expenses	154.84	70.52
Staff welfare expenses	229.59	200.73
<b>Total</b>	<b>4,827.19</b>	<b>4,416.19</b>
<b>NOTE 26 FINANCE COSTS</b>		
Interest on borrowings	413.78	542.95
Interest on others	56.21	18.01
Other borrowing costs	69.64	48.78
<b>Total</b>	<b>539.63</b>	<b>609.74</b>

## Notes forming part of Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
<b>NOTE 27 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation and amortisation of tangible assets	1,946.53	1,857.79
Amortisation of intangible assets	26.71	25.82
Depreciation of investment property	81.83	77.56
<b>Total</b>	<b>2,055.07</b>	<b>1,961.17</b>
<b>NOTE 28 OTHER EXPENSES</b>		
Consumption of stores and spares	1,697.95	1,529.94
Consumption of packing materials	1,613.87	1,436.47
Excise duty	48.89	(26.75)
Power and fuel	3,460.71	3,892.37
Rent	265.59	210.83
Repairs to buildings	283.03	109.40
Repairs to machinery	364.77	245.89
Labour charges	617.43	680.62
Insurance	87.91	92.59
Rates and taxes	295.25	266.20
Commission and discounts	633.88	350.76
Transport and freight charges (net)	1,222.73	1,600.27
Loss on sale / write off of fixed assets (net)	29.14	56.10
Provision for doubtful debts / advances	1.57	23.21
Bad debts / advances written off	1.80	-
Share of loss in the partnership firm where the Company is a partner	-	0.11
Net loss on foreign currency transactions and translations	58.74	866.48
Donations	34.60	522.00
Legal and professional fees *	448.06	928.55
Miscellaneous expenses	1,616.54	1,830.95
<b>Total</b>	<b>12,782.46</b>	<b>14,615.99</b>

\* previous year figure includes current market value of carbon credits given to overseas marketing and other service providers.

Payments to auditors	For the year ended 31 March, 2014	For the year ended 31 March, 2013
To statutory auditor		
For audit	15.00	15.00
For taxation matters	4.40	4.58
For other services	10.20	16.80
Reimbursement of expenses	0.15	0.27
	<b>29.75</b>	<b>36.65</b>
To cost auditor		
For audit	2.50	2.50
Reimbursement of expenses	0.03	0.04
	<b>2.53</b>	<b>2.54</b>
<b>Total</b>	<b>32.28</b>	<b>39.19</b>

## Notes forming part of Financial Statements for the year ended 31 March, 2014

### NOTE 29 EARNINGS PER SHARE (EPS)

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year, as under:

	Current year	Previous year
Profit attributable to equity shareholders – (₹ in lacs)	5,066.39	4,316.33
Weighted average number of equity shares outstanding during the year	9,761,097	9,761,097
Basic earnings per share – ₹	51.90	44.22
Diluted earnings per share – ₹	51.90	44.22
Nominal value per share – ₹	10.00	10.00

Note,

Stock options granted to certain executives not being dilutive have not been considered for the purpose of computing diluted earnings per share.

### NOTE 30 EMPLOYEE BENEFITS

Contributions are made to Recognized Provident Fund / Government Provident Fund and Family Pension Fund which covers all regular employees. Contribution is also made in respect of executives to a Recognized Superannuation Fund. While both the employees and the Company make predetermined contributions to the Provident Fund, contribution to the Family Pension Fund and Superannuation Fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. Amount recognized as expense in respect of these defined contribution plans, aggregate to ₹ 376.24 lacs (previous year, ₹ 338.72 lacs).

Contributions are made to a Recognized Gratuity Fund in respect of gratuity and provision is made for compensated absences based upon actuarial valuation done at the end of every financial year using 'Projected Unit Credit' method and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions are accounted for in the Statement of Profit and Loss.

The charge on account of provision for gratuity and compensated absences has been included in 'Contribution to provident fund and other funds' and 'Salaries, wages and bonus' respectively.

In respect of gratuity (funded):

(₹ in lacs)

	Current year	Previous year
<b><i>Reconciliation of liability recognized in the Balance Sheet</i></b>		
Present value of commitments	(1136.67)	(1016.80)
Fair value of plan assets	1061.83	962.18
Net liability in the Balance Sheet	(74.84)	(54.62)
<b><i>Movement in net liability recognized in the Balance Sheet</i></b>		
Net liability as at beginning of the year	(54.62)	(49.10)
Net expense recognized in the Statement of Profit and Loss	(154.84)	(70.52)
Contribution during the year	134.62	65.00
Net liability as at end of the year	(74.84)	(54.62)
<b><i>Expense recognized in the Statement of Profit and Loss</i></b>		
Current service cost	77.67	42.85
Interest cost	83.89	79.94
Expected return on plan assets	(83.71)	(76.66)
Actuarial (gains) / losses	76.99	24.39
Expense charged to the Statement of Profit and Loss	154.84	70.52



## Notes forming part of Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

## NOTE 30 EMPLOYEE BENEFITS (Contd.)

	Current year	Previous year
<b>Return on plan assets</b>		
Expected return on plan assets	83.71	76.66
Actuarial gains / (losses)	(10.28)	(2.38)
Actual return on plan assets	73.43	74.28
<b>Reconciliation of defined-benefit commitments</b>		
Commitments as at beginning of the year	1016.80	940.44
Current service cost	77.67	42.85
Interest cost	83.89	79.94
Paid benefits	(108.40)	(68.44)
Actuarial (gains) / losses	66.71	22.01
Commitments as at end of the year	1136.67	1016.80
<b>Reconciliation of plan assets</b>		
Plan assets as at beginning of the year	962.18	891.34
Expected return on plan assets	83.71	76.66
Contributions during the year	134.62	65.00
Paid benefits	(108.40)	(68.44)
Actuarial gains / (losses)	(10.28)	2.38
Plan assets as at end of the year	1061.83	962.18

The actuarial calculations used to estimate commitments and expenses in respect of gratuity are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense:

	Current year %	Previous year %
Discount rate	9.31	8.25
Expected return on plan assets	8.70	8.70
Expected rate of salary increase	7.00	5.50

<b>Mortality</b>	<b>Indian Assured Life Mortality (2006-08) Ultimate</b>	
Estimate of amount of contribution in the immediate next year	135.91	121.20

Experience adjustment	On plan liability (gain) / loss	On plan assets gain / (loss)
2013-14	29.12	(10.28)
2012-13	28.70	46.72
2011-12	52.91	3.10
2010-11	91.70	0.45
2009-10	43.15	(10.34)

<b>The fair value of the plan assets is distributed in the following manner</b>	<b>Current year %</b>	<b>Previous year %</b>
Deposits with a nationalised bank	20.46	21.49
Various debt instruments	79.54	78.51

## Notes forming part of Financial Statements for the year ended 31 March, 2014

### NOTE 31 EMPLOYEE STOCK OPTION SCHEME

- The Company's Employee Stock Option Scheme has been approved by the Board of Directors of the Company on 1 May, 2007.
- The vesting period is over four years from the date of grant, commencing after one year from the date of grant.
- Exercise Period would commence one year from date of grant and will expire on completion of ten years from the date of vesting.
- The options will be settled in equity shares of the Company.
- The Company used the intrinsic value method to account for ESOPs.
- The exercise price has been determined to be the market price on the days preceding the dates of grants.
- Consequently, no compensation cost has been recognized by the Company in accordance with the "Guidance Note on Accounting for Employee Share-based payments" issued by The Institute of Chartered Accountants of India.
- Details of movement of options:

	As at 31 March, 2014	As at 31 March, 2013
Particulars	Nos.	Nos.
Options outstanding at the beginning of the year	32,300	32,300
Options granted during the year	NIL	NIL
Options vested during the year	NIL	NIL
Options exercised during the year	NIL	NIL
Options forfeited during the year	NIL	NIL
Options lapsed / surrendered during the year	2100	NIL
Options outstanding at the end of the year	30,200	32,300

- Had fair value method been used, the compensation cost would have been higher by ₹ nil (previous year ₹ nil), Profit after tax would have been lower by ₹ nil (previous year ₹ nil) and EPS – both basic and diluted – would have been ₹ 51.90 per share (previous year ₹ 44.22 per share).
- Weighted Average exercise price of the above options is ₹ 381/- per share.

### NOTE 32 LEASE

- The Company has taken office, residential premises and vehicles under operating lease or leave and license agreements. These are generally cancelable in nature and range between 11 months to 48 months. These leave and license agreements are generally renewable or cancelable at the option of the Company or the lessor. The lease payment recognised in the Profit and Loss account is ₹ 265.59 lacs (previous year ₹ 210.83 lacs).
- The Company has taken office premise under lease rental agreement. Details of minimum lease payments for non-cancellable lease are as under: (₹ in lacs)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Not later than one year	220.80	145.90
Later than one year and not later than five years	427.30	274.15
<b>Total</b>	<b>648.10</b>	<b>420.05</b>

- The Company has given office premises under lease rental agreement. Details of rent income are as under: (₹ in lacs)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Not later than one year	362.33	379.70
Later than one year and not later than five years	164.62	569.13
<b>Total</b>	<b>526.95</b>	<b>948.83</b>
Operating lease rentals credited to the Statement of Profit and Loss	1061.14	524.47

## Notes forming part of Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

**NOTE 32 LEASE (Contd.)**

(d) Other details of premises which have been given on operating lease for a period of upto sixty months are as under:

Particulars	As at 31 March, 2014	As at 31 March, 2013
Gross block as at the year end	5,108.81	4,759.32
Accumulated depreciation as at the year end	360.47	222.44
Depreciation charged during the year	81.83	77.56

**NOTE 33 SEGMENT INFORMATION***Primary*

The Company is engaged in the 'chemicals business' and it is the primary segment.

*Secondary*

The Company has two geographical segments based upon location of its customers - within and outside India: (₹ in lacs)

Particulars	As at and for the year ended 31 March, 2014			As at and for the year ended 31 March, 2013		
	Within India	Outside India	Total	Within India	Outside India	Total
Revenues	34,540.84	13,602.12	48,142.96	34,737.12	21,018.40	55,755.52
Segment assets	41,181.16	2,657.41	43,838.57	41,064.64	1,905.07	42,969.71
Cost incurred on acquisition of fixed assets	1,577.97	-	1,577.97	1,716.93	-	1,716.93

**NOTE 34**

With the redemption of Preference shares of ₹ 3,000.00 lacs by Mafatlal Industries Limited (MIL) during the year, all financial assistances provided to MIL for their expeditious rehabilitation stands repaid as on 31 March 2014.

The Company received ₹ 394.97 lacs during the year from its wholly owned subsidiary Sulakshana Securities Limited (SSL), towards partial repayment of interest free advances provided in earlier years. Consequently, a provision for doubtful advances made in this context in earlier years of ₹ 380.37 lacs is also written back. The market value of the assets of SSL far exceeds the outstanding advance to SSL of ₹ 2,419.60 lacs (previous year ₹ 2,814.57 lacs) at the year end.

A corporate guarantee given to a lender of MIL expired during the year. Consequently the contingency reserve of ₹ 1,000.00 lacs created in this regard now stands transferred to general reserve of the Company, as it is no longer required.

**NOTE 35**

MIL was executing a project in Iraq when hostilities broke out between Iraq and Kuwait in 1990-91, resulting in suspension of project work. In view of the post war sanctions imposed by the United Nations and the Government of India, suspended operations could not be resumed. The customer's bankers have asked for extension of bank guarantees for advance payment and performance and the State Bank of India (SBI), in turn, had claimed that the funds deposited with them in respect of the aforesaid project are subject to lien which was subsequently released on alternate arrangements. In view of the continuing uncertain circumstances, the receipts and payments under the contracts, transferred to the Company pursuant to the SS of MIL, continue to be carried forward and necessary adjustments would be made on the status of the project becoming clearer.

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
<b>NOTE 36 CAPITAL AND OTHER COMMITMENTS</b>		
i. <b>Capital commitments:</b> Estimated amount of contracts remaining to be executed on capital account and not provided for	4274.95	417.30
ii. <b>Other commitments:</b> Estimated amount of obligation on account of non-fulfillment of export commitments under various advance licenses	97.40	209.00

## Notes forming part of Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
<b>NOTE 37 CONTINGENT LIABILITIES</b>		
In respect of:		
a. <b>Excise matters disputed in appeal</b> These relate to MODVAT on capital purchases (pending before the Assistant Commissioner) and permit fee on purchase of alcohol (pending before the High Court)	127.52	158.20
b. <b>Claims against the Company not acknowledged as debts</b> Labour matters involving issues like regularization of employment, termination of employment, compensation against severance, etc.	17.64	22.65
c. <b>Sales-tax matters disputed in appeal</b> These relate to classification of goods and consequent dispute on the rates of sales-tax (pending at various stages from Assistant Commissioner to High Court)	200.50	199.49
d. <b>Income tax matters disputed in appeal</b>	721.02	805.61

In all the above matters, the Company is hopeful of succeeding and as such does not expect any significant liability to crystallize.

### NOTE 38 DERIVATIVE INSTRUMENTS

- a. The Company enters into forward contracts to offset foreign currency risks arising from the amounts denominated in currencies other than the Indian Rupee. The counter party to such forward contracts is a bank. These contracts are entered into to hedge the foreign currency risks on outstandings. Details of forward contracts outstanding as at the year end:

Currency	Exposure to buy / sell	As at the year end	
		₹ in lacs	Foreign currency in lacs
US Dollars	Sell	1662.36	27.75
		(796.61)	(14.67)
GBP	Sell	264.88	2.65
		(-)	(-)
US Dollars	Buy	1549.07	25.85
		(2787.97)	(51.36)

Note: Figures in parentheses are for the previous year.

- b. Net exchange difference in respect of forward contracts to be credited - debited in subsequent accounting year amounts to debit ₹ 28.28 lacs (as at 31 March, 2013, ₹ 4.86 lacs).
- c. Foreign currency exposure at the year end not hedged by derivative instruments

(₹ in lacs)

Particulars	As at 31 March, 2014	As at 31 March, 2013
<b><i>Receivables against export of goods and services</i></b>		
US Dollars	533.89	587.54
Euros	13.95	57.85
GBP	331.98	425.37
<b><i>Advance received from customers</i></b>		
US Dollars	312.36	59.28
GBP	-	70.31
<b><i>Payables against import of goods and services</i></b>		
US Dollars	302.92	270.81
GBP	2.82	-
<b><i>Advance payment to suppliers</i></b>		
US Dollars	181.32	49.98
Euros	-	0.65
CHF	-	76.54
GBP	-	1.59

## Notes forming part of Financial Statements for the year ended 31 March, 2014

### NOTE 39 RESEARCH AND DEVELOPMENT EXPENDITURE

The details of research and development expenditure of ₹ 1,026.58 lacs (previous year ₹ 1,091.84 lacs) included in the figures reported under notes 12 and 23 to 28 are as under:

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
Capital expenditure	21.58	93.07
Revenue expenditure	1,005.00	998.77
	<b>1,026.58</b>	<b>1,091.84</b>

The details of revenue expenditure incurred on research and development are as under :

Salaries / Wages	395.36	356.30
Material / Consumable / Spares	222.31	233.99
Utilities	132.34	208.20
Other expenditure	139.41	71.73
Depreciation	115.58	128.55
	<b>1,005.00</b>	<b>998.77</b>

### NOTE 40

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

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
i. Principal amount remaining unpaid to any supplier as at the end of the accounting year	16.75	41.01
ii. Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
iii. The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
iv. The amount of interest due and payable for the year	-	-
v. The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
vi. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

### NOTE 41

The Company has not made any remittances in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances in foreign currencies on account of dividends have been made by or on behalf of non-resident shareholders. The particulars of dividends paid to non-resident shareholders are as follows:

	Year ended 31 March, 2014	Year ended 31 March, 2013
Year to which dividend relates	2012-13	2011-12
Number of non-resident shareholders	376	355
Number of shares held by them on which dividend is due	551,922	596,885
Amount remitted to bank accounts in India of non-resident shareholders – (₹ in lacs)	41.39	396.93

## Notes forming part of Financial Statements for the year ended 31 March, 2014

### NOTE 41 (Contd.)

	Year ended 31 March, 2014	Year ended 31 March, 2013
Year to which dividend relates	Interim 2013-14	Interim 2012-13
Number of non-resident shareholders	373	387
Number of shares held by them on which dividend is due	623,901	597,561
Amount remitted to bank accounts in India of non-resident shareholders – (₹ in lacs)	46.79	44.82

### NOTE 42

The Company has a Joint Venture interest of 25% in Swarnim Gujarat Fluorspar Private Limited., a company incorporated under the Companies Act, 1956 on 19 June, 2012. As on 31 March, 2014 the Company has invested a sum of ₹ 1.25 Lacs in the share capital of this Joint Venture.

The JVC is engaged in the business of manufacture of Acid Grade Fluorspar and allied activities.

- a) The Company's share of each of the assets, liabilities, income and expenses etc. (each, without elimination of the effect of the transactions between the Company and the JVC) related to its interest in this JVC, based on the unaudited accounts for the year ended 31 March, 2014 are as under:

(₹ in lacs)

Sr. No	Particulars	As at 31 March, 2014	As at 31 March, 2013
(i)	Assets	40.88	13.29
(ii)	Liabilities	47.78	17.98
(iii)	Income	-	-
(iv)	Expenses	2.21	5.94

- b) The Company's share of capital commitments in the JVC as at 31 March, 2014 is ₹ Nil.  
c) The Company's share of contingent liability of the JVC as at 31 March, 2014 is ₹ Nil.  
d) The Company's transactions with JVC, being a related party, are disclosed in note no. 44.

### NOTE 43

With effect from 1 April, 2012 Mafatlal Denim Limited (MDL) has been amalgamated with MIL under the composite scheme of arrangement and amalgamation of MDL and Mishapal Investments Ltd. with MIL. Consents of the Honorable High Courts of Bombay and Gujarat for the scheme were received and filed with the Registrar of Companies (ROC) during the year. On the amalgamation becoming effective during the year, NFIL received shares of MIL in lieu of the MDL shares of the same value.

### NOTE 44 RELATED PARTY TRANSACTIONS

Enterprises over which key management personnel and their relatives are able to exercise significant influence

Mafatlal Industries Limited

Mafatlal Fabrics Private Limited

NOCIL Limited

Seth Navinchandra Mafatlal Foundation Trust

Sri Sadguru Seva Sangh Trust

#### Joint Venture

Swarnim Gujarat Fluorspar Private Limited

#### Names of related parties where control exists

Sulakshana Securities Limited – subsidiary company

Manchester Organics Limited – subsidiary company

Urvija Associates – a partnership firm where the Company is a majority partner

#### Key management personnel

Shri Hrishikesh A. Mafatlal (in the capacity of an individual / trustee)

Shri Vishad P. Mafatlal (in the capacity of an individual / karta)

Shri Atul K. Srivastava

Shri Shekhar S. Khanolkar

## Notes forming part of Financial Statements for the year ended 31 March, 2014

## NOTE 44 RELATED PARTY TRANSACTIONS (Contd.)

(₹ in lacs)

Details of transactions with related parties during the year / previous year

Nature of transactions	1	2	3	4	Total
<b>Sale of finished goods</b>					
NOCIL Limited	4.68				4.68
	7.02				7.02
Mafatlal Industries Limited	0.29				0.29
	0.13				0.13
Manchester Organics Limited			473.43		473.43
			92.29		92.29
<b>Purchase of raw materials</b>					
Manchester Organics Limited			8.58		8.58
			7.78		7.78
<b>Rental income</b>					
NOCIL Limited	163.80				163.80
	96.30				96.30
<b>Dividend Income</b>					
Mafatlal Industries Limited	88.74				88.74
	-				-
NOCIL Limited	41.10				41.10
	41.10				41.10
<b>Purchase of cloth for uniform</b>					
Mafatlal Industries Limited	4.93				4.93
	6.20				6.20
<b>Reimbursement of Expenses</b>					
Mafatlal Industries Limited	212.41				212.41
	382.54				382.54
<b>Managerial remuneration</b>					
Shri Hrishikesh A. Mafatlal				145.61	145.61
				154.31	154.31
Shri Vishad P. Mafatlal				7.00	7.00
				5.00	5.00
Shri Atul K. Srivastava				119.17	119.17
				181.41	181.41
Shri Shekhar S. Khanolkar				180.01	180.01
				161.54	161.54
<b>Sitting fees</b>					
Shri Vishad P. Mafatlal				1.40	1.40
				1.40	1.40
<b>Share of profit / (loss) in a partnership firm</b>					
Urvija Associates			1.07		1.07
			(0.11)		(0.11)



## Notes forming part of Financial Statements for the year ended 31 March, 2014

NOTE 44 RELATED PARTY TRANSACTIONS (Contd.)					(₹ in lacs)
Nature of transactions	1	2	3	4	Total
<b>Capital contribution in a partnership firm</b>					
(Urvija Associates)					
- current			1.07		1.07
			(0.11)		(0.11)
<b>Investment in equity shares</b>					
Swarnim Gujarat Fluorspar Private Limited		-			-
		1.25			1.25
<b>Redemption of preference shares</b>					
Mafatlal Industries Limited	3,000.00				3,000.00
	-				-
<b>Advances given to</b>					
Sulakshana Securities Limited			105.03		105.03
			8.00		8.00
Swarnim Gujarat Fluorspar Private Limited		32.00			32.00
		17.35			17.35
<b>Repayment of advance from</b>					
Mafatlal Industries Limited	11.67				11.67
	-				-
Sulakshana Securities Limited	500.00				500.00
	-				-
<b>Donation</b>					
Seth Navinchandra Mafatlal Foundation Trust	-				-
	500.00				500.00
Sri Sadguru Seva Sangh Trust	15.00				15.00
	15.00				15.00
<b>As at the year end</b>					
<b>Amounts due to</b>					
NOCIL Limited	1.49				1.49
	1.50				1.50
Shri Hrishikesh A. Mafatlal				98.00	98.00
				111.00	111.00
Shri Vishad P. Mafatlal				7.00	7.00
				5.00	5.00
Shri Shekhar S. Khanolkar				33.50	33.50
				33.00	33.00
Shri Atul K. Srivastava				-	-
				50.00	50.00
<b>Amounts due from</b>					
Mafatlal Industries Limited	-				-
	12.32				12.32
Manchester Organics Limited			85.10		85.10
			34.68		34.68

## Notes forming part of Financial Statements for the year ended 31 March, 2014

**NOTE 44 RELATED PARTY TRANSACTIONS (Contd.)**

(₹ in lacs)

Nature of transactions	1	2	3	4	Total
Mafatlal Industries Limited	0.04				0.04
	<i>0.04</i>				<i>0.04</i>
Urvija Associates			30.74		30.74
			<i>29.66</i>		<i>29.66</i>
Sulakshana Securities Limited			2,419.60		2,419.60
			<i>2,814.57</i>		<i>2,814.57</i>
NOCIL Limited	1.17				1.17
	<i>15.34</i>				<i>15.34</i>
Swarnim Gujarat Fluorspar Private Limited		49.35			49.35
		<i>17.35</i>			<i>17.35</i>
Provision for amounts receivable (Note 1)			-		-
			<i>380.37</i>		<i>380.37</i>

- Enterprises over which key management personnel and their relatives are able to exercise significant influence
- Joint Venture
- Related parties where control exists
- Key management personnel

**Notes,**

- Provision for doubtful advance of ₹ 380.37 lacs for Sulakshana Securities Limited has been written back during the year.
- Figures in italics are those as at and for the year ended 31 March, 2013

**NOTE 45 VALUE OF IMPORTS AND VALUE OF RAW MATERIALS, STORES, SPARES AND PACKING MATERIALS CONSUMED****(a) CIF value of imports**

(₹ in lacs)

	Year ended 31 March, 2014	Year ended 31 March, 2013
Raw materials	11,463.72	14,599.03
Stores, spares and packing materials	147.02	72.03
Capital goods	166.53	36.90

**(b) Consumption of raw materials and stores, spares and packing materials**

	Year ended 31 March, 2014		Year ended 31 March, 2013	
	₹ in lacs	Percentage of consumption	₹ in lacs	Percentage of consumption
<b>Raw materials</b>				
Imported	13,969.40	66.97	18,444.81	74.41
Indigenous	6,889.49	33.03	6,343.85	25.59
	<b>20,858.89</b>	<b>100.00</b>	<b>24,788.66</b>	<b>100.00</b>
<b>Stores, spares and packing materials</b>				
Imported	0.19	0.01	1.84	0.06
Indigenous	3,311.63	99.99	2,964.57	99.94
	<b>3,311.82</b>	<b>100.00</b>	<b>2,966.41</b>	<b>100.00</b>

## Notes forming part of Financial Statements for the year ended 31 March, 2014

### NOTE 46 EXPENDITURE IN FOREIGN CURRENCY

(₹ in lacs)

	Year ended 31 March, 2014	Year ended 31 March, 2013
(a) Travelling expenses	53.19	40.89
(b) Commission	21.92	23.32
(c) Legal and professional fees	18.29	66.27
(d) ISO tank rental	113.78	309.52
(e) Others	364.97	452.96

### NOTE 47 EARNINGS IN FOREIGN EXCHANGE

(₹ in lacs)

	Year ended 31 March, 2014	Year ended 31 March, 2013
(a) FOB value of exports	10,781.81	13,571.10
(b) FOB value of carbon credits	-	5,710.54
(c) Contract Research Income	2,498.53	1,368.72

### NOTE 48

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

H. A. Mafatlal  
Chairman

S. S. Khanolkar  
Managing Director

N. B. Mankad  
Company Secretary

V. P. Mafatlal  
S. S. Lalbhai  
A. K. Srivastava  
P. N. Kapadia  
S. G. Mankad  
T.M.M. Nambiar  
H. H. Engineer

Directors

Mumbai, dated, 28 April, 2014

# FINANCIAL SECTION

## CONSOLIDATED

# INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF

**NAVIN FLUORINE INTERNATIONAL LIMITED**

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of NAVIN FLUORINE INTERNATIONAL LIMITED (the "Company"), its subsidiaries and a jointly controlled entity (the Company, its subsidiaries and jointly controlled entity constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31 March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated 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 Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and jointly controlled entity referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

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

## Other Matters

- (i) The consolidated financial statements include the unaudited financial statements of a jointly controlled entity whose financial statements reflect total assets (net) of ₹ 40.88 lacs as at 31 March, 2014, total revenue of ₹ 0.17 lacs and the net cash outflows amounting to ₹ 1.66 lacs for the year ended on that date, as considered in the consolidated financial statements based on the unaudited financial statements.

Our opinion, in so far as it relates to the amounts included in respect of the jointly controlled entity, is based solely on such unaudited financial statements.

- (ii) We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets (net) of ₹ 2,991.60 lacs as at 31 March, 2014, total revenues of ₹ 4,194.30 and net cash flows amounting to ₹ 205.04 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of these matters.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No. 117364W)

(R. Salivati)  
(Partner)

(Membership No. 34004)

Mumbai, 28 April, 2014

# Consolidated Balance Sheet as at 31 March, 2014

(₹ in Lacs)

	Note No.	As at 31 March, 2014	As at 31 March, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	975.72	975.72
Reserves and surplus	4	54,558.66	49,439.24
		<b>55,534.38</b>	<b>50,414.96</b>
<b>Minority Interest</b>			
		<b>924.24</b>	<b>697.94</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	24.85	14.57
Deferred tax liabilities (net)	6	3,339.26	3,256.46
Other long term liabilities	7	2,429.20	2,049.59
Long-term provisions	8	384.49	339.58
		<b>6,177.80</b>	<b>5,660.20</b>
<b>Current liabilities</b>			
Short-term borrowings	9	5,739.61	8,363.72
Trade payables	10	6,089.14	5,061.55
Other current liabilities	11	2,158.10	1,305.15
Short-term provisions	12	1,312.44	1,055.92
		<b>15,299.29</b>	<b>15,786.34</b>
	<b>Total</b>	<b>77,935.71</b>	<b>72,559.44</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	13		
Tangible assets		24,669.41	24,893.24
Intangible assets		76.18	90.76
Capital work-in-progress		569.70	870.64
		<b>25,315.29</b>	<b>25,854.64</b>
Goodwill on consolidation		4,095.68	4,095.68
Non-current investments	14	10,182.18	11,921.16
Long-term loans and advances	15	3,183.98	2,772.70
		<b>42,777.13</b>	<b>44,644.18</b>
<b>Current assets</b>			
Current investments	16	12,844.82	8,146.18
Inventories	17	6,555.52	7,739.21
Trade receivables	18	9,045.31	7,437.31
Cash and bank balances	19	3,787.63	3,177.85
Short-term loans and advances	20	2,597.27	1,241.17
Other current assets	21	328.03	173.54
		<b>35,158.58</b>	<b>27,915.26</b>
	<b>Total</b>	<b>77,935.71</b>	<b>72,559.44</b>
Significant accounting policies	1		
The accompanying notes are an integral part of the financial statements			

In terms of our report attached

For Deloitte Haskins &amp; Sells

Chartered Accountants

Registration No. 117364W

R. Salivati

Partner

Membership No. 34004

H. A. Mafatlal

Chairman

S. S. Khanolkar

Managing Director

N. B. Mankad

Company Secretary

V. P. Mafatlal

S. S. Lalbhai

A. K. Srivastava

P. N. Kapadia

S. G. Mankad

T.M.M. Nambiar

H. H. Engineer

Directors

Mumbai, dated, 28 April, 2014

# Consolidated Statement of Profit and Loss for the year ended 31 March, 2014

(₹ in lacs)

	Note No.	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Revenue from operations (gross)	22	52,051.89	58,466.36
<i>less:</i> excise duty		3,427.84	3,464.79
Revenue from operations (net)		48,624.05	55,001.57
Other income	23	3,080.66	1,414.99
<b>Total</b>		<b>51,704.71</b>	<b>56,416.56</b>
<b>Expenses</b>			
Cost of materials consumed	24	22,611.05	25,787.35
Purchases of stock-in-trade	24	442.65	619.86
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	(220.16)	(94.61)
Employee benefits expense	26	5,906.80	5,352.58
Finance costs	27	552.67	612.31
Depreciation and amortization expense	28	2,181.88	2,080.30
Other expenses	29	13,285.78	15,063.72
<b>Total</b>		<b>44,760.67</b>	<b>49,421.51</b>
<b>Profit before tax</b>		<b>6,944.04</b>	<b>6,995.05</b>
<b>Tax Expense</b>			
Current tax		1,392.76	2,214.39
Excess provision for tax relating to prior years		-	(22.10)
Deferred tax		82.80	392.54
		<b>1,475.56</b>	<b>2,584.83</b>
<b>Profit for the year</b> (before adjustment for share in associate and minority interest)		<b>5,468.48</b>	<b>4,410.22</b>
Adjustment on derecognition of investment in associate consequent to the amalgamation thereof with group company (refer note 30 a)		1,330.81	-
Minority Interest		(227.34)	(71.68)
<b>Profit for the year</b>		<b>6,571.95</b>	<b>4,338.54</b>
<b>Earnings per share (of ₹ 10/- each)</b>			
Basic	31	67.33	44.45
Diluted	31	67.33	44.45
Significant accounting policies	1		
The accompanying notes are an integral part of the financial statements			

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants  
Registration No. 117364W

R. Salivati  
Partner  
Membership No. 34004

H. A. Mafatlal  
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S. G. Mankad  
T.M.M. Nambiar  
H. H. Engineer

Directors

Mumbai, dated, 28 April, 2014



# Consolidated Cash Flow Statement for the year ended 31 March, 2014

(₹ in lacs)

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	6,944.04	6,995.05
adjustments for,		
Depreciation / amortization	2,181.82	2,080.30
Loss on sale / write off of fixed assets (net)	29.14	56.10
Profit on sale of current investments	(1,085.95)	(172.15)
Provision for doubtful debts / advances written back	(10.79)	(36.03)
Interest expense	552.67	612.31
Interest income	(150.55)	(415.67)
Net loss / (gain) on foreign currency transactions and translations	399.31	63.11
Share of (profit) / loss in the partnership firm where the Company is a partner	(1.07)	0.11
Dividend on investments (non-trade)	(142.34)	(53.47)
Bad debts written off	1.80	-
Excess provision of earlier years written back	(1.87)	(75.03)
Provision for doubtful debts / advances	1.57	23.21
<b>Operating profit before working capital changes</b>	<b>8,717.78</b>	<b>9,077.84</b>
(Increase) / decrease in trade receivables	(1,668.82)	(851.86)
(Increase) / decrease in inventories	1,183.69	1,123.80
(Increase) / decrease in loans and advances	(2,117.58)	(126.22)
Increase / (decrease) in trade and other payables	2,301.27	855.75
	<b>(301.44)</b>	<b>1,001.47</b>
<b>Cash generated from operations</b>	<b>8,416.34</b>	<b>10,079.31</b>
Net income tax paid	(1,066.63)	(2,811.82)
<b>Net cash flow from operating activities</b>	<b>7,349.71</b>	<b>7,267.49</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(1,864.76)	(1,721.29)
Share of loss in the partnership firm where the Company is a partner	1.07	(0.11)
Bank balances not considered as cash and cash equivalents	(39.41)	8,818.02
Redemption of investments in preference shares	3,000.00	-
Purchase of investments	(25,902.49)	(6,146.18)
Amount invested in joint venture	-	(1.25)
Sale of fixed assets	73.01	104.62
Sale of investments	22,569.80	2,072.15
Dividend income	142.34	53.47
Interest income	103.25	886.95
<b>Net cash flow (used in) / from investing activities</b>	<b>(1,917.20)</b>	<b>4,058.38</b>

# Consolidated Cash Flow Statement for the year ended 31 March, 2014

(₹ in lacs)

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Calls in arrears received during the year (including securities premium)	-	0.13
Repayments from long term borrowings	10.28	(91.70)
Repayments of other borrowings (net)	(2,624.11)	(990.07)
Dividend paid (including dividend distribution tax)	(1,694.69)	(8,318.42)
Minority Interest	(1.04)	0.04
Interest expense	(552.60)	(612.31)
<b>Net cash (used in) / from financing activities</b>	<b>(4,862.15)</b>	<b>(10,012.34)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>570.37</b>	<b>1,313.53</b>
Cash and cash equivalents at the beginning of the year	2,822.58	1,509.14
Cash and cash equivalents at the end of the year	3,392.95	2,822.66
<b>Note,</b>		
<b>Reconciliation of cash and cash equivalents</b>		
As per Balance sheet - note 19	3,392.95	2,822.58
Foreign exchange (gains) and losses	-	0.08
<b>As per Consolidated Cash Flow Statement</b>	<b>3,392.95</b>	<b>2,822.66</b>

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants  
Registration No. 117364W

R. Salivati  
Partner  
Membership No. 34004

H. A. Mafatlal  
Chairman

S. S. Khanolkar  
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P. N. Kapadia  
S. G. Mankad  
T.M.M. Nambiar  
H. H. Engineer

Directors

Mumbai, dated, 28 April, 2014

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of preparation of Financial Statements

The financial statements are prepared under historical cost convention on accrual basis of accounting and in accordance with generally accepted accounting principles.

#### b. Use of estimates

The preparation of financial statements requires 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 materialise or are known.

#### c. Tangible fixed assets

Fixed assets are recorded at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation, amortisation and impairment loss, if any.

#### d. Depreciation on tangible fixed assets

Depreciation has been provided for on all fixed assets on straight-line basis in accordance with the provisions of the Companies Act, 1956, (the Act) at the rates and in the manner specified in Schedule XIV of the Act except some identified items of office equipment which are depreciated over a period of five years. In respect of Specialty Chemicals, Cryolite, Aluminium Fluoride, Refrigerant Gases, ABF, Fluoroaniline Plants, R & D Pilot Plant and Captive Power Plant depreciation have been provided for at the rate applicable to continuous process plants.

Leasehold land is amortised over the period of lease.

#### e. Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortisation. Computer Software which are capitalised, are amortised over a period of 6 years on straight-line basis.

#### f. Impairment of tangible and intangible assets

Impairment loss is provided to the extent that the carrying amount(s) of assets exceed their recoverable amount(s). Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash-flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Goodwill arising on consolidation is not amortised, but instead, it is evaluated for impairment periodically, if the events or changes in circumstances indicate that carrying value may be impaired.

#### g. Investments

Long-term investments are carried at cost. Provision is made to recognize a diminution, other than temporary, in the carrying amount of long-term investments. Current investments are carried individually, at the lower of cost and fair value.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Fixed assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

#### h. Inventories

Items of inventory are valued at cost or net realizable value, whichever is lower. Cost is determined on the following basis:

Raw materials, traded goods, stores and spares - Weighted average

Process stocks and finished goods - At material cost plus appropriate value of overheads

#### i. Retirement and other employee benefits

i. Contributions are made towards provident fund, family pension fund and superannuation fund which are defined contribution schemes. Liability in respect thereof is determined on the basis of contribution required to be made under the statutes / rules.

ii. Gratuity liability, a defined benefit scheme, and provision for compensated absences is accrued and provided for on the basis of actuarial valuations made at the year end.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

#### j. Foreign currency transactions

- i. Transactions in foreign currency are recorded at the rates of exchange in force at the time the transactions are effected. At the year-end, monetary items denominated in foreign currency and forward exchange contracts are reported using closing rates of exchange. Exchange differences arising thereon and on realization / payment of foreign exchange are accounted, in the relevant year, as income or expense.

In case of forward exchange contracts, or other financial instruments that are in substance forward exchange contracts, the premium or discount arising at the inception of the contracts is amortized as expense or income over the life of the contracts. Gains / losses on settlement of transactions arising on cancellation / renewal of forward exchange contracts are recognized as income or expense.

- ii. Foreign Subsidiaries (Non-integral operations):

In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. All resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment in the Subsidiaries.

#### k. Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

#### l. Operating lease

Lease arrangements where the risks and rewards incidental to the ownership of an asset substantially vest with the lesser are recognized as Operating lease. Operating lease receipts and payments are recognized as income or expense, as the case may be, in the Statement of Profit and Loss on a straight-line basis over the lease term.

#### m. Revenue recognition

Revenue (income) is recognized when no significant uncertainty as to its determination or realization exists. Turnover includes carbon credits which are recognized on delivery thereof or sale of rights therein as the case may be, in terms of the contracts with the respective buyers.

#### n. Taxes on income

Tax expense comprises of both current and deferred tax at the applicable enacted / substantively enacted rates. Current tax represents the amount of income-tax payable / recoverable in respect of the taxable income / loss for the reporting period. Deferred tax represents the effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.

#### o. Provisions and contingencies

A provision is recognized where there is a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when there is a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

#### p. Employee stock option

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India. Compensation expense is amortized over the vesting period of the option on a straight line basis. Compensation cost relating to employee stock options is measured using the intrinsic value method.

#### q. Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

### NOTE 2

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

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
<b>NOTE 3 SHARE CAPITAL</b>		
<b>Authorised shares</b>		
35,000,000 equity shares of ₹ 10/- each	3,500.00	3,500.00
<b>Issued, subscribed and fully paid shares</b>		
9,761,097 (as at 31 March, 2013, 9,761,097) equity shares of ₹ 10/- each, fully paid-up	976.11	976.11
<i>less:</i> Calls in arrears (refer note 3 f)	0.39	0.39
<b>Total</b>	<b>975.72</b>	<b>975.72</b>

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

Particulars	Opening balance	Buyback	Closing balance
<b>Equity shares with voting rights</b>			
Year ended 31 March, 2014			
- Number of shares	9,761,097	-	9,761,097
- Amount (₹ in lacs)	976.11	-	976.11
Year ended 31 March, 2013			
- Number of shares	9,761,097	-	9,761,097
- Amount (₹ in lacs)	976.11	-	976.11

- b. Terms / rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each equity shareholder is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

During the year ended 31 March, 2014, the amount of dividend, per share, recognized as distributions to equity shareholders is ₹ 16/- (year ended 31 March, 2013, ₹ 15/-).

- c. Details of shareholders holding more than 5% shares in the company:

Equity shares of ₹ 10/- each fully paid	31 March, 2014		31 March, 2013	
Name	Nos.	% holding	Nos.	% holding
Mafatlal Impex Private Limited	1,085,193	11.12	1,085,193	11.12
Suremi Trading Private Limited	646,081	6.62	646,081	6.62
NOCIL Limited	566,340	5.80	566,340	5.80

- d. For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 33.  
e. During the period of five years immediately preceding the reporting date:

	As at 31 March, 2014	As at 31 March, 2013	As at 31 March, 2012	As at 31 March, 2011	As at 31 March, 2010
Equity shares bought back by the company	-	-	-	338,792	-

Pursuant to the decision of the Board of Directors of the Company taken in its meeting dated 24 September, 2010, the Company bought back 338,792 equity shares of nominal value of ₹ 10/- each at a price of ₹ 400/- per share for an aggregate value of ₹ 1,355.17 lacs during the previous year under Section 77A of the Companies Act, 1956 through tender offer by utilising the Securities premium account to the extent of ₹ 1,321.29 lacs. The Capital redemption reserve was created out of General reserve for ₹ 33.88 lacs being the nominal value of shares thus bought back. All the equity shares bought back were extinguished by 5 March, 2011.

- f. Calls unpaid (by other than officers and directors) (₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
7,871 (previous year 7,891) equity shares of ₹ 10/- each, ₹ 5/- called up but unpaid	0.39	0.39

- g. Out of the rights issue made in 2004-05, 109 equity shares could not be offered on rights basis due to the non-availability of details of beneficial holders from depositories. The same are kept in abeyance.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
<b>NOTE 4 RESERVES AND SURPLUS</b>		
<b>Capital reserve no. 1</b>		
Balance of excess of assets over liabilities and reserves taken over pursuant to the scheme of demerger of MIL		
As per last Balance sheet	8,035.17	8,035.17
	<b>8,035.17</b>	<b>8,035.17</b>
<b>Capital reserve no. 2</b>		
Compensation received pursuant to the Montreal Protocol for phasing out production of ozone depleting substances		
As per last Balance sheet	6,823.20	6,823.20
	<b>6,823.20</b>	<b>6,823.20</b>
<b>Capital redemption reserve</b>		
As per last Balance sheet	33.88	33.88
	<b>33.88</b>	<b>33.88</b>
<b>Securities premium account</b>		
As per last Balance sheet	1,052.79	1,052.79
<i>less:</i> amount in arrears (net of receipts during the year, ₹ nil; as at 31 March, 2013, ₹ 0.10 lacs)	1.97	1.97
	<b>1,050.82</b>	<b>1,050.82</b>
<b>Contingency reserve</b>		
Reserve created in terms of a corporate guarantee given		
As per last Balance sheet	1,000.00	1,000.00
<i>less:</i> transferred to General reserve	1,000.00	-
	<b>-</b>	<b>1,000.00</b>
<b>General reserve</b>		
As per last Balance sheet	5,332.34	4,900.34
<i>add:</i> transferred from surplus in statement of Profit and Loss	507.00	432.00
<i>add:</i> transferred from Contingency reserve	1,000.00	-
	<b>6,839.34</b>	<b>5,332.34</b>
<b>Foreign currency translation reserve</b>		
As per last Balance sheet	149.53	135.62
Amount transferred on account of resulting exchange difference on conversion of a non-integral foreign subsidiary	380.59	13.91
	<b>530.12</b>	<b>149.53</b>
<b>Surplus in Statement of Profit and Loss</b>		
As per last Balance Sheet	27,014.30	24,815.10
Adjustment for brought forward loss of JV (refer note 30a)	(5.93)	-
<i>add:</i> profit for the year	6,571.95	4,338.54
	<b>33,580.32</b>	<b>29,153.64</b>
<b><i>less:</i> appropriations</b>		
Interim dividend (₹ 7.50 per share, previous year, ₹ 7.50 per share)	732.08	732.08
Proposed final dividend (₹ 8.50 per share, previous year, ₹ 7.50 per share)	829.69	732.08
Corporate tax on dividend	265.42	243.18
Transferred to General reserve	507.00	432.00
<b>Total appropriations</b>	<b>2,334.19</b>	<b>2,139.34</b>
	<b>31,246.13</b>	<b>27,014.30</b>
<b>Total</b>	<b>54,558.66</b>	<b>49,439.24</b>

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
<b>NOTE 5 LONG-TERM BORROWINGS</b>		
Term loans		
from bank (Secured)	24.85	14.57
<b>Total</b>	<b>24.85</b>	<b>14.57</b>
<b>NOTE 6 DEFERRED TAX LIABILITIES (NET)</b>		
Difference between book and tax written down values of fixed assets	3,304.56	3,387.83
Others	46.70	13.02
<b>Gross deferred tax liability</b>	<b>3,351.26</b>	<b>3,400.85</b>
Deferred tax asset		
Provision for doubtful debts / advances	12.00	144.39
<b>Gross deferred tax asset</b>	<b>12.00</b>	<b>144.39</b>
<b>Net deferred tax liability</b>	<b>3,339.26</b>	<b>3,256.46</b>
<b>NOTE 7 OTHER LONG-TERM LIABILITIES</b>		
Advance against project contracts	303.24	303.24
Security deposits received	764.31	384.70
Others		
- Iraq gas project	1,031.70	1,031.70
- Land development	329.95	329.95
<b>Total</b>	<b>2,429.20</b>	<b>2,049.59</b>
<b>NOTE 8 LONG-TERM PROVISIONS</b>		
Provision for employee benefits		
Provision for compensated absences	384.49	339.58
<b>Total</b>	<b>384.49</b>	<b>339.58</b>
<b>NOTE 9 SHORT-TERM BORROWINGS</b>		
Secured		
Cash credit from banks	3,809.95	4,704.16
Buyers' credit from banks	-	1,636.47
Unsecured		
Commercial paper	1,908.53	1,983.29
Others	21.14	39.80
<b>Total</b>	<b>5,739.61</b>	<b>8,363.72</b>

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
<b>NOTE 10 TRADE PAYABLES</b>		
Trade payables	6,078.98	5,061.55
	<b>6,078.98</b>	<b>5,061.55</b>
Share of Joint Venture	10.16	-
<b>Total</b>	<b>6,089.14</b>	<b>5,061.55</b>
<b>NOTE 11 OTHER CURRENT LIABILITIES</b>		
Unpaid dividend	191.87	173.56
Unpaid money on buy-back of shares	1.08	4.47
Other payables		
- Statutory dues payable	202.64	178.27
- Trade / security deposits	557.56	646.03
- Advance from customers	323.75	182.28
- Provision for gratuity (refer note 32)	74.84	54.62
- Other liabilities	768.74	65.92
	<b>2,120.48</b>	<b>1,305.15</b>
<b>Share of Joint Venture</b>		
- Statutory dues payable	4.10	-
- Other liabilities	33.52	-
	<b>37.62</b>	<b>-</b>
<b>Total</b>	<b>2,158.10</b>	<b>1,305.15</b>
<b>NOTE 12 SHORT-TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
Provision for compensated absences	255.44	196.24
	<b>255.44</b>	<b>196.24</b>
<b>Provisions - Others</b>		
Provision for tax (net of advance tax ₹ 4,439.26 lacs, as at 31 March, 2013, ₹ 6.83 lacs)	86.30	3.18
Provision for proposed equity dividend	829.69	732.08
Provision for tax on proposed dividend	141.01	124.42
	<b>1,057.00</b>	<b>859.68</b>
<b>Total</b>	<b>1,312.44</b>	<b>1,055.92</b>



## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

## NOTE 13 FIXED ASSETS

(₹ in lacs)

Tangible assets	Gross Block					Depreciation / amortisation					Net Block	
	As at 1 April, 2013	Additions/ adjustments	Deductions/ adjustments	Effect of foreign currency exchange differences	As at 31 March, 2014	As at 1 April, 2013	For the year	Deductions/ adjustments	Effect of foreign currency exchange differences	As at 31 March, 2014	As at 31 March, 2014	As at 31 March, 2013
<b>Owned assets</b>												
Freehold land	10.56	-	-	1.40	10.56	-	-	-	1.01	-	10.56	10.56
Leasehold land	2,595.99	-	-	-	2,595.99	27.86	26.21	-	-	54.07	2,541.92	2,568.13
Buildings	4,582.38	-	362.55	-	4,219.83	675.80	99.82	65.16	-	710.46	3,509.38	3,906.58
Plant and machinery	28,422.74	2,021.92	462.52	7.55	30,153.82	10,822.55	1,822.18	406.98	83.51	12,321.26	17,832.56	17,600.19
Furniture and fixtures	351.77	65.61	-	6.81	424.19	115.46	22.00	-	5.78	143.24	280.95	236.31
Vehicles	289.53	-	48.90	-	240.63	106.94	24.39	25.30	-	106.03	134.60	182.59
Office equipment	656.89	64.10	108.54	5.70	618.21	266.32	78.68	89.68	0.30	258.90	359.32	390.57
<b>Total</b>	<b>36,909.86</b>	<b>2,151.63</b>	<b>982.51</b>	<b>184.25</b>	<b>38,263.24</b>	<b>12,014.93</b>	<b>2,073.27</b>	<b>587.12</b>	<b>92.88</b>	<b>13,593.95</b>	<b>24,669.29</b>	<b>24,894.93</b>
Share of Joint Venture	-	0.21	-	-	0.21	-	0.05	(0.04)	-	0.09	0.12	-
<b>Total</b>	<b>36,909.86</b>	<b>2,151.84</b>	<b>982.51</b>	<b>184.25</b>	<b>38,263.45</b>	<b>12,014.93</b>	<b>2,073.32</b>	<b>587.08</b>	<b>92.88</b>	<b>13,594.04</b>	<b>24,669.41</b>	<b>24,894.93</b>
As at and for the year ended 31 March, 2013	(35,832.06)	(1,357.94)	(295.09)	(14.95)	(36,909.86)	(10,162.96)	(1,976.92)	(134.37)	(9.42)	(12,014.93)	(24,894.93)	

Intangible assets	Gross Block					Depreciation / amortisation					Net Block	
	As at 1 April, 2013	Additions/ adjustments	Deductions/ adjustments	Effect of foreign currency exchange differences	As at 31 March, 2014	As at 1 April, 2013	For the year	Deductions/ adjustments	Effect of foreign currency exchange differences	As at 31 March, 2014	As at 31 March, 2014	As at 31 March, 2013
Computer software	164.52	13.81	-	-	178.33	75.46	26.71	-	-	102.17	76.16	89.06
	164.52	13.81	-	-	178.33	75.46	26.71	-	-	102.17	76.16	89.06
Share of Joint Venture	-	0.04	-	-	0.04	-	0.01	(0.01)	-	0.02	0.02	-
<b>Total</b>	<b>164.52</b>	<b>13.85</b>	<b>-</b>	<b>-</b>	<b>178.37</b>	<b>75.46</b>	<b>26.72</b>	<b>(0.01)</b>	<b>-</b>	<b>102.19</b>	<b>76.18</b>	<b>89.06</b>
As at and for the year ended 31 March, 2013	(148.77)	(15.75)	-		(164.52)	(49.64)	(25.82)	-	-	(75.46)	(89.06)	-
Capital work-in-progress											569.70	870.64

Note: Figures in parentheses are as at and for the year ended 31 March, 2013

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
<b>NOTE 14 NON-CURRENT INVESTMENTS</b>		
(a) Investment property (at cost less accumulated depreciation, given on operating lease)		
Cost of premises	4,759.32	4,759.32
<i>add:</i> purchased / adjustment during the year	349.49	-
<i>less:</i> accumulated depreciation (including on reclassification ₹ 56.20 lacs)	360.47	222.44
<b>Net</b>	<b>4,748.34</b>	<b>4,536.88</b>
(b) Non-trade investments (valued at cost unless stated otherwise)		
Investment in equity instruments	2,712.34	1,382.78
Investment in preference shares	-	3,000.00
Investment in debentures	400.00	-
Investment in bonds	1.50	1.50
Investment in mutual funds	2,320.00	3,000.00
	<b>5,433.84</b>	<b>7,384.28</b>
<b>Total</b>	<b>10,182.18</b>	<b>11,921.16</b>
Aggregate amount of quoted investments	2,690.57	1,137.84
Aggregate market value of listed and quoted investments	3,126.70	959.00
Aggregate amount of unquoted investments	7,491.61	10,783.32
<b>NOTE 15 LONG-TERM LOANS AND ADVANCES</b>		
<b>Capital advances</b>		
- Unsecured, considered good	568.75	51.80
<b>Security deposits</b>		
- Unsecured, considered good	555.70	510.12
<b>Loans and advances to related parties (refer note 47)</b>		
- Unsecured, considered good	-	15.88
Loans and advances to employees (unsecured, considered good)	14.78	23.79
Prepaid expenses (unsecured, considered good)	4.75	0.97
Advance income-tax (net of provision ₹ 20,676.62 lacs, as at 31 March, 2013, ₹ 22,311.22 lacs) (unsecured, considered good)	1,546.71	1,789.72
Advance fringe benefit tax (net of provision ₹ 89.00 lacs, as at 31 March, 2013, ₹ 89.00 lacs)	12.08	12.08
<b>Other loans and advances (unsecured, considered good)</b>		
- Iraq gas project	162.70	162.70
- Land development	205.64	205.64
- Others	112.72	-
	<b>3,183.83</b>	<b>2,772.70</b>
<b>Share of Joint Venture</b>		
- unsecured, considered good	0.15	-
<b>Total</b>	<b>3,183.98</b>	<b>2,772.70</b>

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
<b>NOTE 16 CURRENT INVESTMENTS</b> (valued at lower of cost or fair value)		
<i>Unquoted</i>		
Investment in mutual funds	12,844.82	8,146.18
<b>Total</b>	<b>12,844.82</b>	<b>8,146.18</b>
<b>NOTE 17 INVENTORIES</b> (valued at lower of cost and net realizable value)		
Raw materials	2,403.06	3,830.30
Work-in-progress	540.11	386.43
Finished goods	2,277.82	2,207.97
Traded goods	820.41	692.71
Stores and spares	514.12	621.81
<b>Total</b>	<b>6,555.52</b>	<b>7,739.21</b>
<b>Details of work-in-progress</b>		
Fluoro chemicals	540.11	386.43
<b>NOTE 18 TRADE RECEIVABLES</b>		
<b>Unsecured</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	82.19	6.77
Doubtful	30.17	39.30
	112.36	46.07
<i>less: provision for doubtful trade receivables</i>	30.17	39.30
	<b>82.19</b>	<b>6.77</b>
<b>Other receivables</b>		
Unsecured, considered good	8,963.12	7,430.54
Doubtful	2.69	2.69
	<b>8,965.81</b>	<b>7,433.23</b>
<i>less: provision for doubtful trade receivables</i>	2.69	2.69
	<b>8,963.12</b>	<b>7,430.54</b>
<b>Total</b>	<b>9,045.31</b>	<b>7,437.31</b>
<b>NOTE 19 CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	8.50	7.78
Balances with banks		
in current accounts	2565.42	2,414.80
in deposits accounts		
- original maturity of 3 months or less	817.00	400.00
	<b>3,390.92</b>	<b>2,822.58</b>
<b>Share of Joint Venture</b>		
in current accounts	0.78	-
in deposits accounts		
- original maturity of 3 months or less	1.25	-
	<b>2.03</b>	<b>-</b>
	<b>3,392.95</b>	<b>2,822.58</b>

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
<b>NOTE 19 CASH AND CASH EQUIVALENTS (Contd.)</b>		
<b>Other bank balances</b>		
in deposit accounts		
- original maturity more than 3 months	150.00	125.00
in earmarked accounts		
- unpaid dividend account	191.87	173.56
- buy-back account	1.09	4.47
- balances held as margin money	14.59	14.59
- unclaimed settled liabilities	37.13	37.65
	<b>394.68</b>	<b>355.27</b>
<b>Total</b>	<b>3,787.63</b>	<b>3,177.85</b>

Certain current accounts with banks, which have been transferred from MIL pursuant to its scheme of demerger, are in the process of being transferred in the Company's name.

<b>NOTE 20 SHORT TERM LOANS AND ADVANCES</b>		
<b>Loan and advances to related parties (refer note 47)</b>		
- Unsecured, considered good	49.35	24.70
<b>Security deposits</b>		
- Unsecured, considered good	100.21	40.34
Loans to employees (unsecured, considered good)	9.75	9.95
Prepaid expenses (unsecured, considered good)	140.59	37.05
<b>Balances with statutory / government authorities (unsecured, considered good)</b>		
- CENVAT credit receivable	197.41	242.77
- Service tax credit receivable	516.97	221.29
	<b>864.72</b>	<b>511.06</b>
<b>Other loans and advances (unsecured, including advance to suppliers)</b>		
Unsecured, considered good	1,582.99	665.07
Doubtful	2.43	2.43
	<b>1,585.42</b>	<b>667.50</b>
Provision for doubtful advances	2.43	2.43
	<b>1,582.99</b>	<b>665.07</b>
<b>Share of Joint Venture</b>		
- CENVAT credit receivable	0.01	-
<b>Total</b>	<b>2,597.27</b>	<b>1,241.17</b>

<b>NOTE 21 OTHER CURRENT ASSETS</b>		
Interest accrued on fixed deposits with banks	60.06	12.76
Rent receivable	165.01	101.08
Others	102.92	59.70
	<b>327.99</b>	<b>173.54</b>
<b>Share of Joint Venture</b>		
Interest accrued on fixed deposits with banks	0.04	
<b>Total</b>	<b>328.03</b>	<b>173.54</b>

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
<b>NOTE 22 REVENUE FROM OPERATIONS</b>		
<b>Sale of products</b>		
Finished goods	51,215.91	57,776.54
Traded goods	637.26	511.18
	<b>51,853.17</b>	<b>58,287.72</b>
<b>Other operating Revenue</b>		
Scrap sales	198.72	178.64
<b>Revenue from operations (gross)</b>	<b>52,051.89</b>	<b>58,466.36</b>
<i>less: Excise Duty *</i>	3,427.84	3,464.79
<b>Revenue from operations (net)</b>	<b>48,624.05</b>	<b>55,001.57</b>

\* Excise duty deducted from turnover represents excise duty collected on sale of goods. Excise duty shown under 'expenditure' (note 29) represents the aggregate of excise duty borne by the Company and difference between excise duty on opening and closing stocks of finished goods.

<b>NOTE 23 OTHER INCOME</b>		
Interest income (Refer note 1, below)	150.55	415.67
Dividend income:		
Current investments	12.51	12.37
Long-term investments	129.83	41.10
Other non-operating income (Refer note 2, below)	2,787.58	945.85
Miscellaneous income	0.01	-
	<b>3,080.48</b>	<b>1,414.99</b>
<b>Share of Joint Venture</b>		
Interest income (Refer note 1, below)	0.07	-
Net gain on foreign currency transaction and translation	0.11	-
	<b>0.18</b>	<b>-</b>
<b>Total</b>	<b>3,080.66</b>	<b>1,414.99</b>
<b>Notes,</b>		
<b>1 Interest income comprises:</b>		
Interest from banks on deposits	30.50	362.56
Interest on loans & advances	37.04	14.19
Interest on Investments	8.37	-
Other interest	74.71	38.92
	<b>150.62</b>	<b>415.67</b>

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
<b>NOTE 23 OTHER INCOME (Contd.)</b>		
<b>2 Other non-operating income:</b>		
Rental income from investment property	1,583.67	554.21
Provision for doubtful debts / advances written back / credit balances written back	10.79	36.03
Excess provision of earlier years written back (net)	1.87	75.03
Insurance claims	98.27	18.62
Profit on sale of current investments	1,085.95	172.15
Share of profit in the partnership firm where the Company is a partner	1.07	-
Miscellaneous income	5.96	89.81
	<b>2,787.58</b>	<b>945.85</b>
<b>NOTE 24 COST OF RAW MATERIALS CONSUMED</b>		
Inventories at the beginning of the year	3,830.30	4,907.05
<i>add:</i> purchases	21,183.81	24,710.60
	<b>25,014.11</b>	<b>29,617.65</b>
<i>less:</i> Inventories at the end of the year	2,403.06	3,830.30
<b>Cost of raw materials consumed</b>	<b>22,611.05</b>	<b>25,787.35</b>
Purchase of stock-in-trade	442.65	619.86
	<b>442.65</b>	<b>619.86</b>
<b>NOTE 25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Inventories at the end of the year</b>		
Finished goods	2,277.82	2,207.97
Work-in-process	540.11	386.43
Stock-in-trade	820.41	692.71
	<b>3,638.34</b>	<b>3,287.11</b>
<b>Inventories at the beginning of the year</b>		
Finished goods	2,207.97	2,267.66
Work-in-process	386.43	385.17
Stock-in-trade	692.71	492.31
	<b>3,287.11</b>	<b>3,145.14</b>
	<b>351.23</b>	<b>141.97</b>
<i>(less) / add:</i> Foreign currency translation adjustments	(131.07)	(47.36)
<b>Net increase</b>	<b>220.16</b>	<b>94.61</b>

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
<b>NOTE 26 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	5,121.24	4,732.22
Contribution to provident and other funds	392.92	349.11
Gratuity expenses	154.84	70.52
Staff welfare expenses	236.82	200.73
	<b>5,905.81</b>	<b>5,352.58</b>
<b>Share of Joint Venture</b>		
Salaries, wages and bonus	0.94	-
Contribution to provident and other funds	0.05	-
	<b>0.99</b>	<b>-</b>
<b>Total</b>	<b>5,906.80</b>	<b>5,352.58</b>
<b>NOTE 27 FINANCE COSTS</b>		
Interest on borrowings	414.57	542.95
Interest on others	138.03	69.36
	<b>552.60</b>	<b>612.31</b>
<b>Share of Joint Venture</b>		
Interest on others	0.07	-
<b>Total</b>	<b>552.67</b>	<b>612.31</b>
<b>NOTE 28 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation and amortisation of tangible assets	2,073.28	1,978.62
Amortization of intangible assets	26.71	24.12
Depreciation of investment property	81.83	77.56
	<b>2,181.82</b>	<b>2,080.30</b>
<b>Share of Joint Venture</b>		
Depreciation and amortisation of tangible assets	0.05	-
Amortization of intangible assets	0.01	-
	<b>0.06</b>	<b>-</b>
<b>Total</b>	<b>2,181.88</b>	<b>2,080.30</b>

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
<b>NOTE 29 OTHER EXPENSES</b>		
Consumption of stores and spares	1,699.23	1,529.94
Consumption of packing materials	1,613.87	1,436.47
Excise duty	48.89	(26.75)
Power and fuel	3,460.71	3,894.16
Rent	453.03	360.22
Repairs to buildings	283.03	109.40
Repairs to machinery	401.79	281.86
Labour charges	617.43	680.62
Property maintenance expenses	5.38	16.97
Insurance	139.41	139.34
Rates and taxes	326.93	288.51
Commission and discounts	633.88	350.76
Transport and freight charges (net)	1,222.73	1,600.27
Loss on sale / write off of fixed assets (net)	29.14	56.10
Provision for doubtful debts / advances	1.57	23.21
Bad debts / advances written off	1.80	-
Share of loss in the partnership firm where the Company is a partner	-	0.11
Net loss on foreign currency transactions and translations	58.74	866.48
Donations	34.60	522.00
Legal and professional fees *	452.47	931.61
Miscellaneous expenses	1,799.92	2,002.44
	<b>13,284.54</b>	<b>15,063.72</b>
<b>Share of Joint Venture</b>		
Rent	0.70	-
Rates and taxes	0.08	-
Legal and professional fees	0.19	-
Miscellaneous expenses	0.27	-
	<b>1.24</b>	<b>-</b>
	<b>13,285.78</b>	<b>15,063.72</b>

\* previous year figure includes current market value of carbon credits given to overseas marketing and other service providers.



## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

**NOTE 30**

- a. The consolidated financial statements of Navin Fluorine International Limited (the parent company - NFIL) and its subsidiaries and a joint venture have been prepared in accordance with Accounting Standard (AS) 21 on 'Consolidated Financial Statements' and AS 27 on 'Financial Reporting of Interests in Joint Venture' issued by The Institute of Chartered Accountants of India. The details of such enterprises are as under:

	% holding of NFIL	Date of financial statements
<b>Subsidiaries</b>		
Sulakshana Securities Limited - SSL (a company incorporated in India)	100.00	31 March, 2014
Manchester Organics Limited - MOL (a company incorporated in United Kingdom)	51.00	31 March, 2014
Urvija Associates (a partnership firm in India)	80.00	31 March, 2014
<b>Joint Venture</b>		
Swarnim Gujarat Fluorspar Private Limited - SGFPL (a company incorporated in India)	25.00	31 March, 2014

Note,

- There has been no change in the percentage holding of NFIL in SSL, Urvija Associates, MOL, & SGFPL.
- With effect from 1 April, 2012 Mafatlal Denim Limited (MDL), an erstwhile associate company, has been amalgamated with Mafatlal Industries Ltd. (MIL) under the composite scheme of arrangement and amalgamation of MDL and Mishapur Investments Ltd. with MIL. Consents of the Honorable High Courts of Bombay and Gujarat for the scheme were received and filed with the Registrar of Companies (ROC) during the year. On the amalgamation becoming effective during the year, the parent company received shares of MIL in lieu of the MDL shares of the same value. As the substantive requirements of the amalgamation process had been completed, financials of MDL were not consolidated in the previous year.
- In the current year, the unaudited financial statements of SGFPL, have been considered for consolidation.  
In the previous year the financial statements of SGFPL, were not available for consolidation. There was no significant impact on the revenues, expenses, assets and liabilities in consolidated accounts as the operations were yet to commence.

- b. In respect of MDL (₹ in lacs)

	Year ended 31 March, 2014	Year ended 31 March, 2013
Carrying value	-	2,514.12
less: Capital Reserve	-	(961.39)
Post acquisition share in reserves and surplus as at the date of the financial statements	-	(1,330.81)
Carrying amount of investment as at the year end	-	221.92

**NOTE 31 EARNINGS PER SHARE (EPS)**

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year, as under:

	Current year	Previous year
Profit attributable to equity shareholders – (₹ in lacs)	6,571.95	4,338.54
Weighted average number of equity shares outstanding during the year	9,761,097	9,761,097
Basic earnings per share – ₹	67.33	44.45
Diluted earnings per share – ₹	67.33	44.45
Nominal value per share – ₹	10.00	10.00

Note,

Stock options granted to certain executives not being dilutive have not been considered for the purpose of computing diluted earnings per share.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

### NOTE 32 EMPLOYEE BENEFITS

Contributions are made to Recognized Provident Fund / Government Provident Fund and Family Pension Fund which covers all regular employees. Contribution is also made in respect of executives to a Recognized Superannuation Fund. While both the employees and the Company make predetermined contributions to the Provident Fund, contribution to the Family Pension Fund and Superannuation Fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. Amount recognized as expense in respect of these defined contribution plans, aggregate to ₹ 376.24 lacs (previous year, ₹ 338.72 lacs).

Contributions are made to a Recognized Gratuity Fund in respect of gratuity and provision is made for compensated absences based upon actuarial valuation done at the end of every financial year using 'Projected Unit Credit' method and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions are accounted for in the Statement of Profit and Loss.

The charge on account of provision for gratuity and compensated absences has been included in 'Contribution to provident fund and other funds' and 'Salaries, wages and bonus' respectively.

In respect of gratuity (funded)

(₹ in lacs)

	Current year	Previous year
<b><i>Reconciliation of liability recognized in the Balance Sheet</i></b>		
Present value of commitments	(1136.67)	(1016.80)
Fair value of plan assets	1061.83	962.18
Net liability in the Balance sheet	(74.84)	(54.62)
<b><i>Movement in net liability recognized in the Balance Sheet</i></b>		
Net liability as at beginning of the year	(54.62)	49.10
Net expense recognized in the Statement of Profit and Loss	(154.84)	70.52
Contribution during the year	134.62	(65.00)
Net liability as at end of the year	(74.84)	(54.62)
<b><i>Expense recognized in the Statement of Profit and Loss</i></b>		
Current service cost	77.67	42.85
Interest cost	83.89	79.94
Expected return on plan assets	(83.71)	(76.66)
Actuarial (gains) / losses	76.99	24.39
Expense charged to the Statement of Profit and Loss	154.84	70.52
<b><i>Return on plan assets</i></b>		
Expected return on plan assets	83.71	76.66
Actuarial gains / (losses)	(10.28)	(2.38)
Actual return on plan assets	73.43	74.28
<b><i>Reconciliation of defined-benefit commitments</i></b>		
Commitments as at beginning of the year	1016.80	940.44
Current service cost	77.67	42.85
Interest cost	83.89	79.94
Paid benefits	(108.40)	(68.44)
Actuarial (gains) / losses	66.71	22.01
Commitments as at end of the year	1136.67	1016.80
<b><i>Reconciliation of plan assets</i></b>		
Plan assets as at beginning of the year	962.18	891.34

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

**NOTE 32 EMPLOYEE BENEFITS (Contd.)**

	Current year	Previous year
Expected return on plan assets	83.71	76.66
Contributions during the year	134.62	65.00
Paid benefits	(108.40)	(68.44)
Actuarial gains / (losses)	(10.28)	(2.38)
Plan assets as at end of the year	1061.83	962.18

The actuarial calculations used to estimate commitments and expenses in respect of gratuity are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense:

	Current year %	Previous year %
Discount rate	9.31	8.25
Expected return on plan assets	8.70	8.70
Expected rate of salary increase	7.00	5.50

Mortality	Indian Assured Life Mortality (2006-08) Ultimate	
Estimate of amount of contribution in the immediate next year	135.91	121.20

Experience adjustment	On plan liability (gain) / loss	On plan assets gain / (loss)
2013-14	29.12	(10.28)
2012-13	28.70	46.72
2011-12	52.91	3.10
2010-11	91.70	0.45
2009-10	43.15	(10.34)

The fair value of the plan assets is distributed in the following manner	Current year %	Previous year %
Deposits with a nationalized bank	20.46	21.49
Various debt instruments	79.54	78.51

**NOTE 33 EMPLOYEE STOCK OPTION SCHEME**

- The Company's Employee Stock Option Scheme has been approved by the Board of Directors of the Company on 1 May, 2007.
- The vesting period is over four years from the date of grant, commencing after one year from the date of grant.
- Exercise Period would commence one year from date of grant and will expire on completion of ten years from the date of vesting.
- The options will be settled in equity shares of the Company.
- The company used the intrinsic value method to account for ESOPs.
- The exercise price has been determined to be the market price on the days preceding the dates of grants.
- Consequently, no compensation cost has been recognized by the Company in accordance with the "Guidance Note on Accounting for Employee Share-based payments" issued by The Institute of Chartered Accountants of India.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

### NOTE 33 EMPLOYEE STOCK OPTION SCHEME (Contd.)

#### h. Details of movement of options

	As at 31 March, 2014	As at 31 March, 2013
Particulars	Nos.	Nos.
Options outstanding at the beginning of the year	32,300	32,300
Options granted during the year	NIL	NIL
Options vested during the year	NIL	NIL
Options exercised during the year	NIL	NIL
Options forfeited during the year	NIL	NIL
Options lapsed / surrendered during the year	2100	NIL
Options outstanding at the end of the year	30,200	32,300

- i. Had fair value method been used, the compensation cost would have been higher by ₹ nil (previous year ₹ nil), Profit after tax would have been lower by ₹ nil (previous year ₹ nil) and EPS – both basic and diluted - would have been ₹ 67.33 per share (previous year ₹ 44.45 per share).

- j. Weighted Average exercise price of the above options is ₹ 381/- per share.

### NOTE 34 LEASE

- (a) The Company has taken office, residential premises and vehicles under operating lease or leave and license agreements. These are generally cancelable in nature and range between 11 months to 48 months. These leave and license agreements are generally renewable or cancelable at the option of the Company or the lessor. The lease payment recognised in the Profit and Loss account is ₹ 453.03 lacs (previous year ₹ 360.22 lacs).
- (b) The Company has taken office premise under lease rental agreement. Details of minimum lease payments for non-cancellable lease are as under: (₹ in lacs)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Not later than one year	451.89	145.90
Later than one year and not later than five years	1351.66	274.15
Later than five years	1020.65	0.00
<b>Total</b>	<b>2824.20</b>	<b>420.05</b>

- (c) The Company has given office premises under lease rental agreement. Details of rent income are as under (₹ in lacs)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Not later than one year	609.70	379.70
Later than one year and not later than five years	1662.46	569.13
Later than five years	367.60	0.00
<b>Total</b>	<b>2639.76</b>	<b>948.83</b>
Operating lease rentals credited to the Statement of Profit and Loss	1583.68	554.21

- (d) Other details of premises which have been given on operating lease for a period of upto sixty months are as under

(₹ in lacs)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Gross block as at the year end	6,893.90	6,544.41
Accumulated depreciation as at the year end	710.63	543.51
Depreciation charged during the year	110.93	106.66

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

### NOTE 35 SEGMENT INFORMATION

#### Primary

The Company is engaged in the 'chemicals business' and it is the primary segment.

#### Secondary

The Company has two geographical segments based upon location of its customers - within and outside India:

(₹ in lacs)

Particulars	As at and for the year ended 31 March, 2014			As at and for the year ended 31 March, 2013		
	Within India	Outside India	Total	Within India	Outside India	Total
Revenues	34,540.84	17,312.33	51,853.17	34,737.12	23,550.60	58,287.72
Segment assets	41,913.44	7,648.84	49,562.28	41,580.80	5,931.65	47,512.45
Cost incurred on acquisition of fixed assets	1,616.75	248.01	1,864.76	1,716.93	4.36	1,721.29

### NOTE 36

With the redemption of Preference shares of ₹ 3,000.00 lacs by Mafatlal Industries Limited (MIL) during the year, all financial assistances provided to MIL for their expeditious rehabilitation stands repaid as on 31 March, 2014.

The parent company received ₹ 394.97 lacs during the year from its wholly owned subsidiary Sulakshana Securities Limited (SSL), towards partial repayment of interest free advances provided in earlier years. Consequently, a provision for doubtful advances made in this context in earlier years of ₹ 380.37 lacs is also written back. The market value of the assets of SSL far exceeds the outstanding advance to SSL of ₹ 2,419.60 lacs (previous year ₹ 2,814.57 lacs) at the year end.

A corporate guarantee given to a lender of MIL expired during the year. Consequently the contingency reserve of ₹ 1,000.00 lacs created in this regard now stands transferred to general reserve of the parent company, as it is no longer required.

### NOTE 37

a. As mentioned in Note 36 above, BIFR had declared MIL a sick industrial undertaking and sanctioned a scheme of rehabilitation (SS). In the SS, SSL was identified as a 'special purpose vehicle' into which the Real Estate and Investment Business of MIL was demerged for settlement of MIL's secured term lenders at the values determined in the SS. Against this demerger, the shareholders of MIL were to be issued one equity share of ₹ 10/- each fully paid-up in the Company for every 500 shares of ₹ 100/- each fully paid-up held in MIL as consideration for the demerger, aggregating to ₹ 1.00 lac. Accordingly, assets valued as per SS of ₹ 14,905.59 lacs along with settled values of secured term liabilities of the like amount had been transferred to the Company on the Appointed Date (1 April, 2002) and effect given in the accounts in the relevant year.

b. In respect of other settled values of secured term liabilities of MIL transferred to the Company settlement had been reached in the previous years.

For paying off settlement amounts, monies have been borrowed from the parent company. In terms of the SS, the parent company has residuary rights on the assets of SSL as available to a guarantor under section 140 and 141 of Indian Contract Act, for all payments made by it towards such repayment of dues.

### NOTE 38

As mentioned in note 37 above, SSL has been identified as a 'special purpose vehicle' in the process of implementation of the SS of MIL. Therefore, though the accumulated losses have exceeded its shareholders' funds as at 31 March, 2014, the accounts of the Company have been prepared on going concern basis. Further the company has continued support of the holding company. The market value of the immovable property is much higher than the cost and long term rent agreement for the aforesaid property has been entered into during the year.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

### NOTE 39

MIL was executing a project in Iraq when hostilities broke out between Iraq and Kuwait in 1990-91, resulting in suspension of project work. In view of the post war sanctions imposed by the United Nations and the Government of India, suspended operations could not be resumed. The customer's bankers have asked for extension of bank guarantees for advance payment and performance and the State Bank of India (SBI), in turn, had claimed that the funds deposited with them in respect of the aforesaid project are subject to lien which was subsequently released on alternate arrangements. In view of the continuing uncertain circumstances, the receipts and payments under the contracts, transferred to the Company pursuant to the SS of MIL, continue to be carried forward and necessary adjustments would be made on the status of the project becoming clearer.

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
<b>NOTE 40 CAPITAL AND OTHER COMMITMENTS</b>		
i. <b>Capital commitments:</b> Estimated amount of contracts remaining to be executed on capital account and not provided for	4274.95	417.30
ii. <b>Other commitments:</b> Estimated amount of obligation on account of non-fulfillment of export commitments under various advance licenses	97.40	209.00

### NOTE 41 CONTINGENT LIABILITIES

In respect of:

a. <b>Excise matters disputed in appeal</b> These relate to MODVAT on capital purchases (pending before the Assistant Commissioner) and permit fee on purchase of alcohol (pending before the High Court)	127.52	158.20
b. <b>Claims against the Company not acknowledged as debts</b> Labour matters involving issues like regularization of employment, termination of employment, compensation against severance, etc.	17.64	22.65
c. <b>Sales-tax matters disputed in appeal</b> These relate to classification of goods and consequent dispute on the rates of sales-tax (pending at various stages from Assistant Commissioner to High Court)	200.50	199.49
d. <b>Income tax matters disputed in appeal</b>	814.75	896.67

In all the above matters, the Company is hopeful of succeeding and as such does not expect any significant liability to crystallize.

### NOTE 42 DERIVATIVE INSTRUMENTS

- a. The Group enters into forward contracts to offset foreign currency risks arising from the amounts denominated in currencies other than the Indian Rupee. The counter party to such forward contracts is a bank. These contracts are entered into to hedge the foreign currency risks on outstandings. Details of forward contracts outstanding as at the year end:

Currency	Exposure to buy / sell	As at the year end	
		₹ in lacs	Foreign currency in lacs
US Dollars	Sell	1662.36	27.75
		(796.61)	(14.67)
GBP	Sell	264.88	2.65
		(-)	(-)
US Dollars	Buy	1549.07	25.85
		(2787.97)	(51.36)

Note: Figures in parentheses are for the previous year.

- b. Net exchange difference in respect of forward contracts to be credited - debited in subsequent accounting year amounts to debit ₹ 28.28 lacs (as at 31 March, 2013, ₹ 4.86 lacs).

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

**NOTE 42 DERIVATIVE INSTRUMENTS (Contd.)**

c. Foreign currency exposure at the year end not hedged by derivative instruments (₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
<i>Receivables against export of goods and services</i>		
US Dollars	533.89	587.54
Euros	13.95	57.85
GBP	331.98	425.37
<i>Advance received from customers</i>		
US Dollars	312.36	59.28
GBP	-	70.31
<i>Payables against import of goods and services</i>		
US Dollars	302.92	270.81
GBP	2.82	-
<i>Advance payment to suppliers</i>		
US Dollars	181.32	49.98
Euros	-	0.65
CHF	-	76.54
GBP	-	1.59

The above information is compiled from the company and its Indian subsidiaries.

**NOTE 43 RESEARCH AND DEVELOPMENT EXPENDITURE**

The details of research and development expenditure of ₹ 1,026.58 lacs (previous year ₹ 1,091.84 lacs) included in the figures reported under notes 13 and 24 to 29 are as under:

(₹ in lacs)

	As at 31 March, 2014	As at 31 March, 2013
Capital expenditure	21.58	93.07
Revenue expenditure	1,005.00	998.77
	1,026.58	1,091.84

The details of revenue expenditure incurred on research and development are as under :

Salaries / Wages	395.36	356.30
Material / Consumable / Spares	222.31	233.99
Utilities	132.34	208.20
Other expenditure	139.41	71.73
Depreciation	115.58	128.55
	1,005.00	998.77

**NOTE 44**

Before transfer of assets to SSL by MIL pursuant to its sanctioned scheme of rehabilitation, MIL had initiated steps for revision in rent / recovery of expenses and filed legal proceedings for eviction of some of its tenants / (now) ex-tenants who were occupying at that time some of the premises in its building at Nariman Point, Mumbai. Pending resolution of those legal cases, rent of ₹ Nil, previous year, ₹ Nil, (aggregate to date, ₹ 66.43 lacs, as at 31 March, 2013, ₹ 66.43 lacs) and recovery of expenses, of ₹ Nil, previous year, ₹ Nil (aggregate to date, ₹ 42.40 lacs, as at 31 March, 2013, ₹ 42.40 lacs), have not been accounted, on legal advice. The ex-tenants have filed Civil Revision Application and secured a stay from the Honorable Bombay High Court in April 2013 against the Order of the appeal bench of Honorable Small Causes Court awarding an increased amount to SSL. During the year, pursuant to the directions of the Honorable Bombay High Court and the Undertakings provided by SSL, it received ₹ 655.58 lacs deposited by the ex-tenants which is subject to final disposal of the matter. SSL is liable to refund the amount if the final decision goes against it. Pending final decision on the matter, the aforesaid amount has been kept in Term deposit account and the interest thereon is not considered as an Income.

**NOTE 45**

SSL has applied for the change of name to Registrar of Companies from Sulakshana Securities Private Limited to Sulakshana Securities Limited.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

### NOTE 46 PAYMENT TO AUDITORS

(₹ in lacs)

	Year ended 31 March, 2014	Year ended 31 March, 2013
Audit fees	27.51	26.41
Payments for other services	19.27	30.14
Expenses and incidental	0.15	0.27
<b>Total</b>	<b>46.93</b>	<b>56.82</b>

### NOTE 47 RELATED PARTY TRANSACTIONS

Enterprises over which key management personnel and their relatives are able to exercise significant influence

Mafatlal Industries Limited

Mafatlal Fabrics Private Limited

NOCIL Limited

Seth Navinchandra Mafatlal Foundation Trust

Sri Sadguru Seva Sangh Trust

#### Joint Venture

Swarnim Gujarat Fluorspar Private Limited

#### Key management personnel

Shri Hrishikesh A. Mafatlal (in the capacity of an individual / trustee)

Shri Vishad P. Mafatlal (in the capacity of an individual / karta)

Shri Atul K. Srivastava

Shri Shekhar S. Khanolkar

Details of transactions with related parties during the year / previous year

(₹ in lacs)

Nature of transactions	1	2	3	Total
<b>Sale of finished goods</b>				
NOCIL Limited	4.68			4.68
	7.02			7.02
Mafatlal Industries Limited	0.29			0.29
	0.13			0.13
<b>Property Maintenance Expenses</b>				
Mafatlal Industries Limited	5.38			5.38
	21.21			21.21
<b>Rental income</b>				
NOCIL Limited	163.80			163.80
	96.30			96.30
<b>Dividend Income</b>				
Mafatlal Industries Limited	88.74			88.74
	-			-
NOCIL Limited	41.10			41.10
	41.10			41.10
<b>Purchase of cloth for uniform</b>				
Mafatlal Industries Limited	4.93			4.93
	6.20			6.20
<b>Reimbursement of Expenses</b>				
Mafatlal Industries Limited	217.79			217.79
	403.75			403.75
<b>Managerial remuneration</b>				
Shri Hrishikesh A. Mafatlal			145.61	145.61
			154.31	154.31



## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

(₹ in lacs)

**NOTE 47 RELATED PARTY TRANSACTIONS (Contd.)**

Nature of transactions	1	2	3	Total
Shri Vishad P. Mafatlal			7.00	7.00
			5.00	5.00
Shri Atul K. Srivastava			119.17	119.17
			181.41	181.41
Shri Shekhar S. Khanolkar			180.01	180.01
			161.54	161.54
<b>Sitting fees</b>				
Shri Vishad P. Mafatlal			1.40	1.40
			1.40	1.40
<b>Investment in equity shares</b>				
Swarnim Gujarat Fluorspar Private Limited		-		-
		1.25		1.25
<b>Redemption of preference shares</b>				
Mafatlal Industries Limited	3,000.00			3,000.00
	-			-
<b>Advances given to</b>				
Swarnim Gujarat Fluorspar Private Limited		32.00		32.00
		17.35		17.35
Mafatlal Industries Limited	-			-
	26.78			26.78
<b>Repayment of advance from</b>				
Mafatlal Industries Limited	27.43			27.43
	-			-
<b>Donation</b>				
Seth Navinchandra Mafatlal Foundation Trust	-			-
	500.00			500.00
Sri Sadguru Seva Sangh Trust	15.00			15.00
	15.00			15.00
<b>Amounts due to</b>				
NOCIL Limited	1.49			1.49
	1.50			1.50
Shri Hrishikesh A. Mafatlal			98.00	98.00
			111.00	111.00
Shri Vishad P. Mafatlal			7.00	7.00
			5.00	5.00
Shri Shekhar S. Khanolkar			33.50	33.50
			33.00	33.00
Shri Atul K. Srivastava			-	-
			50.00	50.00
<b>Amounts due from</b>				
Mafatlal Industries Limited	0.04			0.04
	43.88			43.88
NOCIL Limited	1.17			1.17
	15.35			15.35
Swarnim Gujarat Fluorspar Private Limited		49.35		49.35
		17.35		17.35

- Enterprises over which key management personnel and their relatives are able to exercise significant influence
- Joint Venture
- Key Management Personnel

**Notes,**

- There are no amounts written off or written back during the year in respect of debts due from or to related parties.
- Figures in italics are those as at and for the year ended 31 March, 2013

## Notes forming part of Consolidated Financial Statements for the year ended 31 March, 2014

### NOTE 48

Particulars regarding subsidiary companies in accordance with General Circular No. 2/ 2011 dated 8 February 2011, from the Ministry of Corporate Affairs

Sr. No.	Name of the Subsidiary Company	Sulakshana Securities Limited (Wholly owned subsidiary)	Manchester Organics Limited (Subsidiary)
	Country	India	United Kingdom
	Reporting Currency	INR	GBP
	Exchange rate as on 31 March, 2014		1 GBP = INR 99.765
	Extent of the Holding Company's interest in Subsidiary :-		
	No of Shares	150,000	10,000
	% of Capital	100%	51%
		(₹ in lacs)	(₹ in lacs)
1	Capital	15.00	0.07
2	Reserves	-	2,417.41
	Debit Balance of Profit & Loss A/c	982.52	-
3	Total Assets (Fixed Assets + Investments + Current Assets)	2,390.16	2,959.13
4	Total Liabilities (Debts + Current Liabilities)	3,357.68	541.65
5	Details of Investments	-	-
6	Turnover/ Income	522.54	4,192.23
7	Profit before Tax	448.75	463.41
8	Provision for Tax	128.84	-
9	Profit after Tax	319.91	463.41
10	Proposed Dividend	-	-

H. A. Mafatlal  
*Chairman*

S. S. Khanolkar  
*Managing Director*

N. B. Mankad  
*Company Secretary*

V. P. Mafatlal  
S. S. Lalbhai  
A. K. Srivastava  
P. N. Kapadia  
S. G. Mankad  
T.M.M. Nambiar  
H. H. Engineer

*Directors*

Mumbai, dated, 28 April, 2014

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FORM NO MGT-11

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]  
CIN L24110MH1998PLC115499

Name of the Company: **NAVIN FLUORINE INTERNATIONAL LIMITED**Registered Office: 2nd Floor, Sunteck Centre, 37/40, Subhash Road,  
Vile Parle (East), Mumbai 400 057

Email: info@nfil.in

Website: www.nfil.in Tel. 022-66509999. Fax No. 022-66509800

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

I / We, being the member(s) of \_\_\_\_\_ Shares of the above named Company, hereby appoint :

- (1) Name ..... Address.....  
Email ID ..... Signature..... or failing him/her
- (2) Name..... Address.....  
Email ID ..... Signature..... or failing him/her
- (3) Name..... Address.....  
Email ID ..... Signature.....

as my /our proxy to attend and vote (on a poll) for me / us and on my /our behalf at the 16th Annual General Meeting of the Company to be held on Wednesday June 25th, 2014 at 3.00 p.m at Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below :

**Resolution No:****ORDINARY BUSINESS:**

1. Adoption of Directors' Report, Audited Financial Statements for the year ended March 31, 2014 and the Auditors' Report thereon.
2. Confirmation of Interim Dividend and declaration of Final Dividend
3. Re-appointment of Shri V. P. Mafatlal , who retires by rotation.
4. Appointment of Auditors and fixing their remuneration.

**SPECIAL BUSINESS:**

5. Appointment of Shri H. H. Engineer as an Independent Director
6. Appointment of Shri T. M. M. Nambiar as an Independent Director
7. Appointment of Shri P. N. Kapadia as an Independent Director
8. Appointment of Shri S. S. Lalbhai as an Independent Director
9. Appointment of Shri S. M. Kulkarni as an Independent Director
10. Appointment of Shri S. G. Mankad as an Independent Director
11. Special Resolution under Section 180(1)(c) of the Companies Act, 2013 for borrowing money up to ₹ 150 crores over and above the aggregate of the paid-up share capital and free reserves of the Company.
12. Ordinary Resolution under Section 148 (3) of the Companies Act, 2013 for approval of remuneration of Cost Auditor.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of Shareholder .....

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

Affix Revenue Stamp Re 1/-
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**Note:** This form of proxy in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.







**NAVIN FLUORINE INTERNATIONAL LIMITED**

CIN L24110MH1998PLC115499

Registered Office: 2nd Floor, Sunteck Centre, 37/40, Subhash Road,  
Vile Parle (East), Mumbai 400 057

Tel 022-66509999. Fax No 022-66509800

Website: [www.nfil.in](http://www.nfil.in) Email: [info@nfil.in](mailto:info@nfil.in)

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. Joint shareholders may obtain additional attendance slips on request. (Folio Nos., DP ID\*, Client ID\* & Name of the Shareholder / Joint holders / Proxy in BLOCK LETTERS to be furnished below).

Shareholder	DP ID*	Client ID*	Folio	No. of Shares held
Proxy				

I hereby record my presence at the Sixteenth Annual General Meeting of the Company to be held on Wednesday June 25th, 2014 at 3.00 p.m at Rama Watumull Auditorium, K. C. College, Dinshaw Wacha Road, Churchgate, Mumbai 400 020

SIGNATURE OF THE

SHAREHOLDER OR PROXY \_\_\_\_\_

**NOTES:**

- (1) Shareholders / Proxy holders are requested to bring the Attendance Slip with them when they come to the Meeting and hand it over at the gate after affixing their signature on it.
- (2) Shareholders are requested to advise, indicating their Folio Nos. DP ID\*, Client ID\*, the change in their address, if any, to the Registrar & Share Transfer Agents, at Sharepro Services (India) Pvt. Ltd., Samhita Warehousing Complex, 2nd Floor, Gala No. 52-56, Building N. 13A-B, Near Sakinaka Telephone Exchange, Andheri-Kurla Road, Sakinaka, Mumbai - 400 072.

\*Applicable for investors holding shares in Electronic (Demat) Form.





## EXTENDING OUR CAPABILITIES



Bhoomi Pujan of New Fluorochemical Project at Dahej



Bhoomi Pujan of our new cGMP Plant at Dewas

## CORPORATE SOCIAL RESPONSIBILITY INITIATIVES



Drinking Water project based on Solar Power at Village near Dahod



Drinking Water project based on Solar Power at Village near Dahod



Eye check-up Camp conducted by Shri Sadguru Seva Sangh Trust and NFIL at Dewas



Preventive Health Check-up service by NFIL Doctors in villages around Surat site





ARVIND MAFATLAL GROUP  
The ethics of excellence