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CTN : L24116MH1989PLC052224



**VOL/MUM/GSS/1678**

July 15, 2014

**National Stock Exchange of India Ltd.**

Listing Department,  
Exchange Plaza,  
Plot No. C/1, 'G' Block,  
Bandra-Kurla Complex,  
Bandra (East), Mumbai – 400 051.

Dear Sir/Madam,

**Ref: NSE Symbol: VINATIORGA / Series: EQ**

**Sub: Submission of Form A & Annual Report for the financial year 2013-2014**

As required by the Listing Agreement, we are sending herewith Form A (Pursuant to Clause 31(a) of Listing Agreement) and 6 copies of 25<sup>th</sup> Annual Report for the financial year 2013-2014 of our Company for your perusal and record.

Kindly acknowledge the receipt.

Thanking you,

Yours faithfully  
For **Vinati Organics Limited**

A handwritten signature in blue ink, appearing to read "Singhi G. S.", is written over the typed name.





**G. S. Singhi**  
**Company Secretary cum**  
**Finance Controller**

Encl : As above

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## FORM A

|    |                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                             |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Name of the Company                                                                                                                                                                                                                   | Vinati Organics Limited                                                                                                                                                                                                                                                                                                                                     |
| 2. | Annual financial statements for the year ended                                                                                                                                                                                        | 31 <sup>st</sup> March 2014                                                                                                                                                                                                                                                                                                                                 |
| 3. | Type of Audit observation                                                                                                                                                                                                             | There are neither any emphasis of matter nor any qualification in a audit report                                                                                                                                                                                                                                                                            |
| 4. | Frequency of observation                                                                                                                                                                                                              | Repetitive                                                                                                                                                                                                                                                                                                                                                  |
| 5. | <p>Mr. Vinod Saraf - Managing Director &amp; CEO</p> <p>Mr. N. K. Goyal - CFO</p> <p>M/s. Karnavat &amp; Co., Mr. Shashikant Gupta,<br/>Partner - Auditor of the Company</p> <p>Mr. R. K. Saraswat - Audit Committee<br/>Chairman</p> | <br><br><br> |



# Right way **FORWARD**



## Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take 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 'anticipate', 'estimate', '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 realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. 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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Identifying the right way forward is critical for VOL at this stage of its corporate evolution.

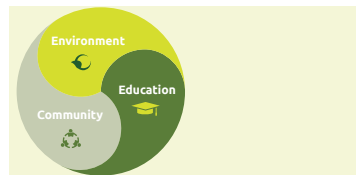
Page 04



### Right Way Forward

We believe continuous knowledge accretion and intrinsic dynamism can show the way forward.

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### Corporate Social Responsibility

We believe unlocking long-term value in business is only possible through continuous social engagements.

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## Company Overview

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For Vinati Organics Limited (VOL), the road ahead is full of optimism for credible reasons. First, the industry scenario is encouraging and is likely to become more positive in the near future. Second, we have the relevant capacity, enriched product mix and the operational brilliance to manufacture more value-added products and cater to growing customer expectations. Third, the time is appropriate to widen our geographic presence, reach more global customers and leverage the early-mover advantage.

We have the right intent, resources and resilience to take the business to the next level of value creation.

We are moving  
on the right way  
forward.



## Forward Focus

Our products are a result of combining innovation with chemistry, bringing value to our customers. With highest quality standards, our products meet the diverse customer expectations, delivering the product of choice.

- ▼ Established in 1989, we are in the business of manufacturing specialty organic chemicals.
- ▼ We are the world's largest manufacturer of Isobutyl Benzene (IBB) and 2-Acrylamido 2-Methylpropane Sulfonic Acid (ATBS).
- ▼ Our products are exported to customers across the US, Europe and Asia.
- ▼ VOL is a market leader in its chosen product categories with presence across more than 22 countries globally.

---

### Our performance highlights in 2013-14

**₹15289 Lacs**

EBIDTA

**₹17.45**

Earnings per share

**20%**

Dividend payout

---

### Our manufacturing locations

Plant at Mahad

**16000TPA**

Total capacity as on 31 March, 2014

Plant at Lote Parashuram

**47500TPA**

Total capacity as on 31 March, 2014

## Our leading edge in the manufacturing space

| Facilities              | Plant 1                                  | Plant 2                                                                          |
|-------------------------|------------------------------------------|----------------------------------------------------------------------------------|
| Location                | Mahad-Raigad, Maharashtra                | Lote-Ratnagiri, Maharashtra                                                      |
| Products manufactured   | IBB and NBB                              | ATBS, NaATBS, TBA, IB, HPMTBE, DAAM                                              |
| Cutting-edge technology | InstitutFrancais du Petrole (IFP) France | National Chemical Laboratories (NCL), Pune (for ATBS), SaipemSpA, Italy (for IB) |



### Vision

Our vision is to be a global leader in manufacturing niche speciality products through the adoption of eco-friendly technologies.



### Mission

Our mission is to:

- ▼ Manufacture superior quality products that lead to enhanced customer satisfaction.
- ▼ Harness growth by offering value to our customers through our superior product portfolio.
- ▼ Create long term mutually beneficial business associations.
- ▼ Strive to carve a niche with a diversified portfolio of specialty products and reliable solutions that match the present and future needs of our customers. This will enable us to achieve greater cost efficiencies, develop stronger stakeholder relationships and build competitive advantages.

### Mahad Plant

Our Mahad-Raigad plant is the biggest IBB manufacturing facility in the world. The plant has specialized equipment for the production of IBB that adheres to the highest standards of quality and purity.

### Lote Plant

Our Lote-Ratnagiri plant has customized equipment for the manufacture of ATBS, TBA, IB, HPMTBE, DAAM and other speciality chemicals.

## Message from the Managing Director



India's chemical industry currently has a 7% share of the country's GDP. Even as the industry continues to grow at a steady rate of 14% annually, the consumption of specialty chemicals is low compared to the global consumption average in the US, Europe and China.

For the year 2013-14, I am pleased to report that our Company has delivered an outstanding performance, even as the external business environment continued to face challenges.

### Dear Shareholders,

Identifying the right way forward is critical for VOL at this stage of its corporate evolution. The reason is that the world is now moving towards broad-based recovery after years of recession and fragile growth. Now is the opportune moment for VOL to step into a higher growth trajectory on the strength of its right capacity, enriched product mix and empowered team. The industrial scenario also appears to be encouraging. Therefore, the need of the hour is to widen our products portfolio, strengthen our level of integration and reach more customers with value-added products.

India's chemical industry currently has a 7% share of the country's GDP. Even as the industry continues to grow at a steady rate of 14% annually, the consumption of specialty chemicals is low compared to the global consumption average in the US, Europe and China. Specialty chemicals are poised to become one of the fastest growing industrial segments in the coming years, supported by enhanced investments in the recent past. Besides, the \$136-billion industry is also expected to strengthen its competitive edge in crucial industrial segments, such as agrochemicals and pharmaceuticals.

For the year 2013-14, I am pleased to report that our Company has delivered an outstanding performance, even as the external business environment continued to face challenges. We delivered a consecutive 11th year of growth in revenues, backed by 25% growth in the bottom line. Our cash flow continued to be impressive, with ₹ 11,047 Lacs of free cash as on 31st March, 2014.

While our financial performance continued to be robust, several others factors played a key role in ensuring that we move forward:

- ▼ Our backward integration into manufacturing IB has resulted in better cost savings.
- ▼ We successfully completed our ATBS capacity expansion target, reaching 26,000 TPA. This would allow us to meet the growing global demands and expand our market share consistently.
- ▼ Our process innovation through de-bottlenecking and with minimal capex has also led to our emergence as the largest global manufacturer of IBB with a 16,000-TPA capacity
- ▼ We have made regular investments towards enhancing our R&D capabilities to develop breakthrough products for our Company.



### Our performance highlights in 2013-14

₹69644 Lacs

Net Income

₹12859 Lacs

Profit Before Tax

₹8615 Lacs

Net Profit

- We continued to dominate the international markets with exports contributing to more than 65% of revenues and an established presence in more than 22 countries around the world.

### Our winning strategy

Even with the currently fluctuating business environment, we remain focused on our strategies for growth. Given the expected improvement in the global economy, we are poised to benefit from the following initiatives:

**Capacity addition:** We proactively expanded the capacities of our integrated value-chain of products. The fact that we have achieved a significant portion of this capacity expansion through process innovations and de-bottlenecking, with reduced capital investment, makes the whole scenario all the more encouraging.

**New products:** In the recent past, we have expanded our product

basket, from 5 products in 2009 to 14 currently. Backed by a research-driven approach, our new products like IB & HPMTBE today make up more than 15% of our revenue share.

**Improved product mix:** We continue to make significant progress on improving our product mix. While ATBS and IBB currently comprise more than 70% of our revenues, we expect to leverage IB, along with other new products, to further strengthen our product mix.

**Operational excellence:** We continued with our cost optimization processes, laying emphasis on maximum capacity utilization. We have been successful in realising our economies of scale, adapting to the latest technologies and enhancing the value proposition of our products globally.

**Marketing:** We expect to strengthen customer relationships, widen our geographic presence and manufacture more value-added products. We expect the expansion in capacities of downstream industries by global companies to result in a surge in revenues in the coming years.

### Sustainable business model

As part of our long-term strategies, we shall continue to remain focused on mitigating the challenges of the current economic slowdown and the volatility in raw material prices. Growth in productivity continues to be our priority area of focus, backed by an aggressive cost control mechanism. Our process innovations have led to dual benefits of increased productivity and cost savings. In addition, our integrated product portfolio has also resulted in significant cost savings, with one product acting as a raw material for the other.

### Accelerate

With our expanded capacities being on stream, we strive to strengthen the relationships with our quality-conscious global customers. We expect our existing products and the new products we plan to introduce in next couple of years to drive revenue streams. We are actively pursuing new geographic frontiers and widening our customer base to strengthen our leadership in our product categories. Our technological initiatives for each product will further contribute to our profitable growth in future.

### Meeting stakeholder expectations

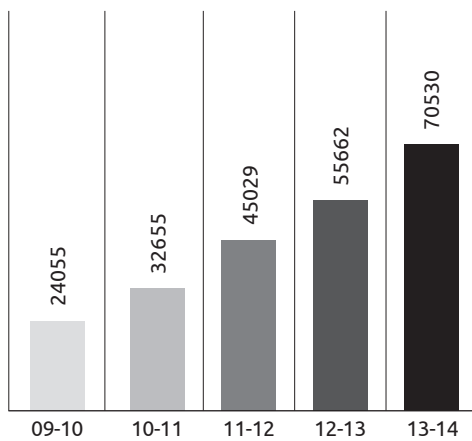
As we continue on our journey towards the pursuit of excellence, we remain committed to building a safe and healthy workplace for our team. We have consistently invested in environment-friendly assets, ensuring minimal wastage during our operational procedures. Our expanded capacities, integrated product portfolio, technological competence and financial sustainability are together expected to enhance value for all our stakeholders in the coming years.

**Vinod Saraf**

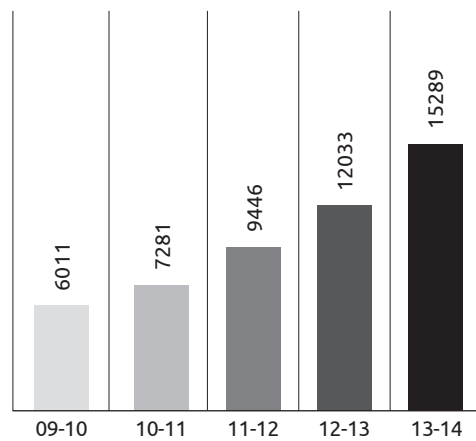
Managing Director

## Way Forward to Exponential Value

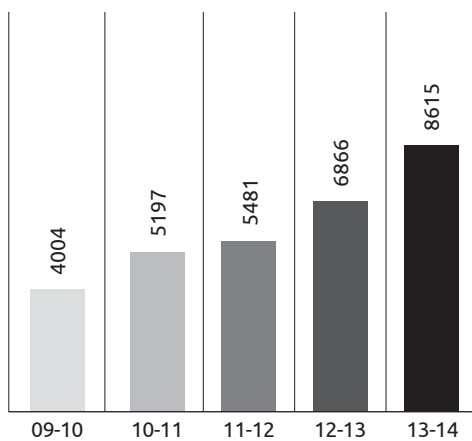
Revenue (₹ Lacs)



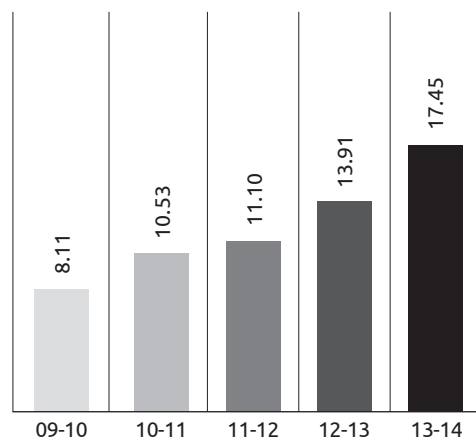
EBIDTA (₹ Lacs)



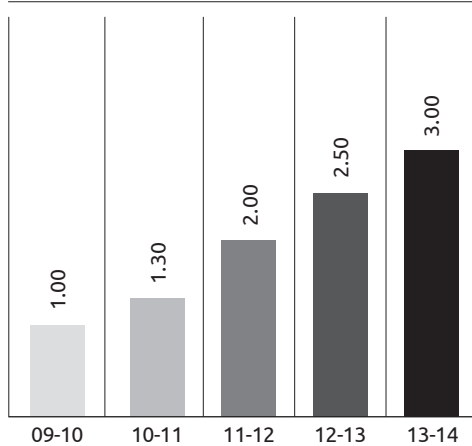
Profit after tax (₹ Lacs)



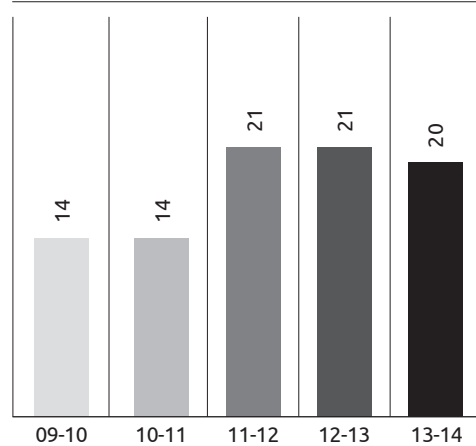
EPS (₹)



Dividend per share (₹)



Dividend payout ratio (%)



# Delivering Advanced Solutions to Clients and taking Our Products to High-Growth Markets

## Speciality Monomers

### Product 1 2-acrylamido 2-methylpropane sulphonic acid (ATBS)

#### Description

Highly versatile molecule and has applications in a wide range of industries due to its excellent hydrolytic and thermal stability. It is a unique molecule that imparts properties such as divalent cationic stability, lubricity, and enhanced performance at high temperatures to its polymers.

We offer three grades of 2-acrylamido 2-methylpropane sulphonic acid: 2401, 2404 and 2406.

#### Application

Emulsions for paints and paper coatings, water treatment chemicals, adhesives, hydrogels and super absorbents, textile auxiliaries, detergents and cleaners, acrylic fibre, construction polymers, oil field polymers, etc.

### Product 2 Sodium salt of 2-acrylamido-2-methylpropane sulphonic acid (NaATBS)

#### Description

50% liquid solution that is convenient to handle, thereby making it easy to obtain the desired flexibility in formulations to create high performance polymers.

Depending on the desired polymerisation molecular weight and the performance characteristics, the sodium salt is also offered in three grades: 2403, 2405 and 2407.

#### Application

Emulsions for paints and paper coatings, water treatment chemicals, adhesives, hydrogels and super absorbents, textile auxiliaries, detergents and cleaners, acrylic fibre, construction polymer, oil field polymers, etc.

### Product 3 N-Tertiary Butyl Acrylamide (TBA)

#### Description

TBA is a monomer used for the production of polymers, an intermediate in organic chemical synthesis.

#### Application

Thickener, personal care, water treatment, metal working fluid.

### Product 4 N-Tertiary Octyl Acrylamide (TOA)

#### Description

TOA provides stability and is used as a co-monomer to result in improved strength and performance of polymers.

#### Application

Personal care, adhesives and enhanced oil recovery.

---

**Product 5**  
**Diacetone Acrylamide (DAAM)****Description**

DAAM is a functional monomer that has good stability and reactivity ratio with most of the co-monomers and is capable of forming polymers and copolymers with exceptional ease. The carbonyl groups of DAAM can readily cross-link with primary amines like adipicdihydrazide. The most striking feature of this cross-link reaction is that it proceeds rapidly at an ambient temperature; and is therefore environmentally friendly and non-hazardous, which makes it useful in a wide variety of applications.

**Application**

Coatings, personal care, epoxy resin (curing agent), gelatin substitute, light sensitive resin additive.

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## Specialty Aromatics

**Product 1**  
**Iso Butyl Benzene (IBB)****Description**

IBB is a basic raw material used in the pharmaceutical and perfumery industries, and has a record purity level of 99.8% as against the prevailing international standard of 99.5%

**Application**

Basic raw material for manufacturing Ibuprofen, an anti-inflammatory analgesic bulk drug. Used in the perfumery industry and as a speciality solvent.

---

**Product 2**  
**Normal Butylbenzene (NBB)****Description**

A widely used compound for chemical synthesis of a large number of intermediates, which is utilized as a solvent in different industries.

**Application**

As a speciality solvent and in the synthesis of intermediates like ortho-butyl aniline and para-butyl aniline, apart from having LCD based applications.

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**Product 3**  
**C 10 Aromatic Solvent****Description**

Can be used as a high boiling point solvent. Its flash point and evaporation rate are higher than Xylene and C-9, which results in better flow and film formation.

**Application**

Paints and coatings, inks, cleaning solvents, environment-friendly agrochemical and pesticide formulations.

---

**Product 4**  
**Hexene****Description**

Hexenes is a colourless liquid, volatile in nature and containing mixtures of isomers of Hexene.

**Application**

As a low boiling point solvent and thinner, in solvent extractions and in tyre retreading. Used for manufacture of C-5/C-6 Aliphatic Petroleum Hydrocarbon Resins.

---

## Other Speciality Products

### Product 1 Isobutylene (IB)

#### Description

IB is a carbon branched olefin obtained from petrochemical or refinery manufacturing processes. The derivatives of isobutylene are some of the most widely used and industrially important intermediates.

#### Application

Butyl rubbers, anti oxidants, fuel additives, fragrances and perfumes, insecticides and pesticides, personal care, monomers.

### Product 2 Methanol

#### Description

Methanol is an aliphatic alcohol and is extensively used as a chemical intermediate in many industries.

#### Application

As a solvent in the pharmaceuticals, paints, varnishes and perfumery industries. Also used in the manufacture of formaldehyde and for chemical synthesis (sodium methoxide, dimethyl ether and methyated derivatives).

### Product 3 High Purity- Methyl Tertiary Butyl Ether (HP-MTBE)

#### Description

HP-MTBE is an oxygenated solvent miscible with a variety of hydrocarbons such as ketones and alcohol, among others. It is a substitute for diethyl ether, iso propyl ether, tetrahydrofuran and other solvents.

#### Application

As a relatively low cost solvent in organic synthesis with properties matching diethyl ether. Also used as an extractant solvent for pharmaceutical synthesis and also in the synthesis of Grignard's reagent.

## Miscellaneous Polymers

### Product 1 Vinflow HT

#### Description

Low molecular, anionic, synthetic copolymer used as a deflocculant in water based drilling muds.

#### Application

Primary application is to help control the rheology of water-base drilling fluids. Performs in temperatures to minimise high temperature gelation.

### Product 2 Vinplast 245 (Acrylic Super Plasticizer)

#### Description

It is a low molecular weight copolymer salt which finds extensive application in the construction industry. This copolymer is specially designed for high quality concrete, with greater water reduction and improved workability.

#### Application

Provide high workability to cement or aggregate mix without adding extra water. It assists in improving the retention of high workability without excessive retardation of set. It is suitable for use in high temperatures and can be easily transported for long distances.



Right Way Forward

**Reinforce  
competitive  
advantage**



**Strengthen  
integration**



**Enrich  
product mix**

In an industry of niche specialty products, we believe continuous knowledge accretion and intrinsic dynamism can show the way forward. Here is how.

We have also leveraged our product synergies through the manufacture of IB, one of the key raw materials required for ATBS production. At the same time, the raw material used to manufacture IB is also used in the preparation of HP MTBE. This dual benefit of backward integration and raw material synergies improves our operational efficiencies, resulting in cost benefits in the long run.

Apart from the above product innovations in the Speciality Monomers and Aromatics segments, our Industrial Polymers are low cost manufacturing products, which strengthen VOL's revenue ambit. This integrated value-chain of our products and processes comprises one of our major areas of strength.

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**0.5%**

The variation level in purity standards of ATBS compared to 3% of global tolerance levels

**99.8%**

The purity levels of IBB, among the highest in the world

**99.97%**

The purity levels of HT-MTBE, among the highest in the world

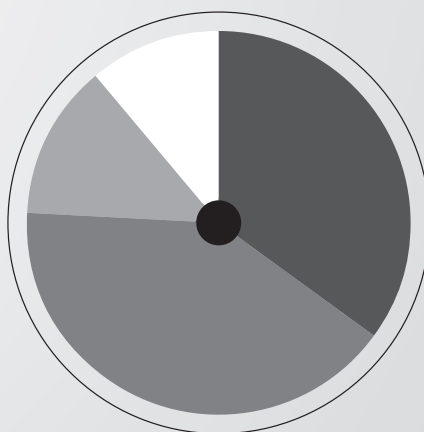
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Our IBB plant was set up in 1992, at a time when the product was not even available in India and was sourced primarily through imports. Today, our 16000TPA capacity plant enables us to address the domestic demand as well as cater to the global market of IBB.

We have consistently expanded our ATBS capacity over the last five years, which has established our position as the largest manufacturer in the world. The gamut of our speciality monomers portfolio is further widened by TBA, a co-product of the ATBS manufacturing process. This enhanced capacity produces economies of scale, resulting in an unparalleled cost-to-value proposition for our customers.

### Sales composition

(%)



|     |      |    |        |
|-----|------|----|--------|
| 35  | 41   | 13 | 11     |
| IBB | ATBS | IB | Others |

---

### Technological competitiveness

At VOL, we make dedicated and consistent efforts to refine and enhance our product manufacturing technologies. We have the ability to acquire, re-engineer and replicate technologies making it possible for us to reinforce our competitive advantage at a relatively lower cost.



Right Way Forward

**Create  
value**



**Pursue  
growth  
opportunities**



**Strengthen  
capacities**



Long-term value can only be created by reinforcing capabilities in a consistent manner, while never missing an opportunity to grow, despite challenges.

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**420%**

Percentage growth in ATBS capacity in the last five years leading to 2013-14

**40%**

VOL's global market share of ATBS

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Given that the global demand for IBB is growing at 5% annually, we have undertaken continuous initiatives to expand our capacity in multiple phases. Concurrently, our enhanced product manufacturing knowledge helped us to attain global leadership in our chosen segments.

Similarly, for ATBS, we expanded our capacities in a continuous and timely manner. As the global demand for ATBS continues to witness a 10-15% growth rate, our consistent expansion in capacity has allowed us to emerge as the preferred supplier for the global market.

At VOL, one of our key differentiators comprises in our product value chain. Our R&D team continuously endeavours to create products that not only cater to external demand, but also integrate with our existing portfolios. This helps us to achieve optimal cost efficiencies. In fact, our IB growth story primarily started with the idea of backward integration to achieve cost reduction. Today, we have developed relevant insights to understand the shifting dynamics of the domestic IB market. That, in turn, has enabled us to capture over 70% of the domestic IB market share.

We are under process to commission our 8-MW capacity cogeneration plant using process steam. This will make the Lote plant self-sufficient in terms of its steam as well as power requirements. While we have an integrated business model (forward and backward), we feel captive power generation will further strengthen the value-proposition of our products and result in more savings.



Right Way Forward

# **Sustain market leadership**



## **Achieve right chemistry**



## **Develop resilience**

At VOL, we have created a credible track record of combating competition, enhancing core capabilities and emerging as a responsible market leader with a sustainable business blueprint.

---

₹2000 Lacs

Investments at the Lote plant to ensure zero wastage

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While we achieved significant growth by capitalizing on existing opportunities, we also faced multiple challenges along the way.

While China emerged as the leading global supplier of IBB, India happened to be one of its prime dumping destinations. Although we managed to persuade the government to impose the anti-dumping duty, we realized that this was not a sustainable and viable long-term option. That prompted us to improve our processes, rationalize costs and enhance our efficiencies. The results spoke for themselves as we established our position as the largest global manufacturer of IBB, with significant exports to China.

When we initially started our ATBS commercialisation process, we were

unable to achieve the optimum quality standards required to market the product. Within a four-year span (from 2002 to 2006), we were able to refine our processes and achieve the right chemistry to create a world-class product that caters to customers in more than 20 countries. In the past eight years, our ATBS product capacity has grown 26 times, with more than 40% share of the total revenue pie.

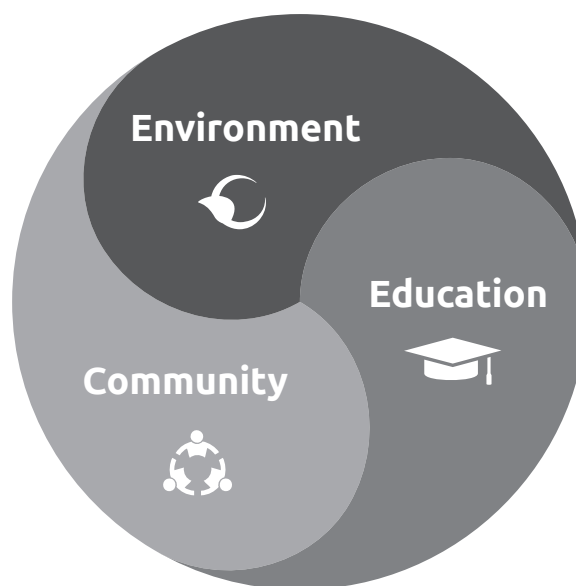
At VOL, we fought global competition, created integrated processes, expanded our product basket and achieved market leadership in most of our chosen product segments. We have built a resilient business model and continue to focus on innovative technologies, product synergies and operational efficiencies.

At the same time, we always took steps to become a responsible manufacturer and renewed our commitment to help protect the environment. Over the years, we have invested in comprehensive environmental compliances, and rank among some of the few companies in our industry space to record zero waste discharge.

## Encourage education > Protect the environment > Widen community care

We believe unlocking long-term value in business is only possible through continuous social engagements.

We are deeply committed to contribute towards social wellbeing through consistent initiatives. We think in a developing society like India there is urgent need to provide educational and healthcare opportunities to the disadvantaged sections of society. Besides, business priorities should be aligned with sustainable environment protection. Therefore, we focus our energies towards encouraging education, providing healthcare support to the vulnerable sections of society and helping protecting the environment. We also take concrete steps to improve the standard of living of our people, along with their families.



### Protecting the environment

- ▼ Participating in campaigns to spread awareness on global warming
- ▼ Ensuring that both our plants have a zero waste production route
- ▼ Creating green spaces in communities where we are based



### Supporting education

- ▼ Motivating meritorious students through an awards system
- ▼ Encouraging the education of girl students by donating uniforms and other educational aids



### Caring for the community

- ▼ Contributing to local community welfare
- ▼ Participating in programmes organized by local panchayats
- ▼ Providing direct and indirect employment opportunities to local people at our facilities located in the interiors of Maharashtra
- ▼ Imparting technical skills to people belonging to the marginalized sections of society
- ▼ Undertaking various initiatives to improve healthcare facilities and organizing regular blood donation camps
- ▼ Prioritizing the wellbeing of our employees by maintaining high standards of hygiene and safety at all our production units

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Accorded SILVER by EcoVadis towards Corporate Social Responsibility (CSR) Rating

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# Statutory Reports & Financial Statements



## Management Discussion and Analysis

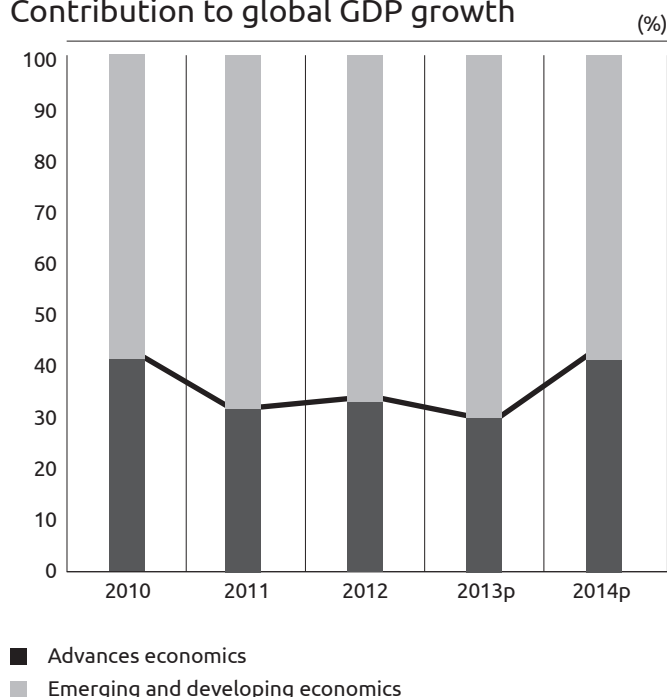
### Global Economic Review

Although the global economy underwent a gradual recovery during FY 2013-14, the pace of growth has been largely uneven and prone to uncertainties. The year also witnessed a marked change in the pattern of recovery, with the advanced economies providing the actual impetus to growth, instead of the developing markets and emerging economies as in earlier years. Developed economies like the US recorded an improved performance, although growth tended to be subdued in the Eurozone. Emerging economies like India, however, witnessed a distinct slowdown in economic growth, even as China held out hope by focusing on a more balanced growth strategy. At the same time, with the growth in advanced economies likely to lead to more export opportunities for the developing ones, the overall economic scenario should be more balanced, going forward.

### Indian Economic Review

After recording robust growth till a few years ago, the pace of the Indian economic juggernaut has slowed down considerably in recent years. In fact, the 4.7% growth in the country's GDP in FY 2013-14 has served as a painful reminder of the sub-5% growth rates witnessed over the last two years. Several factors have contributed to this decline, including low corporate and infrastructure investments, persistent inflation, weak consumer sentiments and policy inertia. However, the formation of a stable government at the Centre should augur well for the future, as a host of fiscal measures and industrial reforms are expected to be implemented to strengthen the economic fundamentals. Combined with a favourable monsoon, these policy initiatives should result in the GDP growth rate crossing the 5%-mark during FY 2014-15.

### Contribution to global GDP growth



(Source: PWC Analysis Report, IMF, January 2014)

### Industry Snapshot

#### Global Chemical Industry

Chemicals are an essential part of our modern life and have a wide range of product based applications. In fact, the global chemical output, valued at \$171 billion in 1971, is estimated to have increased to about \$3.9 trillion value-wise in 2013. The industry faced a number of initial challenges, with the most important ones being in the form of the global meltdown of 2009 and the consequent economic headwinds. However, a series of cost-cutting measures, along with cash management, deleveraging of balance sheets, and divestment of underperforming businesses helped it to counter this scenario.

The volume of global chemical output was expected to increase by 2.4% in 2013 as against 2.7% in 2012. The growth is likely to improve further to 3.8% in 2014, given the improving economic conditions. According to the American Chemistry Council (ACC), the regions that are expected to lead this growth include the Asia Pacific, the Middle East, and Africa. Due to the competitive advantages accruing from shale gas development, North America will also witness slow but steady growth. Strengthening production volumes is likely to improve capacity utilisation in 2014.

### GDP growth (%)

| Year   | FY 2009-10 | FY 2010-11 | FY 2011-12 | FY 2012-13 | FY 2013-14 | FY 2014-15 |
|--------|------------|------------|------------|------------|------------|------------|
| Growth | 8.6        | 9.3        | 6.2        | 5.0        | 4.7        | 6.0        |

(Source: CRISIL, January and February, 2014)

**Global Chemical Production Volume Outlook - Key Countries / Regions (Y-O-Y% change 2010-2014)**

| Country/Region         | 2010 | 2011 | 2012 | 2013 | 2014 |
|------------------------|------|------|------|------|------|
| US                     | 3.3  | 0.0  | 0.1  | 1.6  | 2.5  |
| Brazil                 | 8.1  | -4.1 | 5.4  | 0.3  | 3.5  |
| Germany                | 10.8 | 2.5  | -2.9 | 0.7  | 1.6  |
| UK                     | -4.4 | -3.8 | -6.1 | -3.2 | 1.0  |
| Netherlands            | 12.3 | 0.3  | 3.7  | -1.5 | 0.8  |
| Switzerland            | 10.3 | -0.8 | 4.8  | 1.4  | 3.8  |
| Russia                 | 16.9 | 5.6  | -9.3 | 1.9  | 4.5  |
| Africa and Middle East | 11.5 | 2.2  | 3.6  | 3.6  | 4.8  |
| Japan                  | 7.4  | -0.2 | -3.2 | 0.8  | 4.0  |
| China                  | 17.7 | 10.7 | 9.3  | 8.5  | 8.8  |
| India                  | 1.3  | 2.5  | 1.4  | 5.8  | 6.7  |

(Source: American Chemistry Council)

**Global Chemical Capital Spending and Capacity Utilisation Rates (2010-2014)**

|                               | 2010  | 2011  | 2012  | 2013  | 2014  |
|-------------------------------|-------|-------|-------|-------|-------|
| Capital Spending (\$ billion) | 325.9 | 385.3 | 413.8 | 438.8 | 467.7 |
| Capacity Utilisation (%)      | 86.7  | 87.2  | 86.7  | 85.9  | 86.2  |

(Source: American Chemistry Council)

**Global Speciality Chemicals Market**

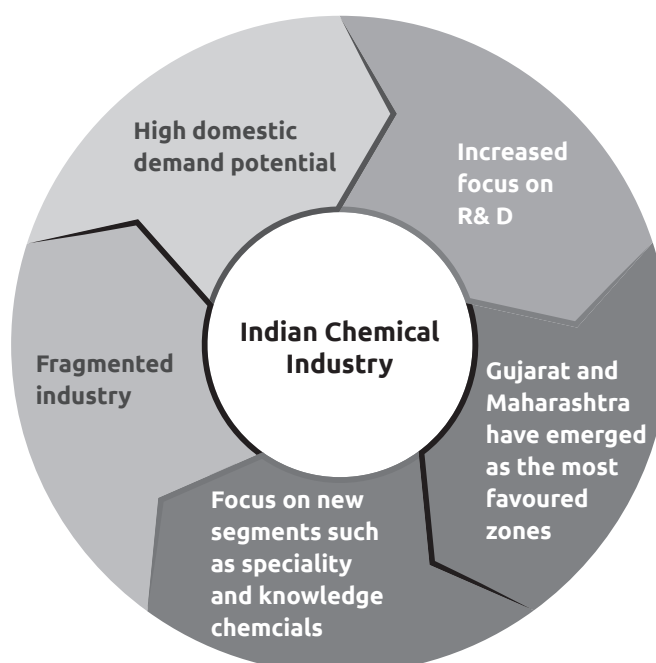
The global speciality chemicals market is expected to grow at a CAGR of 5.16% over the period 2013 to 2018. One of the key factors contributing to this market growth is the increasing demand for specialty chemicals products in the rapidly developing countries of the APAC region. The global specialty chemicals market has also witnessed an increase in merger and acquisition related activity, as key market players increase their attempts to penetrate the emerging markets. However, the increasingly stringent health and environmental regulations could pose a challenge to the future growth of this market.

**Indian Chemical Industry**

India's growing per capita consumption and demand for agriculture-related chemicals offers a goldmine of opportunities for the domestic chemicals industry. With an increased focus on improving products and the usage intensity of speciality chemicals, the industry is poised to record strong future growth. The total market size of the domestic chemicals industry is expected to grow from US\$ 108 billion in 2011 to US\$ 290 billion in 2017.

This segment includes dyes and pigments, leather chemicals, personal care ingredients and other speciality chemicals (excluding pharmaceuticals and agrochemicals). In 2013, the

Indian chemical industry earned revenues in the range of US\$ 155-160 billion. It is likely to grow further at a rate of 11-12% over the next two to three years.

**Characteristics of The Indian Chemical Industry**

The Government of India (GOI) has allowed 100 percent foreign direct investment (FDI) in the Indian chemicals sector and has de-licensed the manufacturing of most chemical products. It is also extending infrastructure support for setting up of petroleum, chemicals and petrochemicals investment regions (PCPIRs) by constructing roads, ports and other similar facilities.

(Source: IBEF)

### Indian Specialty Chemicals Market

The specialty chemicals market in India (including knowledge chemicals as active ingredients in agrochemicals and pharmaceuticals) has the potential to grow at a rate of ~15% p.a. to reach USD 40 billion by FY 2014. This growth potential is significantly higher than the projected 3% p.a. growth rate for the global chemical industry or even the 10% p.a. growth rate envisaged for the domestic sector.

(Source: Tata strategic management group).

### The Major Growth Drivers Behind India's Chemical Industry can be Listed as Follows:

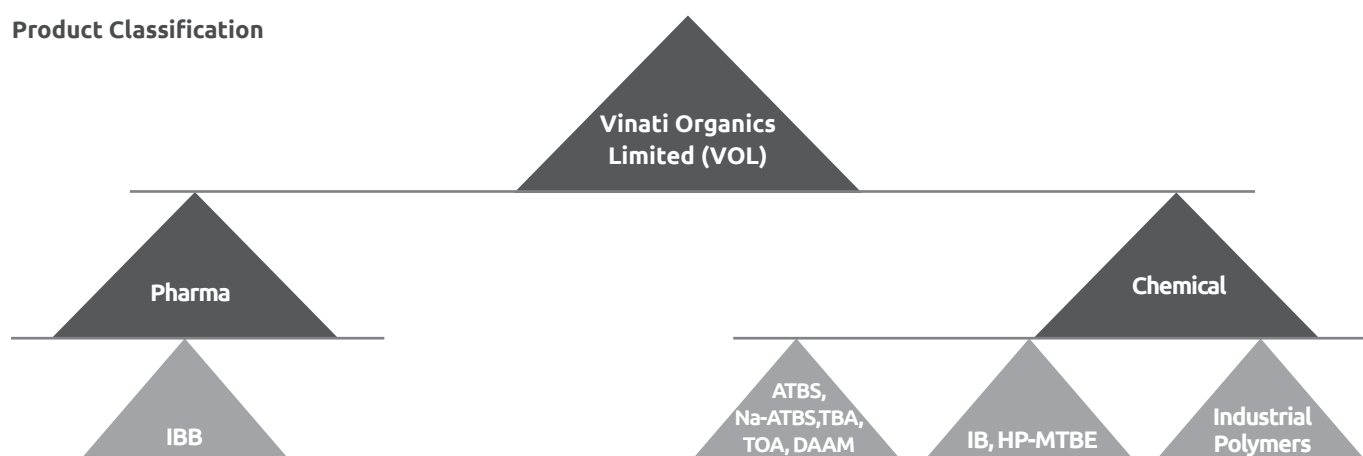
#### Structural Advantage

Spurred by a growing market and enhanced purchasing power, the domestic chemical industry is likely to grow at over 10-13% in the coming years. Growing disposable incomes and increasing urbanisation are fuelling the end consumption demand for paints, textiles, adhesives and construction, which has, in turn, led to substantial growth opportunities for chemical companies.

#### High Domestic Consumption

The chemicals industry in India is the largest consumer of its own products, consuming as much as 33% of its total output. Given the promising growth trends witnessed in the chemicals industry, this internal consumption is all set to rise even further.

#### Product Classification



### Diversified Manufacturing Base

The Indian chemicals industry has a diversified manufacturing base that is characterised by world-class product offerings. There is a substantial presence of downstream industries in all segments. At the same time, this large and expanding domestic chemicals market also boasts of a large pool of highly-trained technical personnel.

### Promising Export Potential

Chemicals constitute ~5.4% of the overall domestic export volumes. India already has a strong presence in the export market in the sub-segments of dyes, pharmaceuticals and agro chemicals. India exports dyes to Germany, the UK, the US, Switzerland, Spain, Turkey, Singapore and Japan.

(Source: FICCI Report)

### Company Overview

Vinati Organics Limited has been operating in the chemical manufacturing industry since 1992. It has achieved record success in setting up the highly technical plants for manufacturing IBB and ATBS. The Company has positioned itself as a powerful entity in the industry by providing innovative solutions through its unique products and technology.

### Products

Since inception, VOL's focus has been on manufacturing niche organic chemicals. The key products IBB, ATBS & IB play a very critical role in various important industries like Pharmaceuticals, Oil Recovery, Water Treatment and Chemical, Agrochemical etc. VOL enjoys an oligopolistic market situation in all its key products.

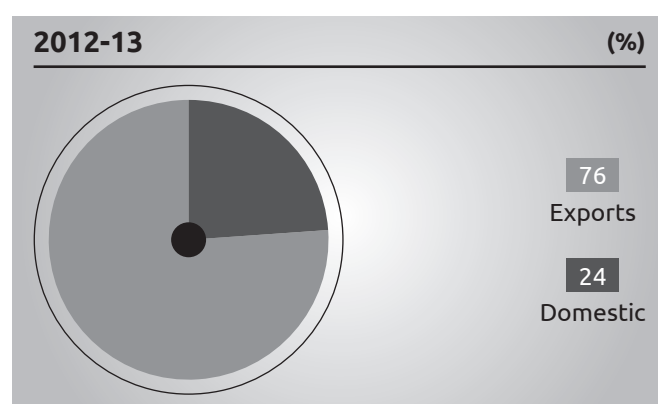
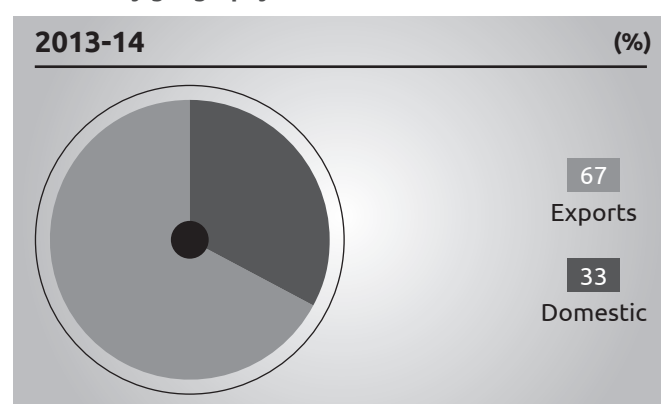


## Financial Snapshot

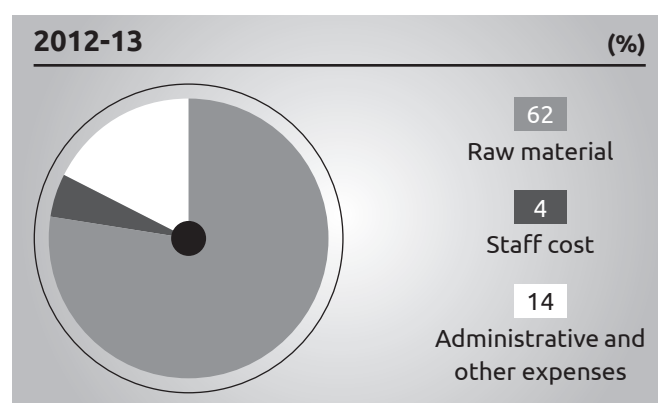
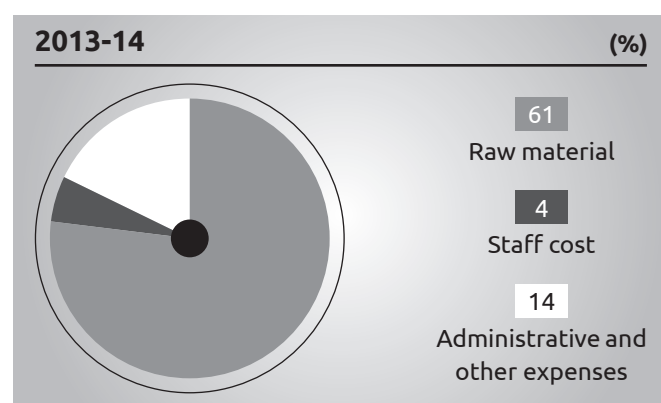
| Particulars                                    | 2013-14  | 2012-13  | % growth (Y-O-Y) |
|------------------------------------------------|----------|----------|------------------|
| Net Sales                                      | 68727.57 | 54169.95 | 27               |
| Profit Before Interest, Depreciation and Taxes | 15288.83 | 12033.04 | 27               |
| Depreciation and Taxes                         | 5775.55  | 4389.26  | 32               |
| Net Worth                                      | 32740.26 | 24124.81 | 36               |
| Earnings Per Share (₹)                         | 17.45    | 13.91    | 25               |
| Gross Block                                    | 37106.73 | 34174.60 | 9                |
| Net Block                                      | 30418.78 | 29013.42 | 5                |

## Brief Analysis of the Financial Statements

### Revenue by geography



### Key cost components as a percentage of net revenue from operations



## Internal Control Systems and Their Adequacy

Internal control and proper systems authenticate the information, reports, records, documents, and transactions and serve as a strong foundation for decision-making by the management. The Company has established proper internal control systems and procedures which are compatible with the size of its operations and business. With a view to ensure that these systems are adhered to and the controls are not flouted, a firm of chartered accountants conducts an

internal audit of operations, establishments, and stockyards on a quarterly basis. The Audit Committee reviews the reports of Internal Auditors and monitors the effectiveness and operational efficiency of the internal control systems. The Audit Committee provides valuable suggestions from time to time in improving the business processes, systems and internal controls. The annual internal audit plans are prepared by internal auditors, in consultation with the Audit Committee and the audit is conducted in accordance with this plan.

## Risk Management

The management at VOL continues to take proactive approach to recognise and mitigate risks that affect the day-to-day business operations.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Health and environment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                             |
| <b>Risk: Health and safety</b><br><b>Mitigation:</b> Health and safety remains one of the integral operational priorities. All management meetings at Vinati feature a health and safety update as one of our top agenda items.                                                                                                                                                                                                                                                                                     | <b>Risk: Environment</b><br><b>Mitigation:</b> We look forward to make a positive contribution to the health and well being of our consumers and the communities we are present in. Our corporate social responsibility statement on page 16 describes our efforts in more detailed manner. |
| <b>Client and consumers</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                             |
| <b>Risk: Client retention</b><br><b>Mitigation:</b> We aim to build long-term relationships with our clients based on quality and value. Our business model is structured so that we are not reliant on one particular sector, geography or group of details.                                                                                                                                                                                                                                                       | <b>Risk: Delivering customised solutions</b><br><b>Mitigation:</b> We strive to meet consumer demand for quality, choice and value by developing innovative products which suit our consumer's requirements.                                                                                |
| <b>People</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                             |
| <b>Risk: People retention</b><br><b>Mitigation:</b> The recruitment and retention of skilled employees is a challenge faced by many industries. We have established training and development and performance management programmes which are designed to align rewards with our corporate objectives and to retain and motivate the best people.                                                                                                                                                                    |                                                                                                                                                                                                                                                                                             |
| <b>Quality risk</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                             |
| <b>Risk: Quality Standards</b><br><b>Mitigation:</b> Our Company holds the most credible certifications for quality and environment like ISO 9001:2008, ISO 14001:2004 and ISO 18001:2007. Customers carry out an EHS audit at our premises in addition to stringent quality control which strengthens our quality commitment.                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                             |
| <b>Foreign Exchange risk</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                             |
| <b>Risk: Revenue &amp; Profitability</b><br><b>Mitigation:</b> The Company's revenues are largely generated from exports and hence denominated in foreign currency, predominantly USD. Against these the company procures raw materials through import and local purchases, where local purchases track import parity price. Also, contracts entered into with customers have provision to share the forex risk. Further, the long term loans of the Company are all in USD terms and this acts as a natural hedge. |                                                                                                                                                                                                                                                                                             |
| <b>Funding risk</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                             |
| <b>Risk: Funding requirements</b><br><b>Mitigation:</b> We have a low debt equity ratio of 0.53 and a high interest cover which will help us in raising funds as and when needed.                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                             |

# Directors' Report

## To the Members,

Your Directors have pleasure in presenting their Twenty Fifth Annual Report on the business and operations of your Company together with Audited Financial Statements for the year ended 31st March 2014.

## 1) Financial Results

The summarized position of these results is given below:

|                     |                                                  | (₹ in Lacs)     |                 |
|---------------------|--------------------------------------------------|-----------------|-----------------|
|                     |                                                  | 2013-2014       | 2012-2013       |
| Net sales up by 27% | Net Sales/Income from Operations                 | 68727.57        | 54169.95        |
|                     | Other Income                                     | 916.81          | 376.37          |
|                     | <b>Total Income</b>                              | <b>69644.38</b> | <b>54546.32</b> |
|                     | Profit before Finance Cost, Depreciation & Taxes | 16205.64        | 12409.41        |
|                     | Finance cost                                     | 1814.64         | 1153.87         |
| EBITDA up by 31%    | Profit before Depreciation & Taxes               | 14391.00        | 11255.54        |
|                     | Depreciation & Amortisation Expense              | 1531.72         | 994.95          |
|                     | Profit before Taxation                           | 12859.28        | 10260.59        |
|                     | Provision for Taxation - Current                 | 3539.50         | 2317.96         |
|                     | Deferred                                         | 704.43          | 1120.14         |
| PAT up by 25%       | Provision for earlier year W/back/Provided       | --              | (43.79)         |
|                     | Net Profit                                       | 8615.45         | 6866.28         |
|                     | Balance brought forward                          | 20564.97        | 15842.77        |
|                     | Balance available for appropriations             | 29180.42        | 22709.05        |
|                     | <b>Appropriations</b>                            |                 |                 |
|                     | Final Proposed Dividend                          | 1481.18         | 1234.31         |
|                     | Tax on above                                     | 251.72          | 209.77          |
|                     | Transfer to General Reserve                      | 900.00          | 700.00          |
|                     | Surplus carried to Balance sheet                 | 26547.52        | 20564.97        |

## 2) Review of Operations

The Company's operations have shown impressive growth during the year under review. The net sales/ income from operations during the year have gone up to ₹ 69613.35 Lacs from ₹ 55285.93 Lacs, registering a growth of 27% over the previous year.

The Company's profit before tax has also gone up from ₹ 10260.59 Lacs in previous year to ₹ 12859.28 Lacs in current year registering a robust growth of 25%.

## 3) Dividend

Your Directors are pleased to recommend a dividend of 150% i.e. ₹ 3.00 per equity share.

The total outgo on dividend account will be ₹ 1732.90 Lacs (inclusive of corporate tax on dividend).

The dividend is tax free in the hands of the shareholders.

## 4) Subsidiary Company

The Company does not have subsidiary company.

## 5) Prospects

Expansion of Isobutylene capacity from 45 TPD to 135 TPD. Estimated cost of expansion is about ₹ 2500 Lacs.

With ATBS expansion completed and IB expansion under execution, the demand for steam will be high making coal based cogeneration plant project viable. Expected capital outlay for project is ₹ 5500 Lacs. The time required for execution is 2 years.

## 6) Turnover and Profit (Operating Results)

The Company achieved gross turnover of ₹ 74260.30 Lacs as compared to ₹ 58521.73 Lacs in the previous year. The net profit after tax increased to ₹ 8615.45 Lacs as compared to ₹ 6866.28 Lacs in the previous year.

## 7) Insurance

The properties and insurable interest of your company like Building, Plant and Machinery, Inventories etc. are properly insured.

**8) Directors**

As per Section 149(4) of Companies Act, 2013 every listed company shall have atleast one third of the total number of directors as independent directors. They shall hold office for a term upto five consecutive years on the Board of the Company as per section 149(10).

As per Section 152 (6) (e) total number of directors shall not include independent directors. Mr. Girish M. Dave, Mr. R. K. Saraswat, Mr. A. A. Krishnan and Mr. C. B. Gokhale have offered for election as Independent Director.

Out of remaining 5 directors 3 are executive directors. Therefore Mr. Sunil Saraf and Mr. Mohit Mutreja retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

**9) Auditors**

Members are requested to appoint Auditors for the current year and to authorize the Board of Directors to fix their remuneration. At previous meeting, M/s. Karnavat & Co., Chartered Accountants, were appointed as Statutory Auditors of your Company from the conclusion of the previous Annual General Meeting. The said Statutory Auditors retire at the ensuing Annual General Meeting and being eligible under section 139 of the Companies Act, 2013, offer themselves for re-appointment.

**10) Auditors' Report**

The observations of Auditors as referred to in the Auditors' Report are suitably explained in the Notes to the Accounts.

**11) Cost Auditor**

As per Section 139 of the Companies Act, 2013, M/s. N. Ritesh & Associates has been appointed as a Cost Auditor for the year ending on 31.03.2015, subject to the approval of Central Government, if required.

The Audit Committee has received a Certificate from the Cost Auditors certifying their independence and arm's length relationship with your Company. In accordance with Cost Audit (Report) Rules, 2001, the due date for filing the Cost Audit Report in XBRL for the financial year ended 31.03.2013 was 28.02.2014 and the same was filed on 05.12.2013 vide SRN No. S28410181 with the Ministry of Corporate Affairs, New Delhi.

**12) Finance:**

The long term borrowings are raised through External Commercial Borrowings (ECBs), Foreign Currency Convertible Bonds (FCCBs) and Foreign Currency Term Loan (FCTL) from Banks and Financial Institutions.

**13) Fixed Deposits**

During the year under review the Company did not invite or accept any Fixed Deposits within the meaning of Section 73 of the Companies Act, 2013 and as such, no amount of principal or interest was outstanding as on the date of balance sheet from public.

**14) Conservation of Energy, Technology Absorption & Foreign Exchange Earnings & Outgo**

Information as per Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, relating to the above head are given in Annexure 'A' forming part of this report.

**15) Human Resource:**

The Company believes that Human Resources play a very critical role in its growth. Its management has infused a lot of rigor, intensity in its people Development Processes and in honing skill sets. Various initiatives have been launched to provide growth opportunities to Employees. For the development of the Employees, the Company has created a structured training framework for its employees to ensure their ongoing education.

The Company's Human Recourses function has played and continues to play an integral role in its talent management process.

**16) Listing**

The Company's equity shares continue to be listed at BSE & NSE. We confirm that the Listing fee for the financial year 2013-2014 has been paid to them. The stock code of the company at BSE is 524200 and NSE is VINATIORGA.

**17) Directors' Responsibility Statement**

The Audited Accounts for the year under review are in conformity with the requirements of the Act and the Accounting Standards. The financial statements reflect fairly the form and substances of transactions carried out during the year under review and reasonably present your Company's financial condition and results of operations. Pursuant to the requirement of Section 134 of the Companies Act, 2013 and based on the representations received from the operating management, the Directors hereby confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the

Company as at 31st March 2014 and the profit or loss of the Company for the year ended on 31st March 2014;

(iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) they have prepared annual accounts on a going concern basis.

### 18) Corporate Governance And Management's Discussion And Analysis Reports

The Corporate Governance and Management's Discussion and Analysis Reports, which form an integral part of this report, are set out in a separate annexure to this report, along with the certificate from the Auditors of the Company certifying compliance of the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange. (See Annexure 'B' & 'C')

### 19) Employees

Particulars of the employees as required to be disclosed under section 217 (2A) of the Companies Act, 1956 read with Company (Particulars of employees) Rules, 1975 as amended from time to time, forms part of this report and attached herewith as Annexure 'D'.

Employee holding 2% or more of the equity shares by himself or along with his spouse:

1. Mr. Vinod Saraf – Managing Director – 7937250 shares - 16.08%
2. Mrs. Kavita Vinod Saraf – Spouse – 6228000 shares - 12.61%

### 21) No Change In The Class And Nature Of The Business Of Company Or Its Subsidiaries

There has been no change in the class and nature of the business of the Company. The Company does not have Subsidiary Company.

### 22) Delay In Completion Of Buy- Back

The Company has not proposed to buy- back any shares.

### 23) Composition of Audit Committee

The Audit Committee of the Company as on 31st March, 2014 comprised the following 3 Directors of the Company:

1. Mr. R. K. Saraswat: Independent Director - Chairman
2. Mr. Girish M. Dave: Independent Director - Member

3. Mr. C.B. Gokhale: Independent Director - Member

### 24) ESOP/ ESOS

The Company has not issued any ESOP or ESOS.

### 25) Sweat Equity

The Company has not issued any sweat equity.

### 26) Preferential Allotment

The Company has not issued any shares as a preferential allotment.

### 27) Redemption of Shares/ Debentures

The Company has not redeemed any Shares or Debentures.

### 28) Shareholder's Resolution

Employee stock option scheme 2008 for 2,00,000 equity shares face value of ₹ 10/- each was approved in annual general meeting held on 27.09.2008. So far same is not implemented. Same is being reconsidered.

### 29) Disqualification of Director:

No Director of the Company is disqualified under any law to act as a Director.

### 30) Insider Trading Proceedings/ Enquiry

Letter was received from SEBI inquiring about of purchase of equity shares by two employees on 29.02.2012 and same was replied on 5th March 2012. Letter was written to SEBI for purchase of equity shares by one employee on 06.06.2012. And as on date we have not received any further communication.

### 31) Appreciation & Acknowledgements

Your Directors take this opportunity to place on record their sincere gratitude for assistance and cooperation received from Central & State Governments, banks, financial institutions, shareholders, business associates and esteemed customers for their continued support and assistance during the year.

Your Directors also place on record their appreciation for the excellent contribution made by all employees of Vinati Organics Limited through their commitment, competence, co-operation and diligence to duty in achieving consistent growth of the Company.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 10th May 2014

**Girish M. Dave**  
Non-Executive Chairman  
Annual Report 2013-14

## ANNEXURE – 'A' – Directors Report

### PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

#### A) Conservation of Energy

The Company is engaged in the continuous process of further energy conservation through improved operational and maintenance practices and also undertaken effective measures to minimize energy consumption and the measures have resulted / will result in the consumption of power, fuel and coal, ultimately resulting in savings in the cost of production.

Total energy consumption as per prescribed 'Form A' together with the comparative figures for the last year is mentioned hereunder:

| Power & Fuel Consumption      | 2013-14  | 2012-13  |
|-------------------------------|----------|----------|
| <b>1) Electricity</b>         |          |          |
| <b>a) Purchased (MSEB)</b>    |          |          |
| Unit (KWH in Lacs)            | 271.92   | 236.31   |
| Total Amount (₹ in Lacs)      | 2091.17  | 1870.83  |
| Cost per unit (in ₹)          | 7.69     | 7.92     |
| Unit Consumed / Kg. Of IBB    | 0.29     | 0.32     |
| Unit Consumed / Kg. of ATBS   | 1.54     | 1.42     |
| Unit Consumed / Kg. of IB     | 0.14     | 0.17     |
| <b>b) Own Generation</b>      |          |          |
| (i) Through Diesel Generator  |          |          |
| Units (Litres)                | 145727   | 97940    |
| Total Cost (Diesel cost in ₹) | 2657981  | 1750555  |
| Cost per unit (in ₹)          | 18.24    | 17.87    |
| <b>2) Coal</b>                |          |          |
| Units (Kg.)                   | 22699904 | 14539525 |
| Total Cost (₹ in Lacs)        | 1374.32  | 852.64   |
| Average Cost (₹ /Kg)          | 6.05     | 5.86     |
| <b>3) Furnace Oil</b>         |          |          |
| Units (KL)                    | 871930   | 643845   |
| Amount (₹ in Lacs)            | 415.22   | 256.08   |
| Average Cost (₹/KL)           | 47.62    | 39.77    |

#### B) Technology Absorption, Adoption and Innovation

- (i) Efforts, in brief, made towards technology absorption, adoption and innovation. The technologies acquired by the Company in the past for the production of IBB, ATBS & Na-ATBS have been fully absorbed. The technologies have been further upgraded over the years through in-house innovation and knowledge engineering to achieve better material and energy efficiencies.

- (ii) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc

Full understanding of the technology helped the Company to identify and develop schemes for the recovery of by-products. Better process knowledge and simulation facilitated achievement of higher production volumes, quality improvement and energy conservation.

#### C) Research & Development

- (i) Specific areas in which R & D is carried out by the Company

The R&D unit is engaged in developmental activities such as developing alternate products and attaining better production efficiencies and has spend ₹ 80 lacs on R&D during the year.

To foster technical excellence and to maintain its leadership position, your Company continues to accord high priority to R&D.

- (ii) Benefits derived as a result of the above efforts

The Company has been successful in new products and process development, quality, safety, standard, environmental protection measures and conservation of energy improvement.

At Mahad we recover pure NBB.

At Lote we manufacture Tertiary Butyl Acrylamide and recover ATFE Bottom Polymers.

- (iii) Future plans of action

R&D in the relevant areas of business operations will continue. Emphasis will be on adopting products and processes to improve performance, be more environment friendly with a view to meeting customer needs.

#### D) Foreign Currency Earnings And Outgo

The details of Foreign Exchange Earnings & Expenditure in Foreign Currency is given in Note Nos. 38 and 36 of Notes to Accounts in Annual Report.



## ANNEXURE – 'B' Directors' Report

### Corporate Governance Report

(Pursuant to Clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd. & National Stock Exchange of India Ltd.)

#### 1. Company's Philosophy on the Code of Governance

The objective of your Company is not only to meet the statutory requirements of the code but to go well beyond it by instituting such systems and procedures as are in accordance with the latest global trend of making management completely transparent and institutionally sound.

Your Company has always believed in the concept of good Corporate Governance involving transparency, empowerment, accountability and integrity with a view to enhance stake holder value. The Company has professionals on its Board of Directors who are actively involved in the deliberations of the Board on all important policy matters.

#### 2. Board of Directors

##### (a) Composition

The Company has a combination of Executive and Non-Executive Directors. The Company has one Non-Executive Chairman. The number of Independent Directors is 4.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49(I) (C) (ii)) across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee positions occupied by them in other companies.

The Company's Board at present has 9 Directors comprising one Non-Executive Chairman, one

Managing Director, one Executive Director, one Director – Corporate Strategy and five Non-Executive Directors.

None of the directors are disqualified under section 164 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014.

Mr. Mohit Mutreja and Mr. Sunil Saraf, Directors' retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

##### (b) Attendance at Board Meetings and details of Membership of Directors in other Boards & Board Committees

The Board met four times on the following dates during the financial year 2013-2014 and the gap between two meetings did not exceed four months:

| Date of the Meeting | Total Strength | No. of Directors present |
|---------------------|----------------|--------------------------|
| 7th May 2013        | 9              | 8                        |
| 27th July 2013      | 9              | 8                        |
| 26th October 2013   | 9              | 9                        |
| 25th January 2014   | 9              | 9                        |

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting, as also the number of Directorships and Committee positions as held by them in other public limited companies as on 31st March, 2014 are given below:

| Name                                          | Category                            | No. of Board Meetings Attended during 2013-14 | Whether attended AGM held on 3rd August 2013 | No. of Directorships in other public limited companies | No. of Committee positions held in other public limited companies |        |
|-----------------------------------------------|-------------------------------------|-----------------------------------------------|----------------------------------------------|--------------------------------------------------------|-------------------------------------------------------------------|--------|
|                                               |                                     |                                               |                                              |                                                        | Chairman                                                          | Member |
| Mr. Vinod Saraf (Managing Director)           | Promoter, Non-Independent Executive | 4                                             | Yes                                          | 1                                                      | -                                                                 | -      |
| Mr. Girish M. Dave (Chairman – Non-Executive) | Independent Non-Executive           | 4                                             | No                                           | 5                                                      | 2                                                                 | 5      |

| Name                                               | Category                                | No. of Board Meetings Attended during 2013-14 | Whether attended AGM held on 3rd August 2013 | No. of Directorships in other public limited companies | No. of Committee positions held in other public limited companies |        |
|----------------------------------------------------|-----------------------------------------|-----------------------------------------------|----------------------------------------------|--------------------------------------------------------|-------------------------------------------------------------------|--------|
|                                                    |                                         |                                               |                                              |                                                        | Chairman                                                          | Member |
| Mr. R. K. Saraswat (Director)                      | Independent Non-Executive               | 4                                             | Yes                                          | 2                                                      | 2                                                                 | 1      |
| Mr. C.B. Gokhale (Director)                        | Independent Non-Executive               | 3                                             | No                                           | -                                                      | -                                                                 | -      |
| Mr. A.A. Krishnan (Director)                       | Independent Non-Executive               | 3                                             | No                                           | 1                                                      | -                                                                 | -      |
| Mr. Sunil Saraf, Director                          | Promoter, Non-Independent Non-Executive | 4                                             | No                                           | 1                                                      | -                                                                 | -      |
| Ms. Vinati Saraf Mutreja, Executive Director       | Promoter, Non-Independent Executive     | 4                                             | No                                           | 1                                                      | -                                                                 | -      |
| Ms. Viral Saraf Mittal Director-Corporate Strategy | Promoter, Non-Independent Executive     | 4                                             | No                                           | 1                                                      | -                                                                 | -      |
| Mr. Mohit Mutreja Director                         | Promoter, Non-Independent Non-Executive | 4                                             | No                                           | -                                                      | -                                                                 | -      |

**(c) Code of Conduct:**

The Company has laid down a Code of Conduct for all its Board members and Senior Management personnel for avoidance of conflicts of interest. It has received from all of them the necessary declarations affirming compliance with the Code of Conduct for the year 2014. There were no material financial and commercial transactions in which the Senior Management personnel had personal interest, which could lead to a potential conflict of interest with the Company during the year. The Code of Conduct is available on the Company's website.

**(d) Non-executive directors were paid only sitting fees during the year. The details are as under:**

| Sr. No. | Name of Directors – Non-executive | ₹ in Lacs |
|---------|-----------------------------------|-----------|
| 1.      | Mr. Girish M. Dave                | 0.90      |
| 2.      | Mr. R. K. Saraswat                | 0.80      |
| 3.      | Mr. C. B. Gokhale                 | 0.60      |
| 4.      | Mr. A. A. Krishnan                | 0.40      |
| 5.      | Mr. Sunil Saraf                   | 0.40      |
| 6.      | Mr. Mohit Mutreja                 | 0.40      |

**(e) Shareholdings of Directors as on 31.03.2014 are as under:**

| Sr. No. | Name of Directors          | No. of Equity Shares |
|---------|----------------------------|----------------------|
| 1.      | Mr. Vinod Banwarilal Saraf | 7937250              |
| 2.      | Ms. Vinati Saraf Mutreja   | 607335               |
| 3.      | Ms. Viral Saraf Mittal     | 522927               |

**3. Audit Committee****(a) Constitution**

The Audit Committee, which was constituted on 31st January 2001 pursuant to the provisions contained in section 292A of the Companies Act, 1956 was reconstituted as per Clause 49 of Listing Agreement for Corporate Governance on 24th January 2002 and was reconstituted on 20th May 2006 and 18th June 2009 and once again it was reconstituted on 24th January 2011. The terms of reference of the Audit Committee as stipulated by the Board are in accordance with all the items listed in Clause 49(II) (D) of the Listing Agreement and Section 292A of the Companies Act, 1956.



**(b) Composition**

The Audit Committee of the Company as on 31st March, 2014 comprised the following 3 Directors of the Company:

|    |                    |                                 |
|----|--------------------|---------------------------------|
| 1. | Mr. R. K. Saraswat | Independent Director - Chairman |
| 2. | Mr. Girish M. Dave | Independent Director - Member   |
| 3. | Mr. C.B. Gokhale   | Independent Director - Member   |

All members of Audit Committee have good exposure to finance as well as general management.

**(c) Meetings & Attendances**

The Audit Committee met four times on the following dates during the last financial year.

| Date of the Meeting | Total Strength | No. of Directors present |
|---------------------|----------------|--------------------------|
| 7th May 2013        | 3              | 2                        |
| 27th July 2013      | 3              | 3                        |
| 26th October 2013   | 3              | 3                        |
| 25th January 2014   | 3              | 3                        |

The necessary quorum was present at the meetings.

Mr. G.S. Singhi being the Company Secretary Cum Finance Controller of the Company acts as the Secretary to the Committee.

**(d) Terms of reference**

The Statutory Auditors, Internal Auditors of the Company and the Cost Auditors are invited to join the Audit Committee Meetings. The Audit Committee holds discussions with the Statutory Auditors on the 'Limited Review' of the half-yearly accounts, quarterly accounts, the yearly Audit Plan, matters relating to compliance of Accounting Standards, their observations arising from the annual audit of the Company's accounts and other related matters. The Committee discusses with the Cost Auditor about his observations in the Annual Cost Audit Reports and allied matters. The terms of reference includes (a) power of the Audit Committee, (b) role of the Audit Committee and (c) review of information by the Audit Committee.

**4. Subsidiary Companies**

The Company does not have any subsidiary companies.

**5. Share Transfer Committee**

The Share Transfer Committee was constituted on 25th January 2008 for approving transfers, transmission etc. It comprises of following Directors:

- (i) Mr. Vinod Saraf, Managing Director
- (ii) Ms. Vinati Saraf Mutreja, Executive Director
- (iii) Mr. Sunil Saraf, Director

Mr. G. S. Singhi being the Company Secretary cum Finance Controller of the Company acts as the Secretary to the Committee. The Committee met 12 times during the year 2013-2014 for approving transfers, transmissions etc. All transfers & transmissions etc. were approved and share certificates were dispatched within 30 days and requests for dematerialization were confirmed within 21 days.

**6. Shareholders'/Investors' Grievance Committee****(a) Terms of Reference**

The Company has an independent Shareholders' Grievance Committee, which was constituted on 24th January 2002 and reconstituted on 20th May 2006 and 12th March 2010 and again it was reconstituted on 24th January 2011 to look into redressal of investor's complaints and requests like delay in transfer of shares, non-receipt of dividend, annual report, etc.

**(b) Composition**

The Shareholders'/Investors' Grievance Committee of the Company comprises of the following 3 Directors of the Company:

|    |                          |                                               |
|----|--------------------------|-----------------------------------------------|
| 1. | Mr. A. A. Krishnan       | Chairman - Independent Non-Executive Director |
| 2. | Mr. Vinod Saraf          | Member - Managing Director                    |
| 3. | Ms. Vinati Saraf Mutreja | Member - Executive Director                   |

**(c) Meetings & Attendances**

The Shareholders'/Investors' Grievance Committee met on the following dates during the last financial year.

| Date of the Meeting | Total Strength | No. of Directors present |
|---------------------|----------------|--------------------------|
| 29th March 2014     | 3              | 2                        |

A total number of 14 complaints were received and all of which were, redressed by the Company during the year 2013 - 2014.

Mr. G.S. Singhi being the Company Secretary Cum Finance Controller of the Company acts as the Secretary to the Committee and is the compliance officer.

## 7. Nomination & Remuneration Committee

### (a) Constitution

The Remuneration Committee was constituted on 28th July 2010 as per Clause 49 of Listing Agreement for Corporate Governance and again it was reconstituted on 27.10.2012 which was renamed Nomination & Remuneration Committee on 3rd May 2014.

### (b) Composition

The Nomination & Remuneration Committee comprised the following 3 Directors of the Company:

|    |                    |                                   |
|----|--------------------|-----------------------------------|
| 1. | Mr. Girish M. Dave | Independent Director – Chairman   |
| 2. | Mr. A. A. Krishnan | Independent Director - Member     |
| 3. | Mr. Sunil Saraf    | Non-Independent Director - Member |

All the members of Nomination & Remuneration Committee mentioned in (a) and (b) have good exposure to finance as well as general management.

### (c) Nomination & Remuneration Policy

As per policy of the Company remuneration paid to the directors is as elaborated in Clause (d), hereunder.

### (d) Details of remuneration paid /payable to the directors for the year ended 31st March 2014

Managerial remuneration

| Name                                                    | Salary & Allowances | Contribution to PF | (₹ in Lacs)       |
|---------------------------------------------------------|---------------------|--------------------|-------------------|
|                                                         |                     |                    | Other Perquisites |
| Mr. Vinod Saraf<br>Managing director                    | 78.15               | 7.20               | 1.08              |
| Ms. Vinati Saraf Mutreja<br>Executive Director          | 59.12               | 5.04               | 1.67              |
| Ms. Viral Saraf Mittal<br>Director – Corporate Strategy | 33.85               | 2.88               | 1.24              |
| <b>Total</b>                                            | <b>171.12</b>       | <b>15.12</b>       | <b>3.95</b>       |

Mr. G.S. Singhi being the Company Secretary Cum Finance Controller of the Company acts as the Secretary to the Committee.

## 8. Finance Committee

### (a) Constitution

The Finance Committee was constituted on 12th May 2012 as per Clause 49 of Listing Agreement for Corporate Governance. This committee comprised the following 4 directors of the Company:

### (b) Composition

The Finance Committee was comprised the following 4 Directors of the Company:

Mr. Vinod Saraf, Managing Director  
Ms. Vinati Saraf Mutreja, Executive Director  
Mr. Mohit Mutreja, Director  
Mr. Sunil Saraf, Director

All the members of Finance Committee mentioned above have good exposure to finance as well as general management.

### (c) Power of Finance Committee:

The Committee is authorized to exercise all powers and discharge all functions relating to working capital management, foreign currency contracts operation of bank accounts and authorizing officers of the Company to deal in the matters relating to excise, sales tax, income tax, customs and other judicial or quasi judicial authorities.

## 9. Corporate Social Responsibility Committee:

### (a) Constitution

The Corporate Social Responsibility Committee was constituted on 10th May 2014 as per Clause 49 of Listing Agreement for Corporate Governance. This committee comprises of the following 4 directors of the Company:

### (b) Composition

The Corporate Social Responsibility Committee was comprised of the following 4 Directors of the Company:

Mr. Vinod Saraf, Managing Director

Mr. Girish M. Dave, Chariman- Non- Executive

Ms. Vinati Saraf Mutreja, Executive Director

Ms. Viral Saraf Mittal, Director- Corporate Strategy

All the members of Corporate Social Responsibility Committee mentioned above have good knowledge and exposure to utilize the Company's resources towards its corporate social responsibility.

### (c) Power of Corporate Social Responsibility Committee:

The Committee is authorized to exercise all powers available to them as per Companies Act, 2013.

## 10. Sexual Harassment Committee:

### (a) Constitution

The Sexual Harassment Committee was constituted on 25h January 2014 as per Clause 49 of Listing Agreement for Corporate Governance. This committee comprised of the following 2 Directors of the Company:

### (b) Composition

The Sexual Harassment Committee was comprised of the following 2 Directors of the Company and 1 independent person:

Ms. Vinati Saraf Mutreja, Executive Director

Ms. Viral Saraf Mittal, Director- Corporate Strategy

### (c) Power of Sexual Harassment Committee:

The Committee is authorized to exercise all powers for compliance of the sexual harassment of women at work place (prevention, prohibition and redressal) Act 2013.

## 11. General Body Meeting

Location, date and time of Annual General Meetings held during the last 3 years:

| Year          | Location                                                                                  | Date       | Day      | Time       | No. of Special resolutions passed |
|---------------|-------------------------------------------------------------------------------------------|------------|----------|------------|-----------------------------------|
| 22nd AGM 2011 | Regd. Office, B/12 & B-13/1, MIDC Indl. Area, Mahad – 402 309, Dist. Raigad, Maharashtra. | 30/07/2011 | Saturday | 12.30 p.m. | Nil                               |
| 23rd AGM 2012 | - do -                                                                                    | 01/09/2012 | Saturday | 12.30 p.m. | 1                                 |
| 24th AGM 2013 | - do -                                                                                    | 03/08/2013 | Saturday | 12 Noon    | 3                                 |

None of the special resolutions were put through postal ballot.

## 12. Disclosures

### (a) Related Party Transactions

There have been no materially significant related party transactions with the Company's Promoters, Directors, the Management or relatives, which may have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in note No. 28(b) of Notes to Accounts in Annual report.

### (b) Statutory Compliance, Penalties and strictures

There have been no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authorities relating to capital market and listing.

### (c) Compliance with mandatory

The Company has complied with all the applicable mandatory requirements of the revised Clause 49 of the listing Agreement.

- (d) No personnel have been denied access to Audit Committee. The Board periodically reviews risk assessment and minimization and procedure through properly defined framework.
- (e) Disclosures of accounting treatment (Already given in Annual Accounts)
- (f) Proceeds from Public Issues, Rights Issues and Preferential Issues, etc.: During the year, your Company did not raise any funds by way of Public Issues, Rights Issues and Preferential Issues, etc.
- (g) Remuneration of the directors (As mentioned under the head of Remuneration Committee)
- (h) Management (As mentioned under different heading of MDAR)
- (i) General information of Shareholders (As mentioned under different heading of General Information of Shareholders)
- (j) Share Transfer Committee (As detailed in separate head of Share Transfer Committee)
- (k) Shareholders' Grievance Committee (As mentioned under the head of Shareholders' Grievance Committee)
- (l) Role of committee (Role of different committees have been elaborate under their respective headings)
- (m) Voluntary guidelines 2009 - The Ministry of Corporate Affairs has issued a set of Voluntary Guidelines on 'Corporate Governance' and Corporate Social Responsibility' in December, 2009. These guidelines are expected to serve as a benchmark for the Corporate Sector and also help them in achieving the highest standard of Corporate Governance. Most of the provisions of these guidelines are in place.
- (n) Finance committee (As mentioned under different heading)
- (o) ESOS Compensation Committee (The Company does not have the said committee)

### 13. Means of Communication

The quarterly results, half yearly and annual financial results are published in leading English and Marathi Newspapers i.e. Economic Times and Maharashtra Times.

The financial results, shareholding pattern & code of conduct are displayed on [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com).

All Official News Releases and the presentation made to the investors are displayed in the website of the Company.

### 14. Management Discussion and Analysis Report

The discussion on financial performance with respect to the operational performance, review of operations, exports and prospects have been covered in the Director's Report.

The Company has adequate internal control system with regard to purchase of stores, raw materials including components, plant & machinery, equipments, sale of goods and other assets. The internal control system is supplemented by well documented policies and guidelines and the internal audit report are periodically reviewed by the top management.

The industrial relations during the year continued to be cordial. The Company is committed to provide necessary human resource development and training opportunities to equip them with the required modern skill and knowledge.

### 15. Compliance officer

Mr. Guntant S. Singhi, Company Secretary Cum Finance Controller is the Compliance Officer.

### 16. General Shareholder Information

#### (a) Annual General meeting

##### Date, Time & Venue

9th August 2014 at 12 noon at Regd. Office, at B/12 & B-13/1, MIDC Indl. Area, Mahad - 402 309, Dist. Raigad, Maharashtra.

#### (b) Financial Calendar

|                                                                 |                                     |
|-----------------------------------------------------------------|-------------------------------------|
| Annual General Meeting                                          | 9th August 2014                     |
| Unaudited results for the quarter ending Jun'14                 | 4th week of Jul'14                  |
| Unaudited results for the quarter/half year ending Sept' 30, 14 | 4th week of Oct'14                  |
| Unaudited results for the quarter ending Dec' 31, 14            | 4th week of Jan'15                  |
| Audited results for the quarter ending Mar' 31, 15              | 2nd week of May'15                  |
| <b>Date of book Closure</b>                                     | 31st July, 2014 to 9th August, 2014 |
| <b>Dividend payment date</b>                                    | 13th August, 2014                   |

**(c) Listing on Stock exchange :**

The Company's Securities are listed on the following stock exchanges in India:

**Bombay Stock Exchange Ltd.**

Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai – 400 001, Maharashtra.

**National Stock Exchange of India Ltd.**

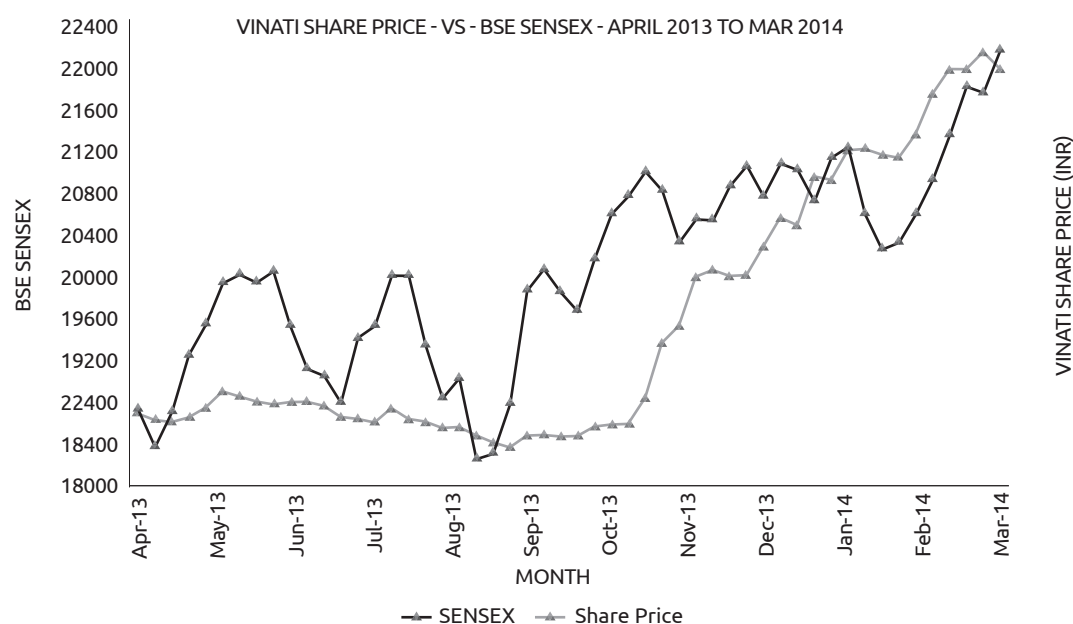
Exchange Plaza, Plot No. C/1, 'G' Block,  
Bandra-Kurla Complex,  
Bandra (East), Mumbai – 400 051, Maharashtra.

**(d) Stock Code**

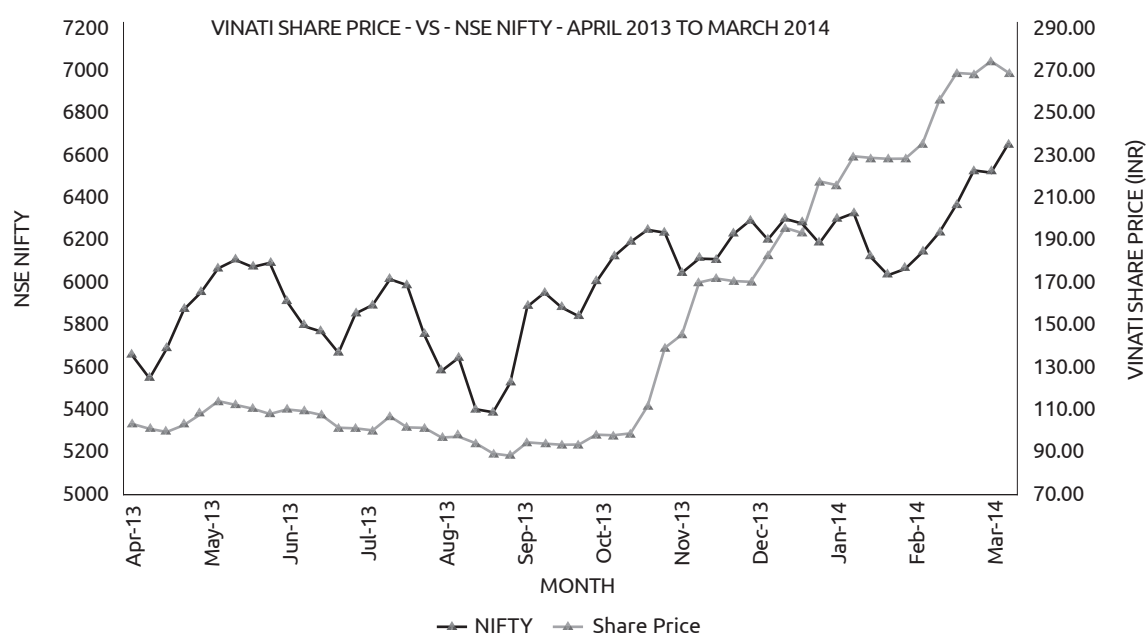
|                                               |              |
|-----------------------------------------------|--------------|
| Bombay Stock Exchange Ltd. (BSE)              | 524200       |
| National Stock Exchange of India Ltd. (NSE)   | VINATIORGA   |
| Demat ISIN in NSDL and CDSL for Equity Shares | INE410B01029 |

**(e) Market Price Data:**

| Month & Year | BSE (in ₹) |        | NSE (in ₹) |        |
|--------------|------------|--------|------------|--------|
|              | High       | Low    | High       | Low    |
| Apr – 2013   | 107.00     | 97.85  | 111.25     | 98.00  |
| May – 2013   | 122.00     | 105.05 | 119.85     | 105.50 |
| Jun – 2013   | 113.95     | 99.05  | 114.85     | 99.00  |
| Jul – 2013   | 115.00     | 95.00  | 115.00     | 94.60  |
| Aug – 2013   | 103.00     | 74.00  | 102.90     | 83.05  |
| Sep – 2013   | 99.00      | 78.00  | 106.50     | 84.00  |
| Oct – 2013   | 115.10     | 90.60  | 117.00     | 91.55  |
| Nov – 2013   | 179.85     | 107.40 | 179.35     | 107.60 |
| Dec – 2013   | 203.25     | 165.00 | 203.95     | 162.20 |
| Jan – 2014   | 244.15     | 185.10 | 244.80     | 186.60 |
| Feb – 2014   | 265.20     | 212.15 | 268.00     | 212.10 |
| Mar – 2014   | 282.65     | 240.00 | 284.00     | 250.85 |

**(f) The performance of the Company's shares relating to the BSE Index for the year 2013-2014 is given below:**

**(g) The performance of the Company's shares relating to the NSE Index for the year 2013-2014 is given below:**



**(h) Share Registrars and Transfer Agents – Sharex Dynamic (India) Pvt. Ltd.**

|                               |               |                                                                       |
|-------------------------------|---------------|-----------------------------------------------------------------------|
| Add.: Unit No.1, Luthra Indl. | Tel           | : 2851 5606 / 2851 5644 / 2851 6338                                   |
| Premises, Safed Pool,         | Fax           | : 2851 2885                                                           |
| Andheri-Kurla Road,           | E-mail        | : sharexindia@vsnl.com                                                |
| Mumbai – 400 072.             | Website       | : www.sharexindia.com                                                 |
| Maharashtra.                  | Business Hour | : 11.00 a.m. to 1.00 p.m. & 2.00 p.m. to 4.00 p.m. (Monday to Friday) |

**(i) Share Transfer System:**

The Company has appointed Common Agency, name and address of which is given in the report for electronic connectivity and to process share transfer in physical form. The transfers are normally processed and share certificates are dispatched within 30 days from the date of receipt if the documents are complete in all respects. Requests for dematerialization are confirmed within 15 days.

**(j) Distribution of Shareholding as on 31st March 2014.**

| Category         | No. of Shares | No. of share holders | % of holders  | Total Shares    | % of Shares   |
|------------------|---------------|----------------------|---------------|-----------------|---------------|
| 1 To 100         |               | 2365                 | 24.36         | 116887          | 0.24          |
| 101 To 200       |               | 678                  | 6.98          | 115086          | 0.23          |
| 201 To 500       |               | 1273                 | 13.11         | 469573          | 0.95          |
| 501 To 1000      |               | 4183                 | 43.09         | 3153404         | 6.39          |
| 1001 To 5000     |               | 1011                 | 10.42         | 2215973         | 4.49          |
| 5001 To 10000    |               | 88                   | 0.91          | 623111          | 1.26          |
| 10001 To 100000  |               | 93                   | 0.96          | 2945606         | 5.97          |
| 100001 and above |               | 16                   | 0.16          | 39732860        | 80.47         |
| <b>Total</b>     |               | <b>9707</b>          | <b>100.00</b> | <b>49372500</b> | <b>100.00</b> |

**(k) Category of shareholders as on 31st March 2014.**

| Category                                    | No. of share holders | Voting strength (%) | No. of ordinary shares |
|---------------------------------------------|----------------------|---------------------|------------------------|
| Individuals                                 | 9335                 | 20.32               | 10032315               |
| Promoters                                   | 5                    | 75.00               | 37029347               |
| Other Companies                             | 154                  | 0.88                | 435549                 |
| Non-Resident Individuals                    | 138                  | 0.21                | 104011                 |
| Nationalized Banks, Mutual funds and trusts | 5                    | 0.84                | 416286                 |
| FII                                         | 5                    | 2.68                | 1319573                |
| Clearing Members                            | 65                   | 0.07                | 35419                  |
| <b>Total</b>                                | <b>9707</b>          | <b>100.00</b>       | <b>49372500</b>        |

**(l) Dematerialization of shares and liquidity**

46840670 (Total shares demated with NSDL is 29604395 & CDSL is 17236275) of the Company's share capital is dematerialized as on 31.03.2014. The Company's shares are regularly traded on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. as indicated in the Table containing market information.

**(m) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity**

The Company has not issued any GDRs/ADRs/Warrants except Foreign Currency Convertible Bonds (FCCBs) amounting to USD 5 Million which may be converted into Equity Share at a price of ₹ 100/- per share at the option of the FCCB holders during the period starting from 16th September 2011 the date of subscription till the 5 years i.e. 15th September 2016

**(n) Address of Registered Office:**

B/12 & B-13/1, MIDC Industrial Area,  
Mahad – 402 309, Dist. Raigad, Maharashtra.

**(o) Address of Plant Locations:****Mahad Works:**

B/12 & B-13/1, MIDC Industrial Area,  
Mahad – 402 309, Dist. Raigad, Maharashtra.

**Lote Works:**

A-20, MIDC, Lote – Parashuram – 415 722,  
Taluka – Khed, Dist. Ratnagiri, Maharashtra.

**(p) Investor's Correspondence Address:**

Mr. Gunvant S. Singhi  
Parinee Crescenzo, 1102, 11th Floor,  
"G" Block, Plot No. C38 & C39,  
Behind MCA, Bandra Kurla Complex,  
Bandra (E), Mumbai – 400 051.

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**ANNEXURE – ‘C’– Directors Report****AUDITORS’ CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of  
**VINATI ORGANICS LIMITED**

We have examined the compliance of conditions of Corporate Governance by VINATI ORGANICS LIMITED, for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the condition of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We 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 and on behalf of  
KARNAVAT & CO.  
Chartered Accountants  
Firm Reg. No.: 104863W

192, Dr. D. N. Road  
Place: Mumbai  
Date: 10th May 2014

**(Shashikant Gupta)**  
*Partner*  
Membership No. 045629



## ANNEXURE – ‘D’– Directors Report

Statement of particulars of employees pursuant to Section 217 (2a) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Amendment Rules, 1975 and forming part of the Directors' Report for the year ending March 31, 2014 employed for whole of the year.

| Sr. | Name                       | Designation & nature of duties (as at March 31, 2014) | Qualification                                                                   | Age (Yrs.) | Date of Joining | Experience | Gross Remuneration received (₹ in Lacs) | Previous employer                        | Designation                          |
|-----|----------------------------|-------------------------------------------------------|---------------------------------------------------------------------------------|------------|-----------------|------------|-----------------------------------------|------------------------------------------|--------------------------------------|
| 1   | Mr. Vinod Banwarilal Saraf | Managing Director                                     | Management Graduate from BITS, Pilani                                           | 64         | 15.06.1989      | 41         | 86.43                                   | Mangalore Refinery & Petrochemicals Ltd. | Managing Director (Finance & Admin.) |
| 2   | Ms. Vinati Saraf Mutreja   | Executive Director                                    | Bachelors in Science in Economics & Engineering from University of Pennsylvania | 30         | 20.05.2006      | 9          | 65.83                                   | Mercer Oliver Wyman                      | Consultant                           |

## CEO / CFO Certificate

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31/03/2014 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered in to by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
- (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Vinod Saraf**  
(C.E.O.)

Place: Mumbai  
Date: 10th May 2014

**N. K. Goyal**  
(C.F.O.)

## Declaration

I, Vinod Saraf, Managing Director of Vinati Organics Limited, hereby declare that all the members of the Board of Directors and the Senior Management Personnel have affirmed compliance with the code of conduct for the year ended 31st March, 2014.

I confirm that the Company has in respect of the said financial year, received from the senior management team and the members of the board of the Company a declaration of compliance with the code of conduct as applicable to them.

For the purpose of this declaration, senior management team means the Chief Financial officer, Chief Operating Officer, Executive President, Sr. Vice President and the Company Secretary as on 31st March 2014.

On behalf of the Board of Directors

Place: Mumbai  
Date: 10th May 2014

**Vinod Saraf**  
Managing Director

# Independent Auditors' Report

TO THE MEMBERS OF  
VINATI ORGANICS LIMITED

## Report on the Financial Statements

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

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that gives a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with General Circular 8/2014 dated 24th April, 2014 issued by Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

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

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that :
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956.

For and on behalf of  
**KARNAVAT & CO.**  
Chartered Accountants  
ICAI Firm Regn No.104863W

192, Dr. D. N. Road  
Mumbai – 400001  
Dated: May 10, 2014

**(Shashikant Gupta)**  
Partner  
Membership No. 45629

## Annexure to Independent Auditor's Report

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act 1956, and on the basis of such checks as we considered appropriate, we further report that:-

- i. In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of fixed assets which is, in our opinion, reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
  - (c) In our opinion during the year, the Company has not disposed off a substantial part of the plant and machinery so as to affect the going concern status of the Company.
- ii. In respect of its inventories:
  - (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. There were no material discrepancies noticed on physical verification of inventories as compared to the book records.
- iii. In respect of Loans, secured or unsecured, granted or taken by the company to/ from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
  - (a-d) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence provisions of paragraph 4(iii)(b) to 4(iii)(d) of the aforesaid Order are not applicable to the Company.
  - (e-g) The Company has not taken loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence provisions of paragraph 4(iii)(f) to 4(iii)(g) of the aforesaid Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls system. There is no sale of services.
- v. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
  - (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 and exceeding the value of five Lacs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public to which provisions of Sections 58 A and 58 AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are applicable. No Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the 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 prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix. (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales-tax, service tax, wealth tax, custom duty, excise-duty, cess and other statutory dues applicable to it.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty were outstanding, as at 31-03-2014, for a period of more than six months from the date they became payable.
- (c) As on 31-03-2014, according to the records of the Company, the following are the particulars of disputed dues on account of Income Tax and Central Excise Duty/ cess that have not been deposited:

| Name of the Statute      | Nature of Dues                                   | Amount of Demand net of deposits (₹) | Period to which amount relates | Forum where dispute is pending |
|--------------------------|--------------------------------------------------|--------------------------------------|--------------------------------|--------------------------------|
| Income Tax Act, 1961     | Demand (As per Assessment Order)                 | 68,580                               | A.Y. 2011-12                   | Commissioner (Appeal)          |
| Income Tax Act, 1961     | Demand (As per Assessment Order)                 | 2,12,764                             | A.Y. 2008-09                   | ITAT                           |
| Central Excise Act, 1944 | Excise Duty Refund                               | 27,00,887                            | 03.08.2011                     | CESTAT                         |
| Service Tax Act, 1994    | Penalty on wrong availment of Service Tax Credit | 3,30,664                             | Jan 2012 to Nov 2012           | Commissioner (Appeal)          |
| Service Tax Act, 1994    | Demand and Interest                              | 1,56,782                             | 02.05.2012                     | CESTAT                         |

- x. The Company does not have accumulated losses. The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi. Based on our audit procedures and according to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and bank.
- xii. Based on our examination of documents and records and according to the explanations given to us by the management we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the aforesaid Order are not applicable.
- xiii. The provisions of any special statute as specified under Paragraph 4 (xiii) of the aforesaid Order are not applicable to the Company.
- xiv. Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made in those records. We also report that the Company has held all the shares, securities, and other investments in its own name.
- xv. The Company has not given any guarantee for loans taken by others from Bank or financial institution, and accordingly requirement of Paragraph 4(xv) of the aforesaid Order are not applicable to the Company.
- xvi. In our opinion and according to the information and explanations given to us by the management, term loans outstanding at the beginning of the year and those raised during the year were applied for the purpose for which the loans were obtained.
- xvii. According to the cash flow statement on the Balance Sheet date, and according to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, we are of the opinion that no funds raised on short term basis have, prima-facie, been used for long term investments.
- xviii. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of The Companies Act, 1956 and therefore Paragraph 4 (xviii) of the aforesaid Order is not applicable.
- xix. During the period covered by our audit report, the Company has not issued debentures and therefore paragraph 4 (xix) of the aforesaid Order is not applicable.
- xx. During the period covered by our audit report, the Company has not raised money by way of public issues and, therefore, paragraph 4(xx) of the aforesaid Order is not applicable.
- xxi. Based upon the audit procedures performed and information and explanations given to us by the management, no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of  
**KARNAVAT & CO.**  
Chartered Accountants  
ICAI Firm Regn No.104863W

192, Dr. D. N. Road  
Mumbai – 400001  
Dated: May 10, 2014

(**Shashikant Gupta**)  
Partner  
Membership No. 45629

## Balance Sheet as at 31 March, 2014

|                                                               |          |                     | (₹ in Lacs)         |
|---------------------------------------------------------------|----------|---------------------|---------------------|
|                                                               | Note No. | As at<br>31/03/2014 | As at<br>31/03/2013 |
| <b>I. EQUITY AND LIABILITIES:</b>                             |          |                     |                     |
| <b>1 Shareholders' Funds</b>                                  |          |                     |                     |
| (a) Share Capital                                             | 2        | 987.45              | 987.45              |
| (b) Reserves & Surplus                                        | 3        | 30,019.92           | 23,137.36           |
|                                                               |          | 31,007.37           | 24,124.81           |
| <b>2 Non-Current Liabilities</b>                              |          |                     |                     |
| (a) Long Term Borrowings                                      | 4        | 10,996.69           | 13,553.45           |
| (b) Deferred Tax Liabilities (Net)                            | 5        | 3,314.62            | 2,610.19            |
|                                                               |          | 14,311.31           | 16,163.64           |
| <b>3 Current Liabilities</b>                                  |          |                     |                     |
| (a) Short Term Borrowings                                     | 6        | 1,226.89            | 6,530.33            |
| (b) Trade Payables                                            | 7        | 1,417.33            | 1,562.97            |
| (c) Other Current Liabilities                                 | 8        | 5,186.65            | 4,447.59            |
| (d) Short Term Provisions                                     | 9        | 2,061.51            | 1,734.34            |
|                                                               |          | 9,892.38            | 14,275.23           |
| <b>Total</b>                                                  |          | <b>55,211.06</b>    | <b>54,563.68</b>    |
| <b>II. ASSETS:</b>                                            |          |                     |                     |
| <b>1 Non Current Assets</b>                                   |          |                     |                     |
| Fixed Assets                                                  |          |                     |                     |
| (a) Tangible Assets                                           | 10       | 29,845.05           | 28,682.46           |
| (b) Intangible Assets                                         | 10       | 573.73              | 330.96              |
| (c) Capital Work-in -progress                                 |          | 1,008.76            | 1,404.86            |
|                                                               |          | 31,427.54           | 30,418.28           |
| <b>2 Current Assets</b>                                       |          |                     |                     |
| (a) Current Investments                                       | 11       | 273.86              | 1,277.27            |
| (b) Inventories                                               | 12       | 4,663.44            | 5,464.29            |
| (c) Trade Receivables                                         | 13       | 11,505.42           | 11,319.46           |
| (d) Cash and Bank balances                                    | 14       | 4,532.84            | 3,377.00            |
| (e) Short Term Loans and Advances                             | 15       | 2,783.01            | 2,695.28            |
| (f) Other Current Assets                                      | 16       | 24.95               | 12.10               |
|                                                               |          | 23,783.52           | 24,145.40           |
| <b>Total</b>                                                  |          | <b>55,211.06</b>    | <b>54,563.68</b>    |
| <b>Significant Accounting Policies</b>                        | 1        |                     |                     |
| The notes are an integral part of these financial statements. |          |                     |                     |

As per our report of even date attached

For and on behalf of Board of Directors

For **Karnavat & Co.**  
Chartered Accountants  
Firm Regn.No. 104863W

**Vinod Saraf**  
CEO & Managing Director

**Vinati Saraf Mutreja**  
Executive Director

**Shashikant Gupta**  
Partner  
Membership No. 045629

**Nand Kishor Goyal**  
Chief Financial Officer

Place: Mumbai  
Date: 10th May 2014

**Gunvant Singhi**  
Company Secretary cum Finance Controller

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

|                                                               |          | (₹ in Lacs except EPS)   |                          |
|---------------------------------------------------------------|----------|--------------------------|--------------------------|
|                                                               | Note No. | Year ended<br>31/03/2014 | Year Ended<br>31/03/2013 |
| <b>I. Incomes:</b>                                            |          |                          |                          |
| Revenue from Operations (Net)                                 | 17       | 69,613.35                | 55,285.93                |
| Other Income                                                  | 18       | 916.81                   | 376.37                   |
| <b>Total Revenue</b>                                          |          | <b>70,530.16</b>         | <b>55,662.30</b>         |
| <b>II. Expenses:</b>                                          |          |                          |                          |
| Cost of Materials Consumed                                    | 19       | 41,744.24                | 33,985.23                |
| Merchandise Purchases                                         |          | 51.71                    | -                        |
| Changes in Inventories of Finished goods and work-in-progress | 20       | 84.81                    | (473.42)                 |
| Employee benefits expense                                     | 21       | 2,742.88                 | 2,258.77                 |
| Finance cost                                                  | 22       | 1,814.64                 | 1,153.87                 |
| Depreciation and amortisation expense                         | 23       | 1,531.72                 | 994.95                   |
| Other Expenses                                                | 24       | 9,700.88                 | 7,482.31                 |
| <b>Total Expenses</b>                                         |          | <b>57,670.88</b>         | <b>45,401.71</b>         |
| <b>III. Profit before tax</b>                                 |          | <b>12,859.28</b>         | <b>10,260.59</b>         |
| Less: Tax Expenses                                            |          |                          |                          |
| Current Tax                                                   |          | 3,539.40                 | 2,317.96                 |
| Deferred Tax                                                  |          | 704.43                   | 1,120.14                 |
| Earlier Years adjustments                                     |          | -                        | (43.79)                  |
|                                                               |          | 4,243.83                 | 3,394.31                 |
| <b>IV. Profit for the period</b>                              |          | <b>8,615.45</b>          | <b>6,866.28</b>          |
| <b>V. Earnings per Equity share</b>                           | 30       |                          |                          |
| (i) Basic                                                     |          | 17.45                    | 13.91                    |
| (ii) Diluted                                                  |          | 17.45                    | 13.91                    |
| Significant Accounting Policies                               | 1        |                          |                          |
| The notes are an integral part of these financial statements  |          |                          |                          |

As per our report of even date attached

For and on behalf of Board of Directors

For **Karnavat & Co.**  
Chartered Accountants  
Firm Regn.No. 104863W

**Vinod Saraf**  
CEO & Managing Director

**Vinati Saraf Mutreja**  
Executive Director

**Shashikant Gupta**  
Partner  
Membership No. 045629

**Nand Kishor Goyal**  
Chief Financial Officer

Place: Mumbai  
Date: 10th May 2014

**Gurvant Singhi**  
Company Secretary cum Finance Controller



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

|                                                                               | (₹ in Lacs)              |                          |
|-------------------------------------------------------------------------------|--------------------------|--------------------------|
|                                                                               | Year Ended<br>31/03/2014 | Year Ended<br>31/03/2013 |
| <b>A Cash flow from operating activities :</b>                                |                          |                          |
| Net profit before tax and extra ordinary item                                 | 12,859.28                | 10,260.59                |
| Adjustments for :                                                             |                          |                          |
| Depreciation                                                                  | 1,529.11                 | 992.37                   |
| Amortisation                                                                  | 2.61                     | 2.58                     |
| Loss /(Gain) on sale of fixed assets/assets discarded                         | 0.20                     | (1.09)                   |
| Interest paid                                                                 | 713.54                   | 606.90                   |
| Unrealised Foreign Exchange (Gain)/Loss (net)                                 | 1,328.69                 | 423.24                   |
| Provisions for expenses and liabilities                                       | 431.14                   | 529.14                   |
| Excess Liability written back                                                 | (6.15)                   | (6.87)                   |
| Other Provisions and write offs (net)                                         | (8.11)                   | (2.63)                   |
| Interest Accrued income                                                       | (24.94)                  | (23.05)                  |
| Loss (Profit) on sale /Diminution in value of Investment                      | (287.95)                 | (1.34)                   |
| Dividend Received                                                             | (169.07)                 | (145.30)                 |
| Unrealised export incentives/Import entitlements                              | (548.05)                 | (182.79)                 |
| <b>Operating profit before working capital changes</b>                        | <b>15,820.30</b>         | <b>12,451.75</b>         |
| Adjustments for :                                                             |                          |                          |
| Trade and other receivables                                                   | 114.46                   | (1,773.48)               |
| Inventories                                                                   | 800.85                   | (1,162.07)               |
| Trade and other payables                                                      | 308.72                   | 1,911.27                 |
| <b>Cash generated from operations</b>                                         | <b>17,044.33</b>         | <b>11,427.47</b>         |
| Direct taxes (including earlier years)                                        | (3,651.76)               | (2,217.94)               |
| <b>Cash flow before extra ordinary items</b>                                  | <b>13,392.57</b>         | <b>9,209.53</b>          |
| Extra ordinary items                                                          | -                        | -                        |
| <b>Net cash generated from operating activities</b>                           | <b>13,392.57</b>         | <b>9,209.53</b>          |
| <b>B Cash flow from investing activities</b>                                  |                          |                          |
| Fixed assets purchased, sold/discarded (net and excluding CWIP capitalised)   | (2,937.29)               | (15,575.40)              |
| (Increase)/ Decrease in Capital Work-in-Progress (including capital advances) | 396.10                   | 4,269.55                 |
| Adjustment for foreign exchange year end revaluation                          | 195.30                   | 380.09                   |
| (Increase) in Investments (including re investments)                          | 1,460.43                 | (340.84)                 |
| Interest received                                                             | -                        | 10.95                    |
| <b>Cash generated from investing activities</b>                               | <b>(885.46)</b>          | <b>(11,255.65)</b>       |
| Tax deducted at source on interest income                                     | (1.98)                   | (1.97)                   |
| <b>Net cash (used in) investing activities</b>                                | <b>(887.44)</b>          | <b>(11,257.62)</b>       |
| <b>C Cash flow from financing activities</b>                                  |                          |                          |
| Receipt of long-term borrowings (net of repayment)                            | (2,556.76)               | 4,423.38                 |
| Receipt of short-term borrowings (net of repayment)                           | (5,303.44)               | 338.06                   |
| Adjustment for foreign exchange year end revaluation                          | (1,359.66)               | (799.75)                 |
| <b>Current Investment Increased</b>                                           | <b>-</b>                 | <b>-</b>                 |
| Interest paid                                                                 | (713.54)                 | (606.90)                 |
| Dividend paid                                                                 | (1,206.22)               | (964.63)                 |
| Tax on dividend                                                               | (209.66)                 | (160.19)                 |
| <b>Net cash flow from financing activities</b>                                | <b>(11,349.28)</b>       | <b>2,229.97</b>          |
| <b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>       | <b>1,155.85</b>          | <b>181.88</b>            |
| Cash and cash equivalents (opening balance)                                   | 3,376.99                 | 3,195.11                 |
| Cash and cash equivalents (closing balance)                                   | 4,532.84                 | 3,376.99                 |



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

|                                                                                                                                                                     |                          | (₹ in Lacs)              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
|                                                                                                                                                                     | Year Ended<br>31/03/2014 | Year Ended<br>31/03/2013 |
| <b>Notes:</b>                                                                                                                                                       |                          |                          |
| <b>1 Reconciliation of cash and cash equivalents</b>                                                                                                                |                          |                          |
| As per Balance Sheet - Note No 14                                                                                                                                   | 4,532.84                 | 3,377.00                 |
| Add: Foreign exchange loss on revaluation                                                                                                                           | -                        | (0.01)                   |
| <b>As per cash flow statement</b>                                                                                                                                   | <b>4,532.84</b>          | <b>3,376.99</b>          |
| <b>2 Cash and cash equivalents comprises of</b>                                                                                                                     |                          |                          |
| a. Cash in hand                                                                                                                                                     | 0.71                     | 1.63                     |
| b. Bank balance in current accounts                                                                                                                                 | 162.37                   | 94.24                    |
| c. In fixed deposit account (Margin money)                                                                                                                          | 4,369.76                 | 3,281.13                 |
|                                                                                                                                                                     | <b>4,532.84</b>          | <b>3,377.00</b>          |
| <b>3</b> Balance in current account unavailable for utilisation on account of balance lying in unclaimed dividend account as it represents corresponding liability. | <b>101.00</b>            | 72.90                    |
| <b>4</b> Previous year figures have been regrouped, wherever necessary to confirm to current year's classification.                                                 |                          |                          |

As per our report of even date attached

For and on behalf of Board of Directors

For **Karnavat & Co.**  
Chartered Accountants  
Firm Regn.No. 104863W

**Vinod Saraf**  
CEO & Managing Director

**Vinati Saraf Mutreja**  
Executive Director

**Shashikant Gupta**  
Partner  
Membership No. 045629

**Nand Kishor Goyal**  
Chief Financial Officer

Place: Mumbai  
Date: 10th May 2014

**Gunvant Singhi**  
Company Secretary cum Finance Controller

## Notes to Financial Statements for the year ended 31 March, 2014

### 1. Significant Accounting Policies

#### a) Nature of Operations:

The Company was established in 1989 and is engaged in manufacturing of speciality organic intermediates and monomers, namely IBB (Isobutyl Benzene), ATBS (2 Acrylamido 2Methylpropane Sulphonic Acid), NaATBS(Sodium Salt of 2 Acrylamido 2 Methylpropane Sulphonic Acid, Diacetone Acrylamide and Isobutylene. The manufacturing facilities are located at Mahad and Lote Parashuram, Maharashtra.

#### b) Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rule, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

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

#### c) Use of Estimates:

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

#### d) Revenue Recognition

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

##### (i) Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects central sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company.

Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

- (ii) Export entitlement by the way of Duty Draw back is recognised as income of the year on accrual basis. In case of utilisation for Import purpose the same is recognised as raw material cost in the year of import.

##### (iii) Cenvat/Value Added Tax/Service Tax:

Cenvat/Value Added Tax/Service Tax Benefit is accounted for by reducing the purchase cost of the materials/fixed assets and services wherever credit is eligible.

##### (iv) Interest

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

##### (v) Dividends

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

#### e) Inventories

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

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

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

#### f) Cash and Cash Equivalents

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

## Notes to Financial Statements for the year ended 31 March, 2014

### g) Research & Development Expenditure

Expenditure on Research & Development is charged as expense in the year in which it is incurred.

### h) Tangible Fixed Assets

- (i) All Fixed Assets are stated at cost (net of eligible credit/set off) less accumulated depreciation.
- (ii) Leasehold land is amortised equally on straight-line basis over the period of lease.
- (iii) All costs including borrowing costs in accordance with the provision of Accounting Standard 16 - Borrowing Costs including exchange gain or loss on foreign currency loan to the extent considered as adjustment to interest cost utilised for the acquisition and installation of fixed assets, till commencement of commercial production, are capitalized.

### i) Depreciation on Tangible Fixed Assets

Depreciation on Fixed Assets is provided on Straight Line Method at the rates and the manner prescribed under Schedule XIV of the Companies Act, 1956. Fixed Assets whose Written Down Value as at the beginning of the year is less than 5% of the cost is not depreciated.

### j) Intangible Assets

- (i) All intangible fixed assets are stated at cost (net of eligible credit/set off) less amortisation cost.  
  
All costs including borrowing costs in accordance with the provision of Accounting Standard 16 - Borrowing Costs including exchange gain or loss on foreign currency loan to the extent considered as adjustment to interest cost utilised for the acquisition and installation of fixed assets, till commencement of commercial production, are capitalized.
- (ii) Technical Know-how fees is amortised prorata, on straight line basis over the estimated useful life of the asset which is estimated at 10 years.
- (iii) Licensed Software is amortised prorata, on straight line basis over the estimated useful life of the asset which is estimated at 6 years.

### k) Impairment of Tangible and Intangible Assets:

The carrying amount of cash generating unit/assets are reviewed at Balance sheet date to determine whether there is any indication of impairment. If any such indication exist, the recoverable amount is estimated as the higher of net selling price and value in use. Impairment loss is recognized wherever carrying amount exceeds recoverable amount.

### l) Foreign Currency Transactions and Balances

#### (i) Initial recognition

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

#### (ii) Conversion

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

### m) Investments:

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

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

In accordance with the Revised Schedule VI to the Companies Act, 1956, the portion of the Long Term Investments classified above, and expected to be realised within 12 months of the reporting date, have been classified as current investments.

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

### n) Retirement and other employee benefits

#### (i) Retirement Benefits:

Contributions to the Provident Fund are made at a pre-determined rate and charged to the statement of Profit and Loss.

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end

## Notes to Financial Statements for the year ended 31 March, 2014

of each financial year. The liability so provided is represented substantially by creation of separate fund and is considered sufficient to meet the liability as and when it accrues for payment in future.

### (ii) Leave Encashment

Provision for Leave encashment is made on estimates as at the year end and is charged to the statement of Profit and Loss.

### o) Borrowing Costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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

### p) Leases

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

### q) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as fraction of an equity

share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The Weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

### r) Income Taxes

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961.

Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date or as on date of approval of Statement of Accounts whichever is later. The deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future.

### s) Provision, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimates in measurement are recognised when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

## Notes to Financial Statements for the year ended 31 March, 2014

| Particulars                                                                         | (₹ in Lacs)         |                     |
|-------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                     | As at<br>31/03/2014 | As at<br>31/03/2013 |
| <b>2 Share Capital</b>                                                              |                     |                     |
| <b>Authorised:</b>                                                                  |                     |                     |
| 7,50,00,000 (March 31, 2013: 7,50,00,000) Equity Shares of ₹ 2/- each               | 1,500.00            | 1,500.00            |
|                                                                                     | 1,500.00            | 1,500.00            |
| <b>Issued, Subscribed and Paid Up:</b>                                              |                     |                     |
| 4,93,72,500 (March 31, 2013: 4,93,72,500) Equity Shares of ₹ 2 each (Fully Paid up) | 987.45              | 987.45              |
|                                                                                     | 987.45              | 987.45              |

### a) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

| Equity Shares:                         | As at 31/03/2014 |           | As at 31/03/2013 |           |
|----------------------------------------|------------------|-----------|------------------|-----------|
|                                        | Nos              | ₹ In Lacs | Nos              | ₹ In Lacs |
| (Face value of ₹ 2 each fully paid-up) |                  |           |                  |           |
| At the beginning of the period         | 49,372,500       | 987.45    | 49,372,500       | 987.45    |
| Outstanding at the end of the period   | 49,372,500       | 987.45    | 49,372,500       | 987.45    |

### b) Shares:

The company has only one class of equity share having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend except interim dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 3.00 (Previous year: ₹ 2.50)

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

### c) Details of shareholders holding more than 5% share in the company Equity Shares:

| Face Value of ₹ 2 each fully paid | As at 31/03/2014 |               | As at 31/03/2013 |               |
|-----------------------------------|------------------|---------------|------------------|---------------|
|                                   | % of Holding     | No. of Shares | % of Holding     | No. of Shares |
| Name of Shareholders              |                  |               |                  |               |
| Vinod Saraf                       | 16.08            | 7,937,250     | 16.08            | 7,937,250     |
| Kavita Saraf                      | 12.61            | 6,228,000     | 12.61            | 6,228,000     |
| Suchir Chemicals Pvt. Ltd.        | 44.02            | 21,733,835    | 9.63             | 4,753,235     |
| Viral Pharma Pvt. Ltd. *          | -                | -             | 5.32             | 2,625,000     |
| Vinati Wax Industries Pvt. Ltd. * | -                | -             | 6.05             | 2,985,750     |
| Mithali Chemicals Pvt. Ltd. *     | -                | -             | 6.75             | 3,330,140     |

\* Merged with Suchir Chemical Pvt Ltd. w.e.f. 1st April 2013 i.e. appointed date of Scheme.

## Notes to Financial Statements for the year ended 31 March, 2014

|                                                                |                     | (₹ in Lacs)         |
|----------------------------------------------------------------|---------------------|---------------------|
|                                                                | As at<br>31/03/2014 | As at<br>31/03/2013 |
| <b>3 Reserves &amp; Surplus</b>                                |                     |                     |
| (i) Capital Reserve                                            | 30.40               | 30.40               |
| (ii) General Reserve                                           |                     |                     |
| Balance as at the beginning of the year                        | 2,542.00            | 1,842.00            |
| Add: Amount transferred from Surplus balance                   | 900.00              | 700.00              |
| Balance as at the end of the year                              | 3,442.00            | 2,542.00            |
| <b>(iii) Surplus in statement of profit and loss</b>           |                     |                     |
| Balance as at the beginning of the year                        | 20,564.95           | 15,842.77           |
| Profit for the year                                            | 8,615.47            | 6,866.28            |
| Less: Appropriation                                            |                     |                     |
| Proposed dividend on Equity Share for the year                 | 1,481.17            | 1,234.32            |
| Dividend distribution tax on proposed dividend on Equity Share | 251.73              | 209.77              |
| Transfer to general reserve                                    | 900.00              | 700.00              |
| <b>Total appropriation</b>                                     | <b>2,632.90</b>     | <b>2,144.09</b>     |
| Balance as at the end of the year                              | 26,547.52           | 20,564.96           |
| <b>Total Reserves and surplus</b>                              | <b>30,019.92</b>    | <b>23,137.36</b>    |

|                                                                                    |                     | (₹ in Lacs)         |
|------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                    | As at<br>31/03/2014 | As at<br>31/03/2013 |
| <b>4 Long Term Borrowings</b>                                                      |                     |                     |
| <b>Term Loans</b>                                                                  |                     |                     |
| <b>Secured (Refer note no. 4 (a))</b>                                              |                     |                     |
| Foreign Currency loan from banks                                                   | 7,322.14            | 9,099.50            |
| Foreign Currency loan (ECB) from IFC                                               | 4,613.07            | 5,379.59            |
|                                                                                    | 11,935.21           | 14,479.09           |
| <b>Unsecured</b>                                                                   |                     |                     |
| Foreign Currency convertible bonds from IFC                                        | 2,995.50            | 2,716.97            |
|                                                                                    | 14,930.71           | 17,196.06           |
| Less:                                                                              |                     |                     |
| Current maturities of secured loans shown in current liabilities (Refer Note No.8) | (3,934.02)          | (3,642.61)          |
|                                                                                    | 10,996.69           | 13,553.45           |

### Note 4(a)

#### (a) Nature of Security for Secured Loan from:

##### IFC (ECB):

Term Loan from International Finance Corporation (IFC) is secured by first Pari Passu charge on all Fixed assets of the Company -immovable and movable (present and future) (excluding the office premises located at Parinee Crescenzo, Bandra Kurla Complex) and second pari passu charge on all the Current Assets and unconditional and personal irrevocable guarantee of Managing Director Mr. Vinod Saraf.

##### SBI (ECB):

Term Loan from State Bank of India (SBI) is secured by first Pari Passu charge on all Fixed assets of the Company -immovable and movable (present and future) (excluding the office

premises located at Parinee Crescenzo, Bandra Kurla Complex) and second pari passu charge on all the Current Assets.

##### SBI (FCNR):

Exclusive charge on Office Premises located at 1102, Parinee Crescenzo, 11th Floor, C-38 & C-39, "G" Block, Behind MCA, Bandra Kurla Complex, Bandra (E), Mumbai - 51 & personal guarantee of Managing Director Mr. Vinod Saraf.

##### Citibank (FCNR):

First Pari-passu charge on the movable fixed assets of the company located at Lote and Mahad (present & future) & personal guarantee of Managing Director Mr. Vinod Saraf.

## Notes to Financial Statements for the year ended 31 March, 2014

### (b) Rate of Interest:

- (i) FC (ECB): ECB carries interest of 240 bps + six months libor
- (ii) SBI (ECB): ECB carries interest of 280 bps + six months libor
- (iii) SBI (FCNR): Foreign Currency loan carried interest of 450 bps + six months libor
- (iv) Citi Bank (FCNR): Foreign Currency loan carries interest of 445 bps.
- (v) FCCB: Fixed Coupon Rate of @.55% per annum and accumulated arrears of interest @ 3.5% compounded half-yearly, if the bonds are redeemed on the redemption date and option of conversion into equity shares is not exercised.

### (c) Terms of Repayment:

- (i) IFC ECB: Repayable in 10 half yearly equal instalments from December 2012 to June 2017

- (ii) SBI ECB: Repayable in 9 half yearly equal instalments from September 2013 to March 2017
- (iii) SBI FCNR: Repayable in 19 quarterly equal instalments from November 2012 to August 2017.
- (iv) Citibank FCNR: Repayable in 9 quarterly equal instalments from June 2013 to June 2015
- (v) FCCB: Convertible at the option of the lender into equity shares at ₹ 100 (₹ 2 paid up) each during any time starting from the date of subscription i.e. 28th July 2011 and ending 5 years. If the option is not exercised, it is to be redeemed on the final redemption date alongwith accumulated arrears of interest on pro-rata basis @ 3.5% per annum compounded semi annually.

|                                                                                                            | (₹ in Lacs)                                     |                                                 |
|------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
|                                                                                                            | As at<br>31/03/2014                             | As at<br>31/03/2013                             |
| <b>5 Deferred Tax Liability (Net)</b>                                                                      |                                                 |                                                 |
| The break up of net deferred tax liability as at 31st March 2013 is as under:<br>(Disclosure as per AS 22) | <b>Deferred<br/>Tax Assets/<br/>(Liability)</b> | <b>Deferred<br/>Tax Assets/<br/>(Liability)</b> |
| Timing difference on account of:                                                                           |                                                 |                                                 |
| Depreciation                                                                                               | (3,361.71)                                      | (2,645.96)                                      |
| Disallowances u/s 43B of the Income-tax Act, 1961                                                          | 47.09                                           | 35.77                                           |
| Net Deferred Tax Liability                                                                                 | (3,314.62)                                      | (2,610.19)                                      |
| Less: Net Deferred Tax Liability at beginning of the period                                                | (2,610.19)                                      | (1,490.05)                                      |
| Net Deferred Tax Charged to statement of Profit and Loss                                                   | (704.43)                                        | (1,120.14)                                      |
|                                                                                                            |                                                 |                                                 |
|                                                                                                            | (₹ in Lacs)                                     |                                                 |
|                                                                                                            | As at<br>31/03/2014                             | As at<br>31/03/2013                             |
| <b>6 Short Term Borrowings</b>                                                                             |                                                 |                                                 |
| Secured                                                                                                    |                                                 |                                                 |
| Working Capital Advances From Banks (Refer Note No.6(a))                                                   | 844.10                                          | 5,416.27                                        |
| Unsecured                                                                                                  |                                                 |                                                 |
| Loans from Bank (discounting of trade receivables)                                                         | 382.79                                          | 1,114.06                                        |
| <b>Total</b>                                                                                               | <b>1,226.89</b>                                 | <b>6,530.33</b>                                 |

## Notes to Financial Statements for the year ended 31 March, 2014

### Note 6 (a)

#### (a) Nature of Security for Secured Loan from:

##### Banks:

Hypothecation of inventories, all the present and future book debts and other receivables, first charge on all present and future fixed assets situated at Mahad works and residential building at Mahad and second charge on all fixed assets situated at Lote works and personal guarantee of Managing Director, Mr. Vinod Saraf.

#### (b) Rate of interest:

##### (i) Working Capital Advances From Banks

Foreign Currency loan carries interest ranging from 175 bps to 225 bps + 3/6 months libor. Rupee Loan carries interest ranging from 9.75% to 11.35%.

##### (ii) Unsecured Loan

Foreign Currency loan carries interest ranging from 175 bps to 225 bps + 3/6 months libor.

#### (c) Terms of repayment:

Repayable on demand.

|                                                                |                     | (₹ in Lacs)         |
|----------------------------------------------------------------|---------------------|---------------------|
|                                                                | As at<br>31/03/2014 | As at<br>31/03/2013 |
| <b>7 Trade Payables</b>                                        |                     |                     |
| Trade payables (including acceptances) for goods and services. |                     |                     |
| Due to Micro, Small and Medium Enterprises (Refer Note No.34)  | -                   | -                   |
| Due to Other Enterprises                                       | 1,417.33            | 1,562.97            |
|                                                                | <b>1,417.33</b>     | <b>1,562.97</b>     |

|                                                              |                     | (₹ in Lacs)         |
|--------------------------------------------------------------|---------------------|---------------------|
|                                                              | As at<br>31/03/2014 | As at<br>31/03/2013 |
| <b>8 Other Current Liabilities</b>                           |                     |                     |
| Current maturities of long term borrowings (Refer Note No.4) | 3,934.02            | 3,642.61            |
| Interest accrued but not due on borrowings                   | 61.42               | 76.79               |
| Unpaid Dividend*                                             | 101.00              | 72.90               |
| Others payables                                              | 850.88              | 567.67              |
| Advances from customers                                      | 163.27              | 36.64               |
| TDS payable                                                  | 54.43               | 35.32               |
| Sundry Deposits                                              | 21.63               | 15.66               |
|                                                              | <b>5,186.65</b>     | <b>4,447.59</b>     |

\* There are no amounts due for payment to the Investor Education and Protection Fund under section 205C of the Companies Act, 1956 as at the end of reporting date.

|                                               |                     | (₹ in Lacs)         |
|-----------------------------------------------|---------------------|---------------------|
|                                               | As at<br>31/03/2014 | As at<br>31/03/2013 |
| <b>9 Short Term Provisions</b>                |                     |                     |
| Provisions for employee benefits:             |                     |                     |
| Ex-gratia                                     | 175.88              | 151.50              |
| Leave Travel Allowances & Medical             | 14.18               | 15.97               |
| Gratuity (Funded)                             | 10.43               | 17.55               |
| Leave Encashment                              | 128.12              | 105.23              |
| Others                                        |                     |                     |
| Proposed equity dividend                      | 1,481.17            | 1,234.32            |
| Provision for tax on proposed equity dividend | 251.73              | 209.77              |
|                                               | <b>2,061.51</b>     | <b>1,734.34</b>     |



# Notes to Financial Statements

For the year ended 31 March, 2014

| Particulars              | Gross Block         |                                 |                                  | Depreciation        |                     | Net Block       |                 | (₹ in Lacs) |                     |                     |
|--------------------------|---------------------|---------------------------------|----------------------------------|---------------------|---------------------|-----------------|-----------------|-------------|---------------------|---------------------|
|                          | As at<br>31-03-2013 | Additions<br>during the<br>year | Deductions<br>during the<br>year | As at<br>31-03-2014 | Up to<br>31-03-2013 | For the<br>Year | Written<br>Back |             | Up to<br>31-03-2014 | As at<br>31-03-2014 |
| <b>10 Fixed Assets</b>   |                     |                                 |                                  |                     |                     |                 |                 |             |                     |                     |
| <b>TANGIBLE ASSETS</b>   |                     |                                 |                                  |                     |                     |                 |                 |             |                     |                     |
| Leasehold Land           | 235.80              | -                               | 2.61                             | 233.19              | -                   | -               | -               | -           | 233.19              | 235.80              |
| Buildings                | 10,784.72           | 418.91                          | -                                | 11,203.63           | 584.67              | 269.83          | -               | 854.50      | 10,349.13           | 10,200.05           |
| Plant & Machinery        | 21,771.15           | 2,124.48                        | -                                | 23,895.63           | 4,211.35            | 1,129.69        | -               | 5,341.04    | 18,554.59           | 17,559.80           |
| Furniture & Fixtures     | 460.81              | 37.64                           | -                                | 498.45              | 95.78               | 26.62           | -               | 122.40      | 376.05              | 365.03              |
| Office Equipments        | 61.36               | 1.44                            | -                                | 62.80               | 11.32               | 2.31            | -               | 13.63       | 49.17               | 50.04               |
| Computers                | 98.30               | 14.15                           | -                                | 112.45              | 55.31               | 11.96           | -               | 67.27       | 45.18               | 42.99               |
| Air Conditioners         | 77.28               | 5.02                            | 0.25                             | 82.05               | 17.86               | 2.54            | 0.24            | 20.16       | 61.89               | 59.42               |
| Vehicles                 | 230.06              | 25.52                           | 2.58                             | 253.00              | 60.73               | 18.52           | 2.10            | 77.15       | 175.85              | 169.33              |
| SUB TOTAL (A)            | 33,719.48           | 2,627.16                        | 5.44                             | 36,341.20           | 5,037.02            | 1,461.47        | 2.34            | 6,496.15    | 29,845.05           | 28,682.46           |
| <b>INTANGIBLE ASSETS</b> |                     |                                 |                                  |                     |                     |                 |                 |             |                     |                     |
| Technical Know How Fees  | 394.92              | 225.89                          | -                                | 620.81              | 106.37              | 50.82           | -               | 157.19      | 463.62              | 288.56              |
| Licenced Softwares       | 60.20               | 84.52                           | -                                | 144.72              | 17.79               | 16.82           | -               | 34.61       | 110.11              | 42.40               |
| SUB TOTAL (B)            | 455.12              | 310.41                          | -                                | 765.53              | 124.16              | 67.64           | -               | 191.80      | 573.73              | 330.96              |
| GRAND TOTAL (A+B)        | 34,174.60           | 2,937.57                        | 5.44                             | 37,106.73           | 5,161.18            | 1,529.11        | 2.34            | 6,687.95    | 30,418.78           | 29,013.42           |
| Previous Year            | 18,874.82           | 15,578.00                       | 278.22                           | 34,174.60           | 4,442.96            | 992.37          | 274.15          | 5,161.18    | 29,013.42           |                     |

## Notes to Financial Statements for the year ended 31 March, 2014

|                                                                                        | (₹ in Lacs)         |                     |
|----------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                        | As at<br>31/03/2014 | As at<br>31/03/2013 |
| <b>11 Current investment</b>                                                           |                     |                     |
| <b>(Valued at lower of cost or market value)</b>                                       |                     |                     |
| UNQUOTED, NON-TRADE:                                                                   |                     |                     |
| In Mutual fund units                                                                   |                     |                     |
| i) NIL Units (31st March, 2013 - 765138.176 units)                                     |                     |                     |
| Mutual Fund Units of Franklin Templeton India Ultra Short Bond Fund Institutional Plan | -                   | 77.27               |
| ii) NIL Units (31st March, 2013 - 11577200.635 units)                                  |                     |                     |
| Mutual Fund Units of Franklin Templeton India Low Duration Fund Monthly Dividend       | -                   | 1,200.00            |
| iii) 804527.011 Units (31st March, 2013 - NIL)                                         | 98.86               | -                   |
| Mutual Fund Units of L&T Triple Ace Bond Fund-Bonus                                    |                     |                     |
| iv) 1690674.241 Units (31st March, 2013 - NIL)                                         | 175.00              | -                   |
| Mutual Fund Units of Sundaram select Debt ST Asset Plan Bonus                          |                     |                     |
|                                                                                        | 273.86              | 1,277.27            |
| Aggregate amount of Unquoted Investment                                                | 273.86              | 1,277.27            |
|                                                                                        |                     | (₹ in Lacs)         |
|                                                                                        | As at<br>31/03/2014 | As at<br>31/03/2013 |
| <b>12 Inventories (As certified by the Management)</b>                                 |                     |                     |
| <b>(Valued at lower of cost or net realizable value)</b>                               |                     |                     |
| Raw Materials- Refer note 12(a)                                                        | 1,204.46            | 2,030.49            |
| [Includes in transit ₹ 218.96(March 31, 2013- ₹ 753.77)]                               |                     |                     |
| Stock In Process                                                                       | 1,170.32            | 952.46              |
| Finished Goods - Refer note 12(b)                                                      | 1,273.31            | 1,576.24            |
| Stores, Spares & other consumables                                                     | 1,015.35            | 905.10              |
|                                                                                        | 4,663.44            | 5,464.29            |
| <b>Note 12(a)</b>                                                                      |                     |                     |
| <b>Details of Inventory of Raw Materials:</b>                                          |                     |                     |
| Toluene                                                                                | 259.40              | 631.33              |
| Propylene                                                                              | 86.60               | 162.42              |
| Acrylonitrile                                                                          | 435.57              | 717.75              |
| MTBE                                                                                   | 264.78              | 222.77              |
| Others                                                                                 | 158.11              | 296.22              |
|                                                                                        | 1,204.46            | 2,030.49            |
| <b>Note 12(b)</b>                                                                      |                     |                     |
| <b>Details of Inventory of Finished Goods:</b>                                         |                     |                     |
| Isobutyl Benzene (IBB)                                                                 | 2.39                | 1.22                |
| 2-Acrylamido-2-Methyl Propane Sulfonic Acid (ATBS)                                     | 542.31              | 1,093.76            |
| Sodium Salt of 2-Acrylamido-2-Methyl Propane Sulfonic Acid (NaATBS)                    | 185.04              | 107.59              |
| Isobutylene (IB)                                                                       | 40.41               | 215.96              |
| Others                                                                                 | 503.16              | 157.71              |
|                                                                                        | 1,273.31            | 1,576.24            |

## Notes to Financial Statements for the year ended 31 March, 2014

|                                                                                                                              |                     | (₹ in Lacs)         |
|------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                                                              | As at<br>31/03/2014 | As at<br>31/03/2013 |
| <b>13 Trade Receivables</b>                                                                                                  |                     |                     |
| <b>Unsecured, Considered Good</b>                                                                                            |                     |                     |
| Outstanding for a period exceeding six months from the due date of payment                                                   | 127.91              | 73.43               |
| Others                                                                                                                       | 11,377.50           | 11,246.03           |
|                                                                                                                              | <b>11,505.42</b>    | <b>11,319.46</b>    |
|                                                                                                                              |                     | (₹ in Lacs)         |
|                                                                                                                              | As at<br>31/03/2014 | As at<br>31/03/2013 |
| <b>14 Cash and Bank Balances</b>                                                                                             |                     |                     |
| <b>Cash and Cash equivalent</b>                                                                                              |                     |                     |
| Cash in Hand                                                                                                                 | 0.71                | 1.63                |
| Balance with Banks :                                                                                                         |                     |                     |
| In Current Accounts                                                                                                          | 61.37               | 21.34               |
| In unpaid Dividend Account                                                                                                   | 101.00              | 72.90               |
| In Fixed Deposit Account with original maturity more than 3 months                                                           | 18.00               | -                   |
| In Fixed Deposit Account with original maturity less than 3 months                                                           | 4,107.38            | 3,002.75            |
| Other Bank balances:                                                                                                         |                     |                     |
| In Fixed Deposit Account with original maturity of less than 3 months (Deposit against Margin Money)                         | -                   | 39.98               |
| In Fixed Deposit Account with original maturity of more than 3 months but less than 12 months (Deposit against Margin Money) | 244.38              | 238.40              |
|                                                                                                                              | <b>4,532.84</b>     | <b>3,377.00</b>     |
|                                                                                                                              |                     | (₹ in Lacs)         |
|                                                                                                                              | As at<br>31/03/2014 | As at<br>31/03/2013 |
| <b>15 Short Term Loans and Advances</b>                                                                                      |                     |                     |
| <b>Capital Advances</b>                                                                                                      |                     |                     |
| Unsecured, considered good                                                                                                   | 283.99              | 268.14              |
| <b>Security Deposit</b>                                                                                                      |                     |                     |
| Unsecured, considered good                                                                                                   | -                   | 58.18               |
| <b>Advances recoverable in cash or kind</b>                                                                                  |                     |                     |
| Unsecured, considered good                                                                                                   | 2,040.15            | 2,024.37            |
| Prepaid Expenses                                                                                                             | 39.80               | 60.13               |
| <b>Other Loans and Advances</b>                                                                                              |                     |                     |
| Income Tax Deposits (Net of provision for taxation)                                                                          | 111.96              | (24.93)             |
| Loans to Employees                                                                                                           | 1.21                | 7.67                |
| Balances with Statutory Government authorities                                                                               | -                   | 9.70                |
| Advances to suppliers                                                                                                        | 305.90              | 292.02              |
|                                                                                                                              | <b>2,783.01</b>     | <b>2,695.28</b>     |
|                                                                                                                              |                     | (₹ in Lacs)         |
|                                                                                                                              | As at<br>31/03/2014 | As at<br>31/03/2013 |
| <b>16 Other Current Assets</b>                                                                                               |                     |                     |
| Interest accrued on Fixed Deposits                                                                                           | 24.95               | 12.10               |
|                                                                                                                              | <b>24.95</b>        | <b>12.10</b>        |

## Notes to Financial Statements for the year ended 31 March, 2014

|                                                                     | (₹ in Lacs)              |                          |
|---------------------------------------------------------------------|--------------------------|--------------------------|
|                                                                     | Year Ended<br>31/03/2014 | Year Ended<br>31/03/2013 |
| <b>17 Revenue from Operations</b>                                   |                          |                          |
| (i) Sale of products [Refer Note No.17(a)]                          |                          |                          |
| Gross Sales                                                         | 74,491.15                | 58,665.28                |
| Less : Inter Unit Transfer                                          | 230.85                   | 143.55                   |
|                                                                     | 74,260.30                | 58,521.73                |
| Less : Excise Duty                                                  | 5,532.73                 | 4,351.78                 |
| Net Sales                                                           | 68,727.57                | 54,169.95                |
| <b>Total(i)</b>                                                     | <b>68,727.57</b>         | <b>54,169.95</b>         |
| (ii) Other Operating Revenue                                        |                          |                          |
| Scrap Sales                                                         | 43.07                    | 15.80                    |
| Export Benefits/Import Entitlements                                 | 842.71                   | 609.37                   |
| Exchange Fluctuation Difference                                     | -                        | 490.81                   |
| <b>Total(ii)</b>                                                    | <b>885.78</b>            | <b>1,115.98</b>          |
| Revenue from Operations (Net)-(i)+(ii)                              | <b>69,613.35</b>         | <b>55,285.93</b>         |
| <b>Note 17(a)</b>                                                   |                          |                          |
| Details of sales of products (Net of Excise)                        |                          |                          |
| Isobutyl Benzene (IBB)                                              | 24,264.60                | 20,472.92                |
| 2-Acrylamido-2-Methyl Propane Sulfonic Acid (ATBS)                  | 17,796.76                | 15,355.56                |
| Sodium Salt of 2-Acrylamido-2-Methyl Propane Sulfonic Acid (NaATBS) | 10,403.87                | 6,906.32                 |
| Isobutylene (IB)                                                    | 8,670.53                 | 5,600.07                 |
| Others                                                              | 7,591.81                 | 5,835.08                 |
|                                                                     | <b>68,727.57</b>         | <b>54,169.95</b>         |
|                                                                     |                          |                          |
|                                                                     |                          | (₹ in Lacs)              |
|                                                                     | Year Ended<br>31/03/2014 | Year Ended<br>31/03/2013 |
| <b>18 Other Income</b>                                              |                          |                          |
| Interest Income on Fixed Deposits                                   | 21.73                    | 23.05                    |
| Dividend Income from Current Investments                            | 169.07                   | 145.30                   |
| Profit on Sale of Current Investment                                | 289.09                   | 1.34                     |
| Cash Discount received                                              | 275.40                   | 187.27                   |
| Miscellaneous Credit Balances Written Back                          | 130.16                   | 5.14                     |
| Liability No Longer Required Written Back                           | 6.14                     | 6.87                     |
| Profit on sale of fixed assets                                      | -                        | 1.09                     |
| Miscellaneous receipts                                              | 25.22                    | 6.31                     |
|                                                                     | <b>916.81</b>            | <b>376.37</b>            |

## Notes to Financial Statements for the year ended 31 March, 2014

|                                                                                  |                          | (₹ in Lacs)              |
|----------------------------------------------------------------------------------|--------------------------|--------------------------|
|                                                                                  | Year Ended<br>31/03/2014 | Year Ended<br>31/03/2013 |
| <b>19 Cost of Raw Material Consumed [Refer Note No. 19(a)]</b>                   |                          |                          |
| Opening Stock                                                                    | 2,030.49                 | 1,546.66                 |
| Add : Purchases                                                                  | 40,918.21                | 34,469.06                |
| Less : Closing Stock                                                             | 1,204.46                 | 2,030.49                 |
|                                                                                  | <b>41,744.24</b>         | <b>33,985.23</b>         |
| <b>Note 19(a)</b>                                                                |                          |                          |
| Details of Raw Materials consumed:                                               |                          |                          |
| Toluene                                                                          | 9,985.65                 | 9,175.58                 |
| Propylene                                                                        | 7,544.21                 | 6,644.13                 |
| Acrylonitrile                                                                    | 6,903.85                 | 5,534.87                 |
| MTBE                                                                             | 14,258.60                | 9,979.67                 |
| Others                                                                           | 3,051.93                 | 2,650.98                 |
|                                                                                  | <b>41,744.24</b>         | <b>33,985.23</b>         |
|                                                                                  |                          | (₹ in Lacs)              |
|                                                                                  | Year Ended<br>31/03/2014 | Year Ended<br>31/03/2013 |
| <b>20 Decrease/(Increase) in Stock</b>                                           |                          |                          |
| I) Finished Stock [Refer Note No.12(c)]:                                         |                          |                          |
| Opening Stock                                                                    | 1,576.24                 | 1,244.73                 |
| Less : Closing Stock                                                             | 1,273.31                 | 1,576.24                 |
|                                                                                  | <b>302.93</b>            | <b>(331.51)</b>          |
| DIFFERENTIAL EXCISE DUTY ON FINISHED STOCK                                       | <b>(0.26)</b>            | 16.46                    |
| II) Process Stock [Refer Note No.12(b)] :                                        | <b>952.46</b>            | 794.09                   |
| Opening Stock                                                                    | 1,170.32                 | 952.46                   |
| Less : Closing Stock                                                             | (217.86)                 | (158.37)                 |
|                                                                                  | <b>84.81</b>             | <b>(473.42)</b>          |
|                                                                                  |                          | (₹ in Lacs)              |
|                                                                                  | Year Ended<br>31/03/2014 | Year Ended<br>31/03/2013 |
| <b>21 Employee Benefit Expenses</b>                                              |                          |                          |
| Salaries, Wages & Allowances                                                     | 2,447.58                 | 2,013.13                 |
| Contribution to Provident & Other funds                                          | 160.11                   | 131.58                   |
| Employees Welfare Expenses                                                       | 70.67                    | 67.67                    |
| Contribution to Gratuity fund                                                    | 64.52                    | 46.39                    |
|                                                                                  | <b>2,742.88</b>          | <b>2,258.77</b>          |
|                                                                                  |                          | (₹ in Lacs)              |
|                                                                                  | Year Ended<br>31/03/2013 | Year Ended<br>31/03/2013 |
| <b>22 Finance Costs</b>                                                          |                          |                          |
| Interest on                                                                      |                          |                          |
| Term Loan                                                                        | 442.22                   | 320.79                   |
| Others                                                                           | 332.73                   | 362.90                   |
| Exchange difference to the extent considered as an adjustment to borrowing costs | 940.75                   | 314.99                   |
| Bank Charges                                                                     | 98.94                    | 155.19                   |
|                                                                                  | <b>1,814.64</b>          | <b>1,153.87</b>          |

## Notes to Financial Statements for the year ended 31 March, 2014

|                                                  |                          | (₹ in Lacs)              |
|--------------------------------------------------|--------------------------|--------------------------|
|                                                  | Year Ended<br>31/03/2014 | Year Ended<br>31/03/2013 |
| <b>23 Depreciation and Amortization Expenses</b> |                          |                          |
| Depreciation of Tangible Assets                  | 1,461.47                 | 942.93                   |
| Amortization of Tangible Assets                  | 2.61                     | 2.58                     |
| Amortization of Intangible Assets                | 67.64                    | 49.44                    |
|                                                  | <b>1,531.72</b>          | <b>994.95</b>            |
|                                                  |                          | (₹ in Lacs)              |
|                                                  | Year Ended<br>31/03/2014 | Year Ended<br>31/03/2013 |
| <b>24 Other Expenses</b>                         |                          |                          |
| Power & Fuel Charges                             | 3,515.58                 | 3,006.60                 |
| Water Charges                                    | 92.14                    | 81.19                    |
| Stores, Spares & Other consumables               | 1,455.16                 | 1,052.09                 |
| Repairs to:                                      |                          |                          |
| Plant & Machinery                                | 188.89                   | 142.64                   |
| Buildings                                        | 122.16                   | 27.22                    |
| Repairs - Others                                 | 23.57                    | 13.85                    |
| Wages to Contractual Labour                      | 438.31                   | 364.70                   |
| Other Operational Charges                        | 16.50                    | 14.85                    |
| Rent(Including Leave & Licence Fees)             | 5.40                     | 16.47                    |
| Rates & Taxes                                    | 53.65                    | 38.24                    |
| Insurance                                        | 123.84                   | 107.78                   |
| Payment to Auditors [Refer Note No.24(a)]        | 8.55                     | 8.03                     |
| Director's Sitting Fees                          | 3.50                     | 3.20                     |
| Cash disc to sales parties                       | -                        | 1.64                     |
| Freight & Forwarding Charges                     | 2,262.00                 | 2,006.16                 |
| Exchange Fluctuation Difference                  | 503.43                   | -                        |
| Selling Commission                               | 161.67                   | 109.90                   |
| Provision for diminution in value of investment  | 1.14                     | -                        |
| Loss on sale/discarded of fixed assets           | 0.20                     | -                        |
| Other Expenses                                   | 725.19                   | 487.75                   |
|                                                  | <b>9,700.88</b>          | <b>7,482.31</b>          |
| <b>Note 24(a)</b>                                |                          |                          |
| i) Payment to Statutory Auditors                 |                          |                          |
| As Auditor towards:                              |                          |                          |
| Audit Fees                                       | 5.50                     | 5.00                     |
| Tax Audit Fees                                   | 1.25                     | 1.00                     |
| Limited review of Quaterly Results               | 0.90                     | 0.75                     |
| In other capacity:                               |                          |                          |
| Certification charges                            | 0.35                     | 0.48                     |
| Other matters                                    | -                        | 0.26                     |
| Reimbursement of expenses                        | 0.05                     | 0.04                     |
|                                                  | <b>8.05</b>              | <b>7.53</b>              |
| ii) Payment to Cost Auditors                     |                          |                          |
| As Auditor towards                               |                          |                          |
| Cost Audit Fees                                  | 0.50                     | 0.50                     |
|                                                  | <b>0.50</b>              | <b>0.50</b>              |
| <b>Total</b>                                     | <b>8.55</b>              | <b>8.03</b>              |

## Notes to Financial Statements for the year ended 31 March, 2014

### 25 Details of unhedged foreign currency amount

#### Unhedged foreign currency

Disclosure in accordance with announcement dated December 2, 2005 issued by the Council of the Institute of Chartered Accountants of India (ICAI) with respect to details of foreign currency balance not hedged:

| Particulars              | 2013-2014 |           | 2012-2013 |           | 2013-2014 |       | 2012-2013 |       |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-------|-----------|-------|
|                          |           |           |           |           |           |       |           |       |
|                          | USD       | ₹         | USD       | ₹         | EURO      | ₹     | EURO      | ₹     |
| Trade Receivable         | 119.54    | 7,161.64  | 50.57     | 2,747.94  | 0.81      | 66.63 | 1.04      | 87.36 |
| Advance given to Vendors | 1.02      | 61.11     | -         | -         | 0.44      | 36.19 | -         | -     |
| Cash and Bank Balances   | 0.01      | 0.15      | -         | -         | -         | -     | -         | -     |
| Trade Payables           | 3.88      | 232.27    | 4.54      | 246.70    | -         | -     | -         | -     |
| Others Payable           | 5.35      | 320.21    | 5.97      | 324.41    | 0.12      | 9.86  | -         | -     |
| Loan Taken               | 270.42    | 16,200.82 | 360.73    | 19,601.82 | 0.39      | 32.11 | -         | -     |

(in Lacs)

### 26 Disclosures as per AS- 15 ( Revised) - Employee Benefits

#### Gratuity and other post employment benefit plans - AS-15

The Company has a Defined Benefit Gratuity Plan. The Scheme is funded through the Company's own trust managed by the Insurance Company.

| Assumptions as at                                                        | 31 March 2014    |  | 31 March 2013   |  |
|--------------------------------------------------------------------------|------------------|--|-----------------|--|
|                                                                          | IALM(2006-08)Ult |  | LIC(1994-96)Ult |  |
| <b>Mortality</b>                                                         |                  |  |                 |  |
| Interest/Discount Rate                                                   | 9.10%            |  | 8.00%           |  |
| Rate of increase in compensation                                         | 4.25%            |  | 3.00%           |  |
| Rate of return (expected) on plan assets                                 | 9.00%            |  | 8.00%           |  |
| Employee attrition rate (Past Service [PS])                              | PS:0 to 42: 5%   |  | PS:0 to 42: 5%  |  |
| Expected average remaining service                                       | 23.05            |  | 11.83           |  |
| <b>Changes in present value of obligations:</b>                          |                  |  |                 |  |
| PVO at the beginning of period                                           | 246.00           |  | 186.94          |  |
| Interest cost                                                            | 18.83            |  | 14.84           |  |
| Current service cost                                                     | 39.26            |  | 33.64           |  |
| Past Service Cost - (vested/non vested benefits)                         | -                |  | -               |  |
| Benefits paid                                                            | (21.10)          |  | (2.77)          |  |
| Actuarial (gain)/loss on obligation                                      | 24.17            |  | 13.35           |  |
| PVO at end of period                                                     | 307.16           |  | 246.00          |  |
| <b>Amount recognised in the Balance Sheet as at the end of the year:</b> |                  |  |                 |  |
| Present Value of Defined Benefit Obligation                              | 307.16           |  | 246.00          |  |
| Fair Value of Plan Assets                                                | 296.73           |  | 228.45          |  |
| Funded status - Surplus/(Deficit)                                        | (10.43)          |  | (17.55)         |  |
| Net Asset/(Liability)                                                    | (10.43)          |  | (17.55)         |  |
| <b>Expense recognized in the statement of Profit &amp; Loss:</b>         |                  |  |                 |  |
| Current service cost                                                     | 39.25            |  | 33.64           |  |
| Past Service Cost - (vested/non vested benefits)                         | -                |  | -               |  |
| Interest cost                                                            | 18.93            |  | 14.84           |  |
| Expected return on plan assets                                           | (22.83)          |  | (15.54)         |  |
| Net actuarial (gain)/loss recognized for the period                      | 29.17            |  | 13.45           |  |
| Expense recognized in the statement of P & L A/c.                        | 64.52            |  | 46.39           |  |

**Note:** The above figures are as certified by actuary and relied upon by auditor.

### 27 Segment Information- (AS-17)

The Company is engaged in manufacturing of Chemicals, which as per AS-17 is considered as the only reportable business segment.

## Notes to Financial Statements for the year ended 31 March, 2014

### 28 Related Party Disclosures- (AS-18)

#### Name of related parties and related party relationship:

##### a. Information about related parties:

| Sr. No. | Particulars                                                                                   | Name of Related Party                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | Key Management Personnel                                                                      | i) Mr. Vinod Saraf - Managing Director<br>ii) Ms. Vinati Saraf Mutreja - Executive Director<br>iii) Ms. Viral Saraf Mittal - Director (Corporate Strategy)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 2       | Relatives of Key Management Personnel                                                         | i) Mr. Sunil Saraf<br>ii) Mr. Mohit Mutreja                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 3       | Enterprises owned or significantly influenced by any management personnel or their relatives. | 1) Viral Alkalis Limited<br>2) Suchir Chemicals Pvt. Ltd.<br>3) Nishit Pharma Chem Pvt. Ltd.<br>4) Pluspoint Securities Pvt. Ltd.<br>5) Illuminati Software Pvt. Ltd.<br>6) Illuminati Trading Pvt. Ltd.<br>7) Vinati Wax Industries pvt Ltd. Merged with Suchir Chemical Pvt Ltd. w.e.f. 1st April 2013 i.e. appointed date of Scheme.<br>8) Shilpa Pharma Pvt. Ltd. Merged with Suchir Chemical Pvt Ltd. w.e.f. 1st April 2013 i.e. appointed date of Scheme.<br>9) Mithali Chemical pvt. Ltd. Merged with Suchir Chemical Pvt Ltd. w.e.f. 1st April 2013 i.e. appointed date of Scheme.<br>10) Viral Chemical pvt. Limited Merged with Suchir Chemical Pvt Ltd. w.e.f. 1st April 2013 i.e. appointed date of Scheme.<br>11) Viral Pharma Pvt Limited Merged with Suchir Chemical Pvt Ltd. w.e.f. 1st April 2013 i.e. appointed date of Scheme.<br>12) Suchir Investment & Finance Pvt. Ltd. Merged with Suchir Chemical Pvt Ltd. w.e.f. 1st April 2013 i.e. appointed date of Scheme.<br>13) Manan Pharma Pvt. Limited Merged with Suchir Chemical Pvt Ltd. w.e.f. 1st April 2013 i.e. appointed date of Scheme.<br>14) Kavita organics Pvt. Ltd. Merged with Suchir Chemical Pvt Ltd. w.e.f. 1st April 2013 i.e. appointed date of Scheme. |



## Notes to Financial Statements for the year ended 31 March, 2014

|                                                                                                           | As at<br>31/03/2014 | (₹ in Lacs)<br>As at<br>31/03/2013 |
|-----------------------------------------------------------------------------------------------------------|---------------------|------------------------------------|
| <b>b. Information about Related Parties Transactions</b>                                                  |                     |                                    |
| <b>i) Key Management Personnel:</b>                                                                       |                     |                                    |
| Managerial Remuneration                                                                                   |                     |                                    |
| Mr. Vinod Saraf                                                                                           | 86.43               | 52.99                              |
| Mrs. Vinati Saraf Mutreja                                                                                 | 65.83               | 41.40                              |
| Mrs. Viral Saraf Mittal                                                                                   | 37.97               | 25.25                              |
| Mr. Mohit Mutreja (Ceased to be whole time director w.e.f 1st May, 2012)                                  | -                   | 2.92                               |
| <b>ii) Relatives of Key Management Personnel:</b>                                                         |                     |                                    |
| Sitting Fees                                                                                              |                     |                                    |
| Mr. Sunil Saraf                                                                                           | 0.40                | 0.40                               |
| Mr. Mohit Mutreja (Ceased to be whole time director w.e.f 1st May, 2012)                                  | 0.40                | 0.40                               |
| <b>iii) Enterprises owned or significantly influenced by any management personnel or their relatives:</b> |                     |                                    |
| Rent, rates & taxes paid to:                                                                              |                     |                                    |
| Vinati Wax Industries Pvt. Ltd.                                                                           | -                   | 4.11                               |
| Shilpa Pharma Pvt. Ltd.                                                                                   | -                   | 4.05                               |
| Mithali Chemical pvt. Ltd.                                                                                | -                   | 1.65                               |
| Sales - Viral Alkalies Ltd.                                                                               | 1.60                | 1.54                               |
| Purchase of Material - Viral Alkalies Ltd.                                                                | -                   | 40.05                              |

Note- The above related party relationship has been given by management and relied upon by the auditors.

### 29 Leases (AS-19)

#### Operating Lease: Company as Lessee

The Company has entered into operating lease on Tankers, certain computers and staff residences which normally have an life of 12 months and renewable every year at the option of the lessor and/or the lessee. There is no contingent rent. The lease rental charged to statement of profit and loss during the year is ₹ 53.06 lacs (previous year ₹ 60.19 lacs).

|                                                                      | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
|----------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>30 Earning per share (EPS)( AS-20)</b>                            |                             |                             |
| Profit after tax (₹ in Lacs)                                         | 8,615.45                    | 6,866.28                    |
| Weighted average number of shares outstanding at the year end (Nos.) |                             |                             |
| Equity shares outstanding at the beginning of the year (Nos.)        | 49,372,500                  | 49,372,500                  |
| Equity shares outstanding at the end of the year (Nos.)              | 49,372,500                  | 49,372,500                  |
| Basic earning per share (₹)                                          | 17.45                       | 13.91                       |
| Diluted earning per share (₹)                                        | 17.45                       | 13.91                       |
| Face value per share (₹)                                             | 2.00                        | 2.00                        |

Note:- There are no potential dilutive equity shares.

### 31 Impairment of Assets- (AS-28)

Based on exercise of impairment of assets undertaken by the management in due cognizance of paragraphs 5 to 13 of Accounting standard -28, the Company has concluded that no impairment loss is required to be booked.

## Notes to Financial Statements for the year ended 31 March, 2014

### 32 Contingent Liabilities

Contingent Liabilities not provided for in respect of:

- (a) Counter Guarantees given by the Company in respect of guarantees issued / Letter of Credit established by banks on behalf of the company ₹ 1653.30 Lacs (Previous Year ₹ 891.93 Lacs).
- (b) Disputed Excise duty demands of ₹ 151.65 (Previous Year ₹ 42.12 Lacs) pertaining to various assessment years for which company has gone in the appeal. Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.
- (c) Disputed Income tax demands of ₹ 94.36 Lacs pertaining to various assessment years against which nothing paid (Previous Year ₹ 41.18 Lacs and

paid ₹ 33.72 Lacs) Based on judicial decisions and interpretations of other relevant provisions of the statute, the Company is hopeful of the demand likely to be either deleted or substantially reduced and accordingly no provision has been made.

During the year 2011-2012, Company has issued Foreign Currency Convertible Bond(FCCB) of ₹ 22.02 Crores (\$5 Mn) which are Convertible in equity share at ₹ 100 each during any period starting from the Date of subscription i.e. 28th July 2011 and ending 5 years. If the option is not exercised, then interest is payable @ 3.5% compounded semi annually as accumulated arrears on the final redemption date. Contingent liability toward arrears of interest as on 31.03.2014 is ₹ 295.89 Lacs (previous year ₹ 165.52 Lacs)

|                                                                       | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
|-----------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>33 Capital and other commitments</b>                               |                             |                             |
| a) Capital Commitments not provided for (net of advances) (₹ in Lacs) | 1,218.17                    | 929.46                      |

### 34 Details of dues to Micro and Small Enterprises as defined under the MSMED Act, 2006

The Company has sought the confirmation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act 2006. Based on the confirmations received from the some of the suppliers:

- a) No principal amount and the interest due thereon are outstanding at on 31st March 2014 : Nil
- b) The amount of interest paid by the Company along with the amount of the payment made to the supplier beyond the appointed day for the year ending 31st March 2014. : Nil
- c) The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year) : Nil
- d) The amount of interest accrued and remaining unpaid for the year ended 31st March, 2014 : Nil
- e) The amount of further interest remaining due and payable for the earlier years. : Nil

(₹ in Lacs)

|                                                    | 31 March 2014 | 31 March 2013 |
|----------------------------------------------------|---------------|---------------|
| <b>35 Value of Imports calculated on CIF basis</b> |               |               |
| Raw Materials                                      | 3,075.45      | 1,212.69      |
| Components and Spare parts                         | 8.18          | 0.11          |
| Capital Goods                                      | 165.99        | 432.24        |

## Notes to Financial Statements for the year ended 31 March, 2014

|                                           | (₹ in Lacs)   |               |
|-------------------------------------------|---------------|---------------|
|                                           | 31 March 2014 | 31 March 2013 |
| <b>36 Expenditure in Foreign Currency</b> |               |               |
| i) Travelling expenditure                 | 15.82         | 7.48          |
| ii) Commission on sales                   | 150.45        | 106.65        |
| iii) Interest                             | 239.84        | 30.44         |
| vi) Others                                | 90.84         | 85.21         |
| vi) Capital WIP (Interest)                | 98.08         | 208.10        |

|                                                                                      | (₹ in Lacs)   |        |               |        |
|--------------------------------------------------------------------------------------|---------------|--------|---------------|--------|
|                                                                                      | 31 March 2014 | %      | 31 March 2013 | %      |
| <b>37 Imported and indigenous raw materials, components and spare parts consumed</b> |               |        |               |        |
| a) Raw Materials                                                                     |               |        |               |        |
| Imported                                                                             | 3,313.87      | 7.94   | 1,373.53      | 4.04   |
| Indigenously obtained                                                                | 38,430.37     | 92.06  | 32,617.31     | 95.96  |
|                                                                                      | 41,744.24     | 100.00 | 33,990.84     | 100.00 |
| b) Spare parts                                                                       |               |        |               |        |
| Imported                                                                             | 0.26          | 0.01   | 0.11          | 0.01   |
| Indigenously obtained                                                                | 1,454.90      | 99.99  | 1,051.98      | 99.99  |
|                                                                                      | 1,455.16      | 100.00 | 1,052.09      | 100.00 |

|                                             | (₹ in Lacs)   |               |
|---------------------------------------------|---------------|---------------|
|                                             | 31 March 2014 | 31 March 2013 |
| <b>38 Earnings in foreign currency</b>      |               |               |
| Exports of goods calculated on F.O.B. Value | 45,165.34     | 35,967.97     |
| Other Income                                | -             | -             |

### 39 Capitalization of Expenditure

During the year, the company has capitalized the following expenses of revenue nature to the cost of fixed asset/ capital work-in-progress (CWIP), Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the company.

|                                                                               | (₹ in Lacs)   |               |
|-------------------------------------------------------------------------------|---------------|---------------|
|                                                                               | 31 March 2014 | 31 March 2013 |
| Travelling Expenses                                                           | 3.04          | 5.29          |
| Interest (net of interest paid)                                               | (59.48)       | 106.80        |
| Exchange difference to the extent regarded as an adjustment to interest costs | 197.25        | 379.89        |
| Bank Charges                                                                  | 0.19          | 75.10         |
| Legal & Professional charges                                                  | 299.42        | 284.17        |
| Insurance Charges                                                             | 3.60          | 16.39         |
| Testing Charges                                                               | 1.96          | 0.40          |
| Equipment Rent                                                                | 21.21         | 1.10          |
|                                                                               | 467.19        | 869.14        |

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## Notes to Financial Statements for the year ended 31 March, 2014

**40** In the opinion of the Board of Directors, the Current Assets, Loans and Advances have value on realisation in the ordinary course of business, at least equal to the amount at which they are stated in the foregoing Balance Sheet and adequate provision for all known liabilities on the Company has been made.

**41 Previous year figures**

Figures of previous year have been reworked/regrouped/reclassified wherever necessary.

As per our report of even date attached

For and on behalf of Board of Directors

For and on behalf of  
For **Karnavat & Co.**  
Chartered Accountants  
Firm Regn.No. 104863W

**Vinod Saraf**  
*CEO & Managing Director*

**Vinati Saraf Mutreja**  
*Executive Director*

**Shashikant Gupta**  
*Partner*  
Membership No. 045629

**Nand Kishor Goyal**  
*Chief Financial Officer*

Place: Mumbai  
Date: 10th May 2014

**Gunvant Singhi**  
*Company Secretary cum Finance Controller*

## Notice

NOTICE is hereby given that the TWENTY FIFTH ANNUAL GENERAL MEETING OF VINATI ORGANICS LIMITED (the "Company") will be held on Saturday, 9th August, 2014 at 12.00 Noon at the Registered Office of the Company, at B-12 & B-13/1, MIDC Industrial Area, Mahad 402 309, Dist. Raigad, Maharashtra to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014 and Profit & Loss Account for the year ended on that date together with the schedules and notes attached thereto, alongwith the Reports of Directors' and Auditors' thereon.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Mr. Sunil Saraf who retires by rotation at this meeting and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Mohit Mutreja who retires by rotation at this meeting and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### Special Business:

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, 150, 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, Mr. Girish M. Dave (holding DIN 00036455), Director of the Company who retires by rotation at the Annual General Meeting be and is hereby reappointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019."

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, 150, 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, Mr. R. K. Saraswat (holding DIN 00015095), Director of the Company who retires by rotation at the Annual General Meeting be and is hereby reappointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019."

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, 150, 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, Mr. A.A. Krishnan (holding DIN 00086374), Director of the Company who retires by rotation at the Annual General Meeting be and is hereby reappointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019."

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, 150, 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, Mr. C.B. Gokhale (holding DIN 00079489), Director of the Company who retires by rotation at the Annual General Meeting be and is hereby reappointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019."

**Registered Office:** By order of the Board of Directors  
B-12 & B-13/1, MIDC Industrial Area,  
Mahad – 402 309, Dist. Raigad,  
Maharashtra.  
Mumbai, 10th May 2014

**Gunvant S. Singhi**  
*Company Secretary cum*  
*Finance Controller*

### NOTES:

1. The Explanatory Statements pursuant to Section 102(2) of the Companies Act, 2013 relating to Special Business to be transacted at the Meeting at Item No. 6, 7, 8 and 9 are annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint another person (whether a shareholder or not) as his/her proxy to attend and vote instead of himself/herself, but a proxy so appointed shall not have any right to speak at the meeting. The proxies in order to be effective must be duly signed and received at the registered office of the Company not less than 48 hours before the meeting.

3. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representatives to attend and vote on their behalf at the meeting.

The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, the 31st July 2014 to Saturday, the 9th August 2014 (both days inclusive).

Members are requested to intimate to the Corporate Office situated at Parinee Crescenzo, 1102, 11th Floor, "G" Block, Plot No. C38 & C39, Behind MCA, Bandra Kurla Complex, Bandra East, Mumbai – 400 051, Maharashtra the changes, if any, in their registered addresses, quoting their Folio Numbers/ or their client ID number with DP ID number, as the case may be. On-resident Indian Members are requested to inform the Company or its RTA or to the concerned DPs, as the case may be, immediately:

- (a) the change in residential status on return to India for permanent settlement.
  - (b) the particulars of the NRE Account with a Bank in India, if not furnished earlier.
4. As per the provisions of the Act, facility for making nominations is available for the shareholders. The prescribed nomination form can be obtained from the Company's share department situated at Parinee Crescenzo, 1102, 11th Floor, "G" Block, Plot No. C38 & C39, Behind MCA, Bandra Kurla Complex, Bandra East, Mumbai – 400 051, Maharashtra.

5. Registrars and Transfer Agents:

The Company has appointed M/s. Sharex Dynamic (India) Pvt. Ltd., Unit No.1, Luthra Indl. Premises, Safed Pool, Andheri-Kurla Road, Mumbai – 400 072 as the Registrars and Transfer Agents ("R&TA") for all aspects of investor servicing relating to shares.

6. The Company's securities are listed at the Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001, Maharashtra and The National Stock Exchange of India Ltd., Exchange Plaza, Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051, Maharashtra.

The Annual Listing Fee as prescribed has been paid to the above stock exchanges.

7. The dividend on equity shares as recommended by the Board of Directors 150% on the share capital of the Company i.e. Rs.3.00 per Equity Share of face value of Rs.2/- each for the year ended 31st March 2014, if declared at the meeting, will be made payable on or after 10th August 2014 to those members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company or its R&TA on or before 30th July 2014 or those, whose names appear as beneficial

owners as at the end of business on 30th July 2014 as per lists to be furnished by the depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited.

Shareholders are hereby informed that pursuant to Section 205C and Section 205A (5) of the Companies Act, 1956, the Company will be obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund (the "Fund") established by the Central Government. It may be noted that, no claim shall lie against the Company or Fund in respect of individual amounts of dividends remaining unclaimed and unpaid for a period of seven years from the date it became first due for payment and no payment shall be made in respect of any such claim.

8. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the Financial Year 2006-2007 and the dividends for the subsequent years, which remain unpaid or claimed for a period of 7 years will be transferred to the Fund. Shareholders who have so far not encashed the dividend warrant(s) for the financial year 2006-2007 are requested to make their claim to the Secretarial Department at the Registered Office of the Company or the office of the R&TA on or before 11th October, 2014, failing which the unpaid/unclaimed amount will be transferred to the Fund as above, no claim shall lie against the Company or the Fund in respect of such amount by the Member.
9. The Ministry of Corporate Affairs (MCA), Government of India, through its Circular No. 17/2012 dated 23rd July, 2012 has directed companies to upload on the company's website information regarding unpaid and unclaimed dividend.

In terms of the Circular, the company has uploaded the details of unpaid and unclaimed dividend. The same can be viewed on [www.mca.gov.in](http://www.mca.gov.in).

Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the Share Certificates for consolidating their holdings in one folio. The Share Certificates will be returned to the Members after making requisite changes thereon.

10. a) Members are advised to avail of the facility for receipt of dividend through Electronic Clearing Service (ECS). The ECS facility is available at specified locations. Members holding shares in electronic form are requested to contact their respective DPs for availing ECS facility. Members holding shares in physical form are requested to download the ECS form from the website of the Company viz. [www.vinatiorganics.com](http://www.vinatiorganics.com) and the same duly filled up and signed along with a photocopy of a cancelled cheque may be sent to the Company or to its R&TA.

- (b) Members who hold shares in electronic form and want to change/correct the bank account details should send the same immediately to their concerned DP and not to the Company. Members are also requested to give the MICR Code of their bank to their DPs. The Company will not entertain any direct request from such Members for change of address, transposition of names, deletion of name of deceased joint holder and change in the bank account details. The said details will be considered, as will be furnished by NSDL/CDSL to the Company.
- (c) The Securities and Exchange Board of India (SEBI) vide its Circular dated 21st March, 2013 provided that companies making cash payments to its investors shall use approved electronic mode of payment such as ECS, NECS, and NEFT etc. To enable usage of electronic payment instruments, companies are required to maintain requisite bank details of their investors:-
- For securities held in Demat Mode, companies shall seek relevant bank details from the Depositories.
- For securities held in Physical Mode, companies shall maintain updated bank details of its investors.
- (d) Further, to avoid the incidence of fraudulent encashment of dividend warrants, Members are requested to intimate the Company under the signature of the Sole/First Joint Holder, the following information, so that the bank account number and name and address of the bank can be printed on the dividend warrants:
1. Name of Sole/ First Joint holder and Folio number.
  2. Particulars of bank account, viz.
    - i) Name of the bank
    - ii) Name of branch
    - iii) Complete address of bank with Pin code
    - iv) Account type, whether saving (SB) or Current Account (CA)
    - v) Bank Account Number
11. Depository System:
- The Company has entered into agreements with NSDL and CSDL. The Depository System envisages the elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, mutilation of share certificates, etc. Simultaneously, Depository system offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc.
- Members, therefore now have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CSDL. Members are encouraged to convert their holdings to electronic mode.
12. Re-appointment of Directors:
- Section 152 of the Companies Act, 2013, provides inter alia that unless the articles provide for the retirement of all directors at every annual general meeting, not less than two-thirds of the total number of directors of a public company, or a private company which is a subsidiary of a public company, shall (a) be persons whose period of office is liable to determination by retirement of directors by rotation; and (b) save as otherwise expressly provided in the Act, be appointed by the Company in the general meeting.
13. Accordingly at the ensuing Annual General Meeting, Mr. Sunil Saraf and Mr. Mohit Mutreja, retiring by rotation and being eligible offer themselves for re-appointment. The information or details pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchange is furnished in the statement on Corporate Governance published in this Annual Report.

Details of Directors seeking re-appointment:

| Particulars                                                    | Mr. Sunil Saraf       | Mr. Mohit Mutreja                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of Birth                                                  | 14.02.1966            | 09.08.1982                                                                                                                                                                                                                                                                                                                               |
| Date of Appointment                                            | 15.06.1989            | 19.05.2009                                                                                                                                                                                                                                                                                                                               |
| Qualifications                                                 | B. Com.               | <ul style="list-style-type: none"> <li>□ Bachelors in Science in Economics (Finance) from the Wharton School, University of Pennsylvania</li> <li>□ Bachelors of Science in Computer Engineering from the School of Engineering and Applied Sciences.</li> <li>□ 5 year experience in financial services and Risk management.</li> </ul> |
| Directorships held in other public Company                     | 1. Viral Alkalys Ltd. | NIL                                                                                                                                                                                                                                                                                                                                      |
| Memberships / Chairman of committees of other public companies | 1. Viral Alkalys Ltd. | NIL                                                                                                                                                                                                                                                                                                                                      |

Mr. Vinod Saraf, Mrs. Vinati Saraf Mutreja and Mrs. Viral Saraf Mittal are interested in the appointment of Mr. Sunil Saraf and Mr. Mohit Mutreja.



14. The Annual Report of the Company for the year 2013-2014, circulated to the Members of the Company, is available on the Company's website viz. [www.vinatiorganics.com](http://www.vinatiorganics.com). The Company does not have Subsidiary Company.
15. In terms of Circulars issued by the Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the Company or its RTA in the following cases viz. Transfer of Shares, Deletion of Name, Transmission of Shares and Transposition of Shares.
16. MCA, Government of India, through its Circulars Nos. 17/2011 dated 21st April, 2011 and 18/2011 dated 29th April, 2011, respectively, has allowed companies to send documents viz. Notices of meetings, Annual Reports and other shareholder communication to their shareholders electronically as part of its Green Initiatives in corporate governance.
17. A recent amendment to the Listing Agreement with the stock exchange also permits sending the aforesaid documents through electronic mode to Members who have registered their email address with the Company for this purpose.
18. The Company supports the measures in the Green Initiative. Members are also requested to join the Company in this initiative by registering their Email ID with the Company or its RTA. A 'Green Initiative' Form can be downloaded from the Company's website viz. [www.vinatiorganics.com](http://www.vinatiorganics.com) to register the email id.
19. The Company has entered into an agreement with CDSL to provide facilities of e-voting. The details of which shall be uploaded on the website of the Company, immediately on the approval sought from the Registrar of Companies.

**Registered Office:** By order of the Board of Directors  
B-12 & B-13/1, MIDC Industrial Area,  
Mahad – 402 309, Dist. Raigad,  
Maharashtra.  
Mumbai, 10th May 2014

**Gurvant S. Singhi**  
*Company Secretary cum*  
*Finance Controller*

#### **EXPLANATORY STATEMENTS PURSUANT TO SECTION 102(2) OF THE COMPANIES ACT, 2013 RELATING TO FOLLOWING SPECIAL BUSINESS AS MENTIONED AT FOLLOWING ITEMS:**

##### **Appointment of Independent Directors:**

Explanatory statement in respect of the Special Business pursuant to Section 102 of the Companies Act, 2013.

##### **Item No. 7**

Mr. Girish M. Dave is an Advocate. He is an M.Com, LLB and CAIIB graduate. He is an eminent advocate and senior partner of well-known law firm, M/s. DAVE & GIRISH & CO., Advocates, with over 45 years of experience in the legal field. The Company has benefited substantially from his advice and guidance. Due to his immense knowledge, he has catalyzed a

wide range of advancements, resulting in long-term benefits for the Company.

He joined the Board of Directors on September 24, 1990. Mr. Dave is a member of the Corporate Social Responsibility Committee.

Mr. Dave retired as an Independent Director at this Annual General Meeting. He is an M.Com, L.L.B. and CAIIB.

Apart from his experience in the field of law, he is actively associated with various Corporations. Mr. Dave is a Director in PCS Technology Limited, Ultratech Cement Limited, Grasim Bhiwani Textiles Limited, Aditya Birla Retail Limited, Aditya Birla Chemicals (India) Limited.

Mr. Dave is also a member/chairman of committees of PCS Technology Limited, Ultratech Cement Limited, Cinemax India Limited, Grasim Bhiwani Textiles Limited and Aditya Birla Retail Limited.

Mr. Dave does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Dave retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Dave being eligible and offering himself for appointment, is proposed to be reappointed as an Independent Director for five consecutive years for a term upto 31st March, 2019.

Reference is also invited in this connection to new Clause 49 effective from October 1, 2014 of the Listing Agreement, Clause 49 provides inter alia that an independent director shall hold office for a term up to five consecutive years on the Board of a company and shall be eligible for reappointment for another term of up to five consecutive years on passing of a special resolution by the company.

Provided that a person who has already served as an independent director for five years or more in a company as on October 1, 2014 shall be eligible for appointment, on completion of his present term, for one more term of up to five years only.

Provided further that an independent director, who completes his above mentioned term, shall be eligible for appointment as independent director in the company only after the expiration of three years of ceasing to be an independent director in the company.

In view of the change in Clause 49 of Listing Agreement, an independent director cannot hold office for more than five years from the date the new Clause 49 of the Listing Agreement comes into effect.

Therefore Mr. Dave an independent director would retire and be eligible to be reappointed only for one more term of five years as an independent director.

Consequently even though this may not be fully correct, Mr.



Dave has resigned under section 169 of the Companies Act, 2013 and on the request of the Company he has indicated his willingness to be reappointed for a period of five years as an Independent Director, as per Clause 49 of the Listing Agreement.

A sum of Rs. 1,00,000 (Rupees One Lakh) has already been deposited by Mr. Dave and such amount shall be forfeited if Mr. Dave is not reappointed as an independent director in the ensuing Annual General Meeting.

In the opinion of the Board, Mr. Dave fulfils 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. Copy of the draft letter for appointment of Mr. Dave 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 considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Dave as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Dave as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Dave, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### Item No. 8

Mr. R.K. Saraswat is a Chartered Accountant. He is a Chartered Accountant with over 40 years of extensive domestic & international experience in Accounting, Auditing, Project Financing and Financial Management. He is presently serving on the Board of Datamatics Global Services Ltd., Datamatics Software Services Ltd., and Priya Ltd. He last served Datamatics Group of companies as their Finance Director and earlier served as President of S. M. Dyechem Limited and Sr. Vice President of Grasim, where he was interalia engaged in setting up the Mangalore Refinery plant. He joined the Board of Directors on January 24, 2011. Mr. Saraswat is a member of the Audit Committee.

Mr. Saraswat retired as an Independent Director at this Annual General Meeting.

Apart from his experience in the field of accountancy, he is actively associated with other Corporations. Mr. Saraswat is a Director in Priya Limited and Datamatics Global Services Limited.

Mr. Saraswat is also a member/chairman of committees of

Priya Limited and Datamatics Global Services Limited.

Mr. Saraswat does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Saraswat retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Saraswat being eligible and offering himself for appointment, is proposed to be reappointed as an Independent Director for five consecutive years for a term upto 31st March, 2019.

Reference is also invited in this connection to new Clause 49 effective from October 1, 2014 of the Listing Agreement, Clause 49 provides inter alia that an independent director shall hold office for a term up to five consecutive years on the Board of a company and shall be eligible for reappointment for another term of up to five consecutive years on passing of a special resolution by the company.

Provided that a person who has already served as an independent director for five years or more in a company as on October 1, 2014 shall be eligible for appointment, on completion of his present term, for one more term of up to five years only.

Provided further that an independent director, who completes his above mentioned term, shall be eligible for appointment as independent director in the company only after the expiration of three years of ceasing to be an independent director in the company.

In view of the change in Clause 49 of Listing Agreement, an independent director cannot hold office for more than five years from the date the new Clause 49 of the Listing Agreement comes into effect.

Therefore Mr. Saraswat an independent director would retire and be eligible to be reappointed only for one more term of five years as an independent director.

Consequently even though this may not be fully correct, Mr. Saraswat has resigned under section 169 of the Companies Act, 2013 and on the request of the Company he has indicated his willingness to be reappointed for a period of five years as an Independent Director, as per Clause 49 of the Listing Agreement.

A sum of Rs. 1,00,000 (Rupees One Lakh) has already been deposited by Mr. Saraswat and such amount shall be forfeited if Mr. Saraswat is not reappointed as an independent director in the ensuing Annual General Meeting.

In the opinion of the Board, Mr. Saraswat fulfils 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. Copy of the draft letter for appointment of Mr. Saraswat 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 considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Saraswat as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Saraswat as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Saraswat, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **Item No. 9**

Mr. A.A. Krishnan is a Chemical Engineer and has 47 years of experience in the Petro Chemical Industry. He was appointed as a Director and has vast and diversified technological and chemical expertise of running the manufacturing unit in such industries. Due to his commitment for technological advancement in continuously improving the systems and procedures, he has substantially contributed to the growth of the Company. He joined the Board of Directors on March 27, 1992. Mr. Krishnan is a member of the Shareholders/ Investors Grievance Committee.

Mr. Krishnan retired as an Independent Director at this Annual General Meeting.

Mr. Krishnan is also a Director in Andhra Petrochemicals Limited.

Mr. Krishnan does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Krishnan retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Krishnan being eligible and offering himself for appointment, is proposed to be reappointed as an Independent Director for five consecutive years for a term upto 31st March, 2019.

Reference is also invited in this connection to new Clause 49 effective from October 1, 2014 of the Listing Agreement, Clause 49 provides inter alia that an independent director shall hold office for a term up to five consecutive years on the Board of a company and shall be eligible for reappointment for another term of up to five consecutive years on passing of a special resolution by the company.

Provided that a person who has already served as an independent director for five years or more in a company as on October 1, 2014 shall be eligible for appointment, on completion of his present term, for one more term of up to five years only.

Provided further that an independent director, who completes his above mentioned term, shall be eligible for appointment as independent director in the company only after the expiration of three years of ceasing to be an independent director in the company.

In view of the change in Clause 49 of Listing Agreement, an independent director cannot hold office for more than five years from the date the new Clause 49 of the Listing Agreement comes into effect.

Therefore Mr. Krishnan an independent director would retire and be eligible to be reappointed only for one more term of five years as an independent director.

Consequently even though this may not be fully correct, Mr. Krishnan has resigned under section 169 of the Companies Act, 2013 and on the request of the Company he has indicated his willingness to be reappointed for a period of five years as an Independent Director, as per Clause 49 of the Listing Agreement.

A sum of Rs. 1,00,000 (Rupees One Lakh) has already been deposited by Mr. Krishnan and such amount shall be forfeited if Mr. Krishnan is not reappointed as an independent director in this ensuing Annual General Meeting.

In the opinion of the Board, Mr. Krishnan fulfils 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. Copy of the draft letter for appointment of Mr. Krishnan 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 considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Krishnan as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Krishnan as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Krishnan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **Item No. 10**

Mr. C.B. Gokhale is a Civil Engineer. He is on the Building Advisory Committee of a number of financial institutions viz. NSE, CCIL, NSDL, CARE. He conducted studies in Project Management in Building Construction at Rachana Sansad in Mumbai and is the Director of Project Management Institute. He was an Associate of The Royal Institute of British Architects

and also a Fellow of The Indian Institute of Architects. He is a former Executive Director (Buildings) of Life Insurance Corporation of India. He is registered with the Council of Architecture and is now practicing as a Consulting Architect. His wealth of experience in the construction industry has helped the Company in implementing new projects. The Company has benefited by his 47 years of experience.

He joined the Board of Directors on August 05, 1994. Mr. Gokhale is a member of the Audit Committee.

Mr. Gokhale retired as an Independent Director at this Annual General Meeting.

Mr. Gokhale is not a director in any other company.

Mr. Gokhale does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Gokhale retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Krishnan being eligible and offering himself for appointment, is proposed to be reappointed as an Independent Director for five consecutive years for a term upto 31st March, 2019.

Reference is also invited in this connection to new Clause 49 effective from October 1, 2014 of the Listing Agreement, Clause 49 provides inter alia that an independent director shall hold office for a term up to five consecutive years on the Board of a company and shall be eligible for reappointment for another term of up to five consecutive years on passing of a special resolution by the company.

Provided that a person who has already served as an independent director for five years or more in a company as on October 1, 2014 shall be eligible for appointment, on completion of his present term, for one more term of up to five years only.

Provided further that an independent director, who completes his above mentioned term shall be eligible for appointment as independent director in the company only after the expiration of three years of ceasing to be an independent director in the company.

In view of the change in Clause 49 of Listing Agreement, an independent director cannot hold office for more than five years from the date the new Clause 49 of the Listing Agreement comes into effect.

Therefore Mr. Gokhale an independent director would retire and be eligible to be reappointed only for one more term of five years as an independent director.

Consequently even though this may not be fully correct, Mr. Gokhale has resigned under section 169 of the Companies Act, 2013 and on the request of the Company he has indicated his willingness to be reappointed for a period of five years as an Independent Director, as per Clause 49 of the Listing Agreement.

A sum of Rs. 1,00,000 (Rupees One Lakh) has already been deposited by Mr. Gokhale and such amount shall be forfeited if Mr. Gokhale is not reappointed as an independent director in this ensuing Annual General Meeting.

In the opinion of the Board, Mr. Gokhale fulfils 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. Copy of the draft letter for appointment of Mr. Gokhale 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 considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Gokhale as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Gokhale as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Gokhale, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

**Registered Office:** By order of the Board of Directors  
B-12 & B-13/1, MIDC Industrial Area,  
Mahad – 402 309, Dist. Raigad,  
Maharashtra.  
Mumbai, 10th May 2014

**Gunvant S. Singhi**  
*Company Secretary cum*  
*Finance Controller*

## Notes

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## Notes

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## Notes

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## Vinati Organics Limited

B-12 & B-13/1 MIDC Industrial Area, Mahad - 402 309, Dist Raigad, Maharashtra.

### Attendance Slip

Full Name of Shareholder (in Block Letters) \_\_\_\_\_

Ledger Folio No.: \_\_\_\_\_ No. of Shares held : \_\_\_\_\_

DP. ID – Client ID : \_\_\_\_\_

Name of Proxy (in Block Letters) \_\_\_\_\_

I hereby record my presence at the 25th Annual General Meeting of the Company to be held at B-12 & B-13/1 MIDC Industrial Area, Mahad 402 309, Dist Raigad, Maharashtra, on Saturday the 9th day of August, 2014 at 12.00 Noon.

\* To be signed at the time of handing over this slip

\_\_\_\_\_  
Member's/Proxy's Signature



## Vinati Organics Limited

B-12 & B-13/1 MIDC Industrial Area, Mahad - 402 309, Dist Raigad, Maharashtra.

### Form of Proxy

(Regd. Folio No./DP ID – Client ID & Name of the Shareholder to be furnished below)

I/We \_\_\_\_\_ of \_\_\_\_\_ being a  
member / members of VINATI ORGANICS LIMITED hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or failing him/her \_\_\_\_\_  
of \_\_\_\_\_ as my/our Proxy to vote for me/us on my/our behalf at the TWENTY FIFTH ANNUAL GENERAL  
MEETING of the Company to be held on Saturday, the 9th day of August 2014 at 12.00 Noon.

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

Affix  
Re. 1/-  
Revenue  
Stamp

#### NOTES:

1. The form should be signed across the stamp as per specimen signature registered with the Company.
2. The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
3. A proxy need not be a member.





# Corporate Information

## Board of Directors

**Mr. Girish M. Dave**, *Non-Executive Chairman and Director*

**Mr. Vinod Saraf**, *Managing Director*

**Mr. C. B.Gokhale**, *Director*

**Mr. A. A. Krishnan**, *Director*

**Mr. R. K.Saraswat**, *Director*

**Ms. Vinati Saraf Mutreja**, *Executive Director*

**Ms. Viral Saraf Mittal**, *Director - Corporate Strategy*

**Mr. Mohit Mutreja**, *Director*

**Mr. Sunil Saraf**, *Director*

## Company Secretary Cum Finance Controller

**Mr. Gunvant S. Singhi**

## Bankers

State Bank of India

IFC, Washington

Citibank N.A.

## Auditors

**M/s. Karnavat & Co.**

*Chartered Accountants*

## Registered Office & Mahad Works

B-12 & B-13/1, MIDC Indl. Area,

Mahad – 402 309, Dist. Raigad,

Maharashtra.

## LoteWorks

A-20, MIDC, Lote-Parashuram-415 722,

Taluka – Khed, Dist. Ratnagiri,

Maharashtra.

## Registrar & Transfer Agents

**Sharex Dynamic (India) Pvt. Ltd.,**

Unit No. 1, Luthra Indl. Premises,

Safed Pool, Andheri-Kurla Road,

Mumbai – 400 072.

## Corporate Office

Parinee Crescenzo, 1102, 11th Floor,

"G" Block, Plot No. C38 & C39,

Behind MCA, Bandra Kurla Complex, Bandra (E),

Mumbai – 400 051.



view this annual report online  
<http://www.vinatiorganics.com/>



## **Vinati Organics Limited**

Parinee Crescenzo, 1102, 11th Floor,  
"G" Block, Plot No. C38 & C39,  
Behind MCA, Bandra Kurla Complex, Bandra (E),  
Mumbai – 400 051.



## Vinati Organics Limited

Registered Office : B-12 & B-13/1, MIDC Industrial Area, Dist. Raigad, Mahad- 402 309

CIN : L24116MH1989PLC052224 Tel No.: 022-39484444 / 4428, Fax No. 022-39484438

Email: [shares@vinatiorganics.com](mailto:shares@vinatiorganics.com) Website : [www.vinatiorganics.com](http://www.vinatiorganics.com)

**The instructions for members for voting electronically are as under:-**

**In case of members receiving e-mail:**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "Vinati Organics Limited" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

|                               | <b>For Members holding shares in Demat Form and Physical Form</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>PAN**</b>                  | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"><li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</li><li>• In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</li></ul> |
| <b>DOB#</b>                   | <p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Dividend Bank Details#</b> | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"><li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter <b>the number of shares held by you as on the cut off date in the Dividend Bank details field.</b></li></ul>                                                                                                                                                                                                                                                               |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.

- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant VINATI ORGANICS LIMITED on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:**

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on 04.08.2014 at 6.00 a.m. and ends on 06.08.2014 at 5.30 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 11.07.2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).