Kanoria Chemicals & Industries Limited

ANNUAL REPORT

2015-16

Kanoria Chemicals & Industries Limited

COMPANY SECRETARY
N.K. Sethia

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GROUP CHIEF FINANCIAL OFFICER
N.K. Nolkha

AUDITORS
Singhi & Co.
Chartered Accountants
161, Sarat Bose Road
Kolkata - 700 026

BANKERS
DBS Bank Limited
HDFC Bank Limited
Yes Bank Limited

Board of Directors

R V Kanoria
Chairman &
Managing Director

M Kanoria

H K Khaitan

Amitav Kothari

Ravinder Nath

G Parthasarathy

S L Rao

A Vellayan

S V Kanoria
Wholetime Director

Kanoria Chemicals
&Industries Limited

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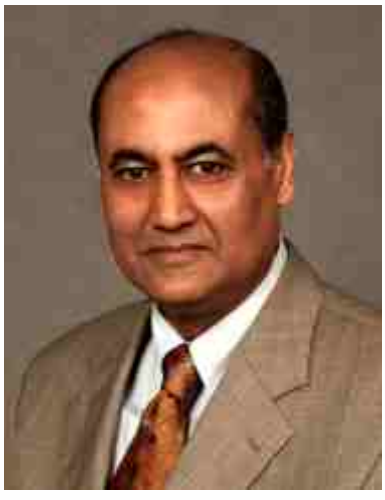
Chairman's Statement



The macroeconomic fundamentals of the Indian economy continue to be excellent. Aided by low oil and commodity prices, the fiscal situation is well under control. Deft management of monetary policy has helped in warding off inflationary pressures. Although the industry is still keen to see lower interest rates, the impact of the policy on controlling inflation seems to have been a success.

The focus of the Indian Government on the ease of doing business is very welcome. The issue, however, is not so much at the centre but the states that have to imbibe the same spirit and facilitate easy and smooth conduct of business.

Measures taken for eliminating corruption and black money are important in imparting health to the economy. It is, however, essential to tackle the root cause of corrupt practices to be able to find a lasting solution, rather than the process remaining just a cleaning up exercise of past actions.

There have been recent murmurings on a proposal for holding central and state elections at the same time. This is certainly desirable and will result in a situation where governments will be able to function without continuously being hindered by electoral compulsions. This will not only lead to better governance but also help in lowering corruption.

Conditions are favourable for the next set of big bang reforms. Initiatives such as the GST are likely to fructify sooner than later, thereby providing a new trajectory to the economy. We hope that political differences are set aside to quickly usher in these reforms.

For the 'Make in India' initiative to succeed, a clear focus on issues affecting competitiveness need to be addressed. Infrastructure and logistics must be once again prioritized. There is a need to focus on employment generation. This requires a bold and radical approach to labour reforms.

The ongoing issue of non-performing assets (NPA) has received much attention. In this context, it is essential to separate the wheat from the chaff so as not to create an atmosphere where money lent to industry is viewed with mistrust. Industry is the primary driver of employment.

After divesting our Chlor Alkali division in the year 2011, the Company has been diversifying into new businesses which have future promise. We entered the electronic automobile components business by acquiring APAG Holding AG headquartered in Dübendorf, Switzerland.

Use of electronics in the automobile industry is growing rapidly. Our investment in this segment has proven to be a good move as APAG has doubled its sales since we took over the operations in the year 2012. Profitability, however, is still elusive as costs were pushed up as a result of the strength of the Swiss Franc. As a part of the strategy for the future APAG acquired a new development company in Germany called CoSyst Control Systems and has also started a development centre in India so that the costs are averaged and distributed. The prospects this year look extremely promising as the strategic changes are expected to yield positive results.

Our investment in Africa was primarily focussed on the high growth opportunity available in the continent. We believe that Africa is poised to be the next global growth driver. Demand for basic goods is increasing steadily and that inter alia prompted us to invest in the textiles sector.

Our foray into Ethiopia, Africa has been a challenge as it was both a new geography and a new industry. The fundamentals of the investment, however, seem sound. The Company has struggled to establish itself in the market and Kanoria Africa Textiles plc would need some time before it yields returns.

The Company is now also refocusing on the chemicals business. We are upgrading technology at our plant in Ankleshwar with the objective of lowering cost and better capacity utilization. Our Vizag plant in the state of Andhra Pradesh is focussing on value addition and is already producing speciality resins. The Company is also identifying new locations for further expanding capacity of existing product lines.

The Indian economy is looking up and presents an opportunity of growth in industry and business. We look at this with great optimism and confidence to steadily enhance the activities of the Company.

R V Kanoria
Chairman & Managing Director

The Year in Review

The economy during 2015-16 demonstrated resilience aided by the strong fundamentals and low oil and commodity prices. The Reserve Bank of India maintained a stable fiscal environment and managed to keep inflationary pressures under control.

While there were concerns of a demand slack with investments remaining flat, industry maintained a positive outlook that the next phase of reforms and government policies would provide a fillip to activities on ground that lead to an industrial revival and higher economic growth.

The pillars of the Company's ethos continued to be constant vigil on costs, good governance, ethical business practices and sustainable policies. These helped the Company to meet the challenges and complete a profitable year of business.

In October 2015, Kanoria Africa Textiles plc, a subsidiary of the Company announced formal inauguration of its integrated denim plant in Ethiopia.

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

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review, the Company delivered strong financial performance with healthy growth in earnings. Revenue from Operations decreased from Rs. 3,107 million to Rs. 2,970 million. However, backed by decreased materials cost the Profit before exceptional items and tax increased by 64% at Rs. 276 million as against Rs. 169 million in the previous year. The Net Profit for the year increased by 39% at Rs. 213 million as against Rs. 153 million in the previous year. The Earnings per Share for the year was Rs. 4.87.

Revenue of APAG Holding AG, the Switzerland based subsidiary of the Company engaged in Electronic Automotive increased by 22% and as a result the Consolidated Revenue from Operations increased to Rs. 5,651 million as against Rs. 5,309 million in the previous year. The appreciation of Swiss Francs following the removal of Swiss Francs – Euro floor rate in Switzerland had an adverse impact on the profitability of APAG and as a result the Company had a Net Loss of Rs. 26 million on a consolidated basis.

ALCO CHEMICALS SEGMENT

Industry structure and development

The Alco Chemicals Division located at Ankleshwar in the state of Gujarat is engaged in the production of Formaldehyde, and other value added products, including Pentaerythritol, Sodium Formate, Acetaldehyde and Hexamine. The Company's Division at Vishakhapatnam in the state of Andhra Pradesh also produces Formaldehyde and Hexamine.

Opportunities

- Forward integration with value added products, such as resins.
- Shift from gas to solid fuel for steam generation.
- Upgrade technology to increase production and reduce costs.

Threats

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

Performance

The operations of the Alco Chemicals Division remained stable during the year. There was an increase in sale of Pentaerythritol and revenue accruing from it increased from Rs. 935 million in 2014-15 to Rs.1,049 million in 2015-16.

Outlook

- Growth impetus in the manufacturing sector expected to improve demand for Alco Chemicals in the country.

- Continuous adaptation of technology should result in stable operations.
- Stability of rupee and pricing of methanol will prevent volatility.
- No significant improvement in margins.

SOLAR POWER SEGMENT

Industry structure and development

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

Opportunities

- Enforcing Renewable Energy Purchase Obligation (RPO) scheme.
- If RPO scheme is seriously implemented, the sector can witness significant growth.

Threats

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

Performance

The operations of the Solar Power Division improved over the previous year. Choice of technology for the project resulted in the Division to be amongst the highest performance ratio in the country. Revenue from the sale of electricity during 2015-16 was Rs. 37 million compared to Rs. 34 million in the previous year.

Outlook

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

QUALITY ACCREDITATION AND OHSAS

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

SAFETY AND ENVIRONMENT

During 2015-16, the Company maintained its safety record and it remained an accident free year at all units.

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

RISKS AND CONCERNS

Currently, the Company perceives the following main business risks:

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

INTERNAL CONTROL SYSTEMS AND ADEQUACY

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

The key elements of the control system are:

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

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Alco Chemicals facility, Ankleshwar.

HUMAN RESOURCE AND INDUSTRIAL RELATIONS

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

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

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

The number of persons permanently employed by the Company during the year was approximately 310.

Resin plant, Vizag.

Cautionary Statement

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

New
Frontiers

During the year, the Company progressed well in consolidating its diversification initiatives.

RENEWABLE ENERGY

The grid-interactive solar photovoltaic technology based power plant of the Company at Phalodi in Jodhpur district in the state of Rajasthan continued to operate with performance ratio that is one of the highest in the country. The total generation capacity of the plant is 5.0 MW. The plant is equipped with dual axis tracking system in 2.5 MW capacity and single axis tracking system in the balance 2.5 MW capacity. The dual axis tracker captures maximum solar radiation by orienting the modules to face the sun at all times.

In-house operations and maintenance management proved effective towards reducing costs compared to expensive outsourced services.

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

Solar Project, Village Bap, District Jodhpur, Rajasthan

AUTOMOTIVE & INDUSTRIAL ELECTRONICS

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

With the commissioning of its new Greenfield facility in the Czech Republic last year, APAG has significantly enhanced its capacity. The acquisition of CoSyst Control Systems GmbH, based in Nuremberg, Germany has further strengthened its market coverage spread over Switzerland, Czech Republic and Germany.

Recently acquired CoSyst office in Nuremberg, Germany.

Manufacturing facility located in Pardubice, Czech Republic.

Hon'ble Prime Minister of Ethiopia along with the Chairman & Managing Director at the inauguration of the textile project, Debre Zeyit, Ethiopia

The Honourable Prime Minister of Ethiopia inaugurated the integrated denim plant on 24 October 2015.

While inaugurating the project, the Honourable Prime Minister of Ethiopia felt that there was no better indicator than this to highlight the pro-investment policies of his government and extended his continued support to the project. He specially mentioned the company's focus on green technologies and appreciated its commitment towards sustainable manufacturing. He further lauded the direct and indirect employment opportunities the project has created for the people of Ethiopia.

TEXTILE PROJECT, ETHIOPIA

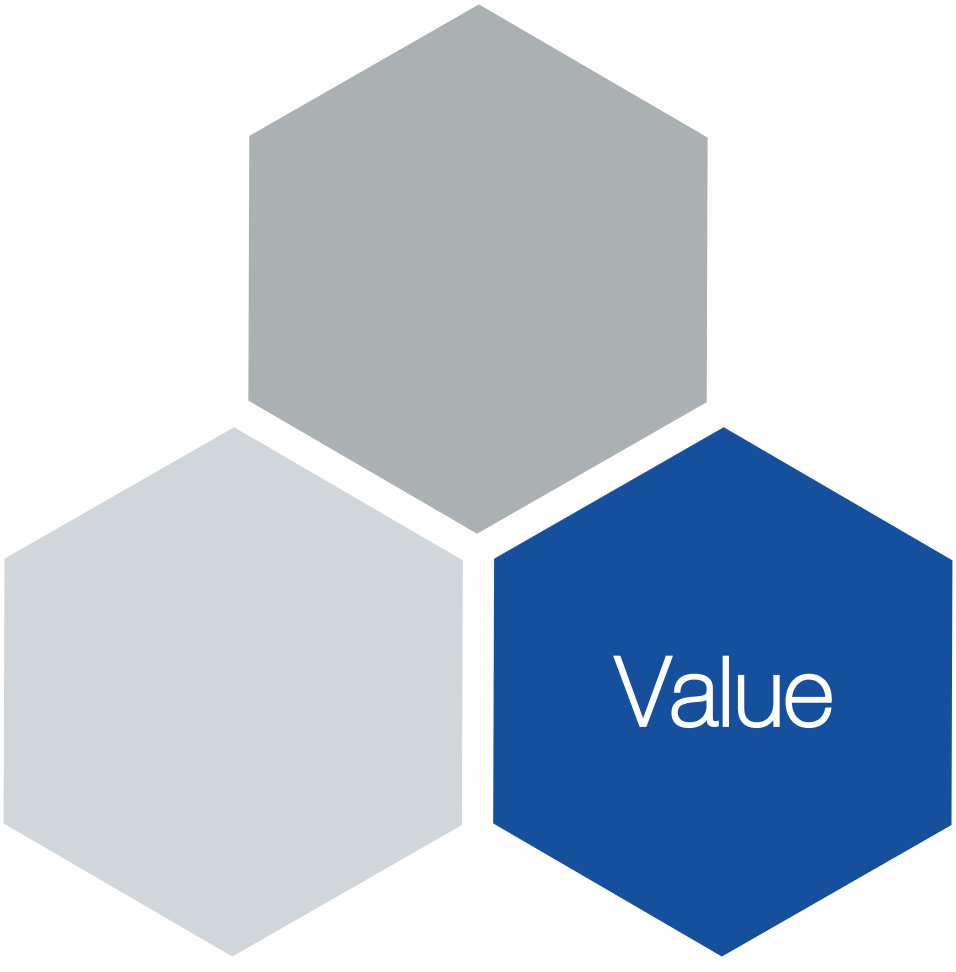
In October 2015, Kanoria Africa Textiles Plc, a subsidiary of the Company incorporated in Ethiopia, Africa announced formal inauguration of its composite plant starting with spinning and ending with processing and final production of fabric.

The project was inaugurated by the Honourable Prime Minister of the Federal Democratic Republic of Ethiopia.

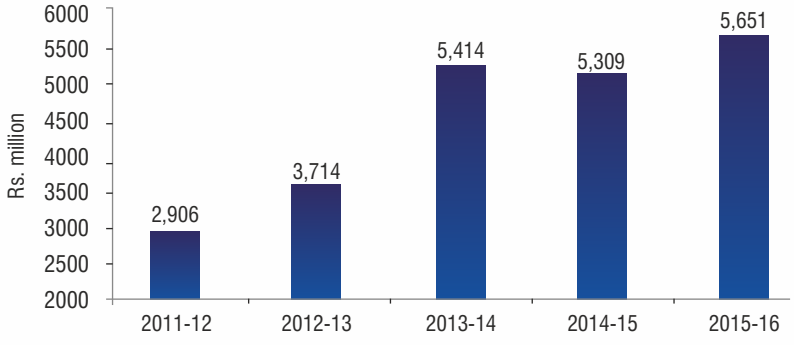
In keeping with the company's core belief in sustainable manufacturing, Kanoria Africa Textiles has equipped the project with comprehensive waste treatment and management systems and non-polluting electric boilers, making it a zero effluent facility, and one of the first Green Denim plants in the world.

Setting up the Greenfield project was, however, a challenging exercise as it was both a new geography and a new industry.

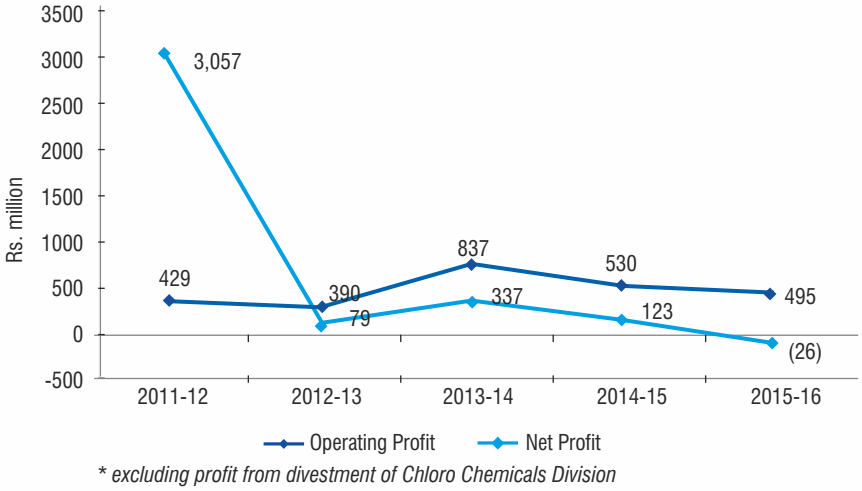
Fabric manufacturing at Kanoria Africa Textiles plc, Ethiopia.


Value

Net Sales/Revenue from Operations

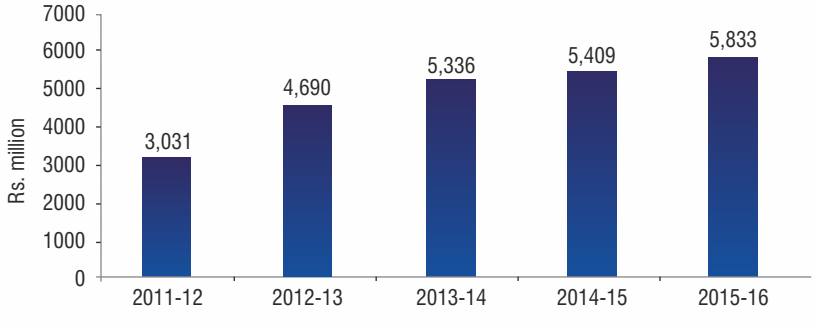


Operating* and Net Profit



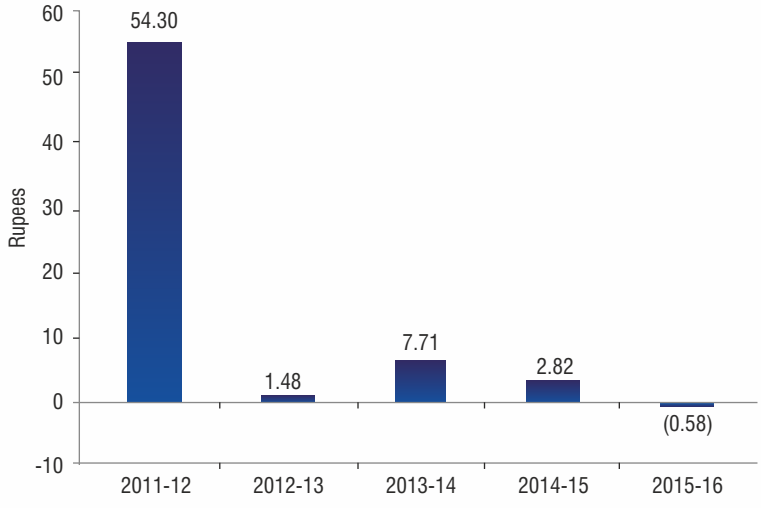
** excluding profit from divestment of Chloro Chemicals Division*

Gross Block

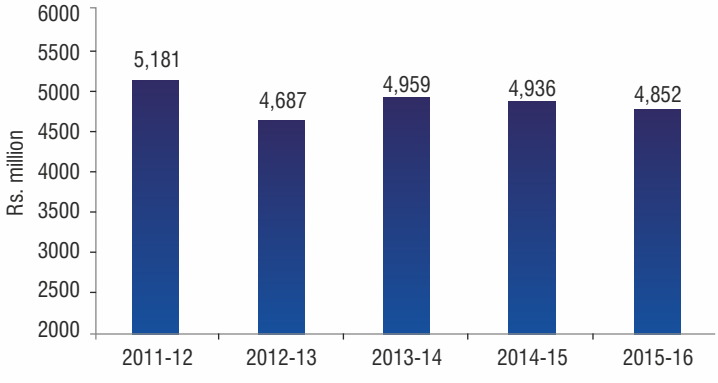


Figures pertain to consolidated financials

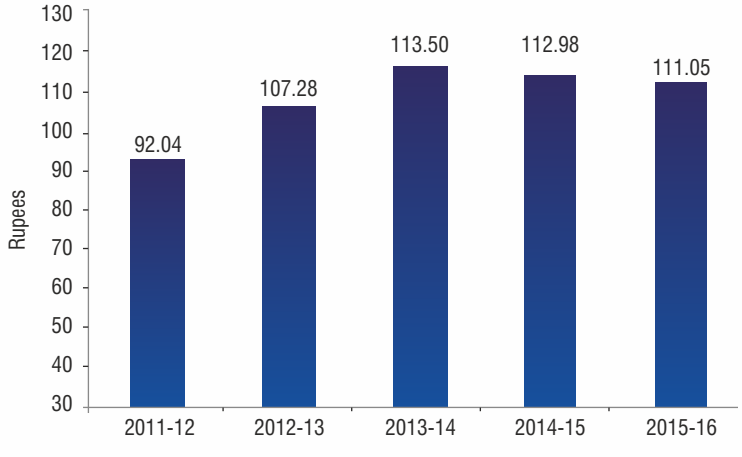
Earning per Share



Equity Shareholders Fund



Book Value per Share



Directors' Report

DIRECTORS' REPORT

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the fifty sixth Annual Report, along with the Audited Accounts of the Company for the financial year ended 31st March 2016.

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

FINANCIAL RESULTS

The financial performance of the Company for the year ended 31st March 2016 is summarised below:

(₹ million)

	2015-2016	2014-2015
Profit before Depreciation and Amortisation, Finance Costs, Exceptional Items and Tax Expenses	563.82	419.44
Depreciation and Amortisation	184.11	186.61
Finance Costs	103.70	64.32
Profit before Exceptional Items and Tax	**276.01**	**168.51**
Exceptional Items	-	12.18
Profit before Tax	**276.01**	**156.33**
Tax Expenses:		
for earlier years	2.08	(0.96)
for current year (Net)	60.94	4.43
Profit for the year	**212.99**	**152.86**
Balance as per last Account	786.13	711.91
	999.12	864.77
Appropriations		
Proposed Dividend on Equity Shares	65.54	65.54
Provision for Dividend Tax	13.34	13.10
	78.88	78.64
Closing Balance	**920.24**	**786.13**

OVERVIEW

The stable market conditions during the year under review has resulted into improved performance of the Chemical Manufacturing division. The solar power segment witnessed stable operations during the year under review.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments have occurred after the close of the financial year 2015-16 till the date of this Report, which affect the financial position of the Company.

DIVIDEND

The Board of Directors recommends, for consideration of shareholders at the Annual General Meeting, a Dividend @ 30% (Rs. 1.50 per share) on Equity Shares of Rs. 5/- each for the financial year ended 31st March 2016.

CREDIT RATINGS

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

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

CONSOLIDATED FINANCIAL STATEMENT

As per the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the audited Consolidated Financial Statement has been annexed with the Annual Report.

DEPOSITS

During the year under review, the Company has not accepted any deposits from the public and that as at the end of the year there were no outstanding deposits under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

INTERNAL FINANCIAL CONTROL

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Your Directors regret to inform that Shri S. S. Kanoria, Chairman Emeritus of the Company, passed away on 31st March, 2016. The Board expresses its profound grief and deep sense of sorrow at the sad demise of Shri S. S. Kanoria. He was the founder of the Company and served on the Board of the Company for around 37 years since 1965. The Board places on record its deep appreciation for his valuable advice and guidance that the Company always received.

Shri S. V. Kanoria (DIN: 02097441), son of Shri R. V. Kanoria, Managing Director and Smt. Madhuvanti Kanoria, a Director of the Company, was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st April, 2016 and as such he will hold office only up to the ensuing Annual General Meeting ("AGM").

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

On the recommendation of the Nomination and Remuneration Committee, Shri S. V. Kanoria has also been appointed as a Wholetime Director of the Company for a period of three years with effect from 1st April 2016, subject to the approval of the shareholders.

The tenure of Shri T. D. Bahety (DIN: 00031572) as a Wholetime Director of the Company ended on 19th May 2016. Shri T. D. Bahety resigned as a Director of the Company with effect from 27th May 2016 due to personal reasons. The Board puts on records its deep appreciation for the valuable services and contribution received by the Company from Shri T. D. Bahety during his association with the Company.

Smt. Madhuvanti Kanoria (DIN: 00142146) retires by rotation at the ensuing AGM, under the applicable provisions of the Companies Act, 2013, and being eligible, offers herself for appointment as a Director of the Company.

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

Additional information pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Directors seeking appointment/re-appointment is given in the AGM Notice.

Shri N. K. Nolkha, Chief Financial Officer of the Company has been designated as Group Chief Financial Officer with effect from 27th May, 2016.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declaration from all the Independent Directors of the Company, confirming that they meet the criteria of independence, as prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

PERFORMANCE EVALUATION

The Company has framed the criteria for performance evaluation of Independent Directors, the Board, the Board Committees and other individual Directors. Criteria for performance evaluation of the Chairman & Managing Director, Executive Director and Non Independent Director have also been framed.

The criteria for performance evaluation of Directors among others includes factors such as preparation, participation, engagement, personality and conduct, value addition, strategic planning and vision, team spirit and consensus building, leadership quality, understanding and focus on key business issues, independent thinking and judgment, quality of analysis, experience and business wisdom, management qualities, awareness, motivation, integrity, ethics and receptivity. The criteria for evaluating the Board's functioning/effectiveness inter alia includes its structure, strategic review, business performance review, internal controls, process and procedures.

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

FAMILIARISATION PROGRAMMES

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

NUMBER OF MEETINGS OF BOARD OF DIRECTORS

During the Financial Year 2015-16, the Company held four Meetings of the Board of Directors. The details of the Meetings and attendance of each of the Directors thereat are provided in the Report on Corporate Governance forming part of the Annual Report. The maximum gap between any two consecutive Board Meetings did not exceed 120 days.

AUDIT COMMITTEE

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee has been reconstituted on 27th May 2016 and Shri S. V. Kanoria, Wholetime Director has been appointed as a Member of the Committee in place of Shri T. D. Bahety, on his resignation as a Director of the Company. Shri H. K. Khaitan and Shri Amitav Kothari, both Independent Directors are other Members of the Committee. Shri H. K. Khaitan is the Chairman of the Committee. The terms of reference of the Committee have been provided in the Corporate Governance Report.

NOMINATION AND REMUNERATION COMMITTEE

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

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee has been reconstituted on 27th May 2016 and Smt. Madhuvanti Kanoria has been appointed as the Chairperson of the Committee in place of Shri T. D. Bahety, on his resignation as a Director of the Company. Shri R. V. Kanoria, Managing Director and Shri H. K. Khaitan, an Independent Director are other Members of the Committee. The terms of reference of the Committee have been provided in the Corporate Governance Report.

CORPORATE SOCIAL RESPONSIBILITY

The Company has in place a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company. The Company acts as a good Corporate Citizen and as its philosophy always strive to adopt socially inclusive and sustainable way of doing business. The Corporate Social Responsibility Policy of the Company enables it to continue to make responsible contribution towards welfare of the society.

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

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

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

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

During the year, the Company spent Rs. 0.89 million on CSR activities which is around 151% of the requisite amount for spending on CSR activities.

The Annual Report on the CSR activities, pursuant to Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is provided as Annexure to this Report.

MANAGEMENT DISCUSSION AND ANALYSIS

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

SUBSIDIARIES

APAG Holding AG ("APAG"), Switzerland and Pipri Limited are the wholly owned subsidiaries of the Company. Kanoria Africa Textiles Plc, Ethiopia is a subsidiary of the Company. During the year, APAG acquired 100% stake in Cosyst Control Systems GmbH, Germany and formed APAG Elektronik LLC, US with its 100% shareholding. Further, APAG Elektronik s.r.o., the wholly owned subsidiary of APAG Elektronik AG became the wholly owned subsidiary of APAG Holding AG during the year. Consequently, APAG Elektronik AG, APAG Elektronik s.r.o, Cosyst Control Systems GmbH and APAG Elektronik LLC are the step down subsidiaries of the Company.

The Electronic Automotive segment operating under APAG Group - Company's Wholly Owned Subsidiaries in Europe is continuously showing healthy business growth. The profitability of the group however suffered during the year primarily on account of appreciation of Swiss Francs after the removal of Euro-Swiss Francs floor rate in Switzerland as the revenue of the group is linked to Euro and a major part of the costs are incurred in Swiss Francs. The group has taken immediate steps to average out the costs by acquiring Cosyst Control Systems GmbH in Germany, a reputed company involved in development of automotive electronics and also starting development initiatives in India. The group continues to have a healthy order book position.

The commissioning of commercial operations in Kanoria Africa Textiles Plc, Company's subsidiary in Ethiopia, took much longer than anticipated. The Board is pleased to report that it has now started commercial operations in April, 2016.

A report on the performance and financial position of the subsidiaries of the Company, as per the Companies Act, 2013, is provided in the Note no. 31 of the Consolidated Financial Statements and hence the same is not repeated here for the sake of brevity.

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

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

Details of loans given, investments made, guarantees given and securities provided as covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Note No. 38 of the Standalone Financial Statements.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

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

The Policy on Related Party Transactions as approved by the Board may be accessed on the Company's website at the link:

www.kanoriachem.com/images/Policy%20on%20Related%20Party%20Transactions.pdf.

VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. In compliance with the provisions of Section 177(9) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015, the Company has in place a Whistle Blower Policy for its Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of applicable laws and regulations and the Company's Codes of Conduct. The reportable matters may be reported to the Audit Committee through the Nodal Officer and, in exceptional cases, may also be reported to the Chairman of the Audit Committee. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice. During the year under review, no employee was denied access to the Audit Committee.

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

CORPORATE GOVERNANCE

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

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

EXTRACT OF ANNUAL RETURN

The extract of Annual Return of the Company as on the financial year ended 31st March 2016, is given in Form no. MGT - 9 as an Annexure to this Report.

AUDITORS AND AUDITORS' REPORT

Messrs Singhi & Co., Chartered Accountants (Firm Registration No. 302049E), Statutory Auditors of the Company, have confirmed their eligibility for being ratified as the Auditors of the Company at the ensuing AGM of the Company.

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

COST AUDITORS

The Board had approved the appointment of M/s N. D. Birla & Co., Cost Accountants (Firm Registration No. 000028), Ahmedabad, for conducting the audit of the cost records of Company for the financial year 2015-16 in respect of Organic/Inorganic Chemicals, Industrial Alcohol, Phenol Formaldehyde Resin and Solar Power.

SECRETARIAL AUDITOR

The Board had appointed M/s Vinod Kothari & Co., Practising Company Secretaries (UIN: P1996WB042300), to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report for the financial year 2015-16 is provided as an Annexure to this Report. The Report does not contain any qualification, reservation or adverse remark.

RISK MANAGEMENT

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

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

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

REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

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

PARTICULARS OF EMPLOYEES

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

SAFETY AND ENVIRONMENT

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

As a result of its sustained compliance to Health, Safety, Environment and Quality standards, the Company's Alco Chemical Divisions at Ankleshwar and Vizag are ISO 9001, 14001 and OHSAS 18001 certified.

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

The Company also lays thrust on renewable energy sources and solar energy.

HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

a. that in the preparation of the annual financial statements for the year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b. that such accounting policies as mentioned in Note no. 1 of the Notes to the Standalone Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2016 and of the profit of the Company for the year ended on that date;

c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

d. that the annual financial statements have been prepared on a going concern basis;

e. that proper internal financial controls to be followed by the Company have been laid down and that the financial controls are adequate and are operating effectively; and

f. that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

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

FRAUD REPORTING

There have been no frauds reported by the Auditors of the Company under sub-section (12) of Section 143 of the Companies Act, 2013 during the financial year.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS/TRIBUNALS

During the year under review, no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

ACKNOWLEDGMENTS

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

For and on behalf of the Board

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

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

Date: 27th May 2016

ANNEXURE TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES

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

1.	A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	Please refer to the Section on Corporate Social Responsibility in the Board Report.
2.	The Composition of the CSR Committee.	Please refer to the Corporate Governance Report for the composition of the Corporate Social Responsibility Committee.
3.	Average net profit of the Company for last three financial years	Rs. 29.45 million.
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	Rs. 0.59 million
5.	Details of CSR spent during the financial year.	
	a) Total amount to be spent for the financial year;	Rs. 0.59 million.
	b) Amount unspent, if any;	NIL
	c) Manner in which the amount spent during the financial year	Details are given below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken.**	**Amount outlay (budget) project or programs wise**	**Amount spent on the project or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads**	**Cumulative expenditure upto to the reporting period**	**Amount spent: Direct or through implementing agency**
1	Contributed for construction of School for providing education to children under CBSE Course.	Promotion of Education	(1) Local Area (2) Ankleshwar GIDC, Dist. Bharuch, Gujarat	Rs.0.55 Million	Direct Expenditure Rs.0.55 Million	Rs.0.55 Million	Lions Club of Industrial area, Community Trust, Ankleshwar, Gujarat
2	Skill Development of Youth in Rural/ Tribal area.	Promotion of Education	(1) Other (2) Jhagadia Dist. Bharuch, Gujarat	Rs.0.20 Million	Direct Expenditure Rs.0.20 million	Rs.0.20 Million	Sewa Rural, Jhagadia
3	Providing Computers, Projectors and other facilities for Students.	Promotion of Education	(1) Local Area (2) Village Sengpur, Dist. Bharuch, Gujarat	Rs.0.10 Million	Direct Expenditure Rs.0.09 Million	Rs.0.09 Million	Direct
4	Improvement in In-house facilities at Primary School, Sengpur by Construction of Shed for cultural activities and general assembly	Promotion of Education	(3) Local Area (4) Village Sengpur, Dist. Bharuch, Gujarat	Rs.0.04 Million	Direct Expenditure Rs.0.04 Million	Rs.0.04 Million	Direct

ANNEXURE TO THE DIRECTORS' REPORT

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken.	Amount outlay (budget) project or programs wise	Amount spent on the project or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
5	Vocational Training to Students	Promotion of Education	(1) Other (2) Uka Tarsadia University, Bardoli	Rs.0.01 Million	Direct Expenditure Rs.0.01 Million	Rs.0.01 Million	Direct
	Total			Rs. 0.90 Million	Rs.0.89 Million	Rs.0.89 Million	
6.	In case the Company has failed to spend the 2% of the average net profit of the last three years or any part thereof, the Company shall provide reasons for not spending the amount in the Board Report.			NA			
7.	Responsibility Statement of the CSR Committee that the implementation and monitoring of Corporate Social Responsibility Policy is in compliance with CSR objectives and Policy of the Company.			The CSR Committee confirms that the implementation and monitoring of Corporate Social Responsibility Policy, is in compliance with CSR objectives and Policy of the Company.			

Registered Office
'Park Plaza'
71, Park Street
Kolkata-700 016
Date: 27th May 2016

Madhuvanti Kanoria
Chairperson, CSR Committee
DIN:00142146

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

ANNEXURE TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2016

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

I. REGISTRATION AND OTHER DETAILS

(i) CIN	L24110WB1960PLC024910
(ii) Registration Date	17.12.1960
(iii) Name of the Company	KANORIA CHEMICALS AND INDUSTRIES LIMITED
(iv) Category / Sub-Category of the Company	PUBLIC LIMITED COMPANY/LIMITED BY SHARES
(v) Address of the Registered office and contact details	PARK PLAZA 71 PARK STREET SOUTH BLOCK 7TH FLOOR KOLKATA 700016 PHONE : (033) 4031 3200, FAX : (033) 4031 3220
(vi) Whether listed company (Yes / No)	YES
(vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	C B MANAGEMENT SERVICES PVT LTD P-22, BONDEL ROAD, KOLKATA 700019 PHONE : (033) 40116700 / 2280 6692 (3 lines), FAX : (033) 40116739

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company are stated below:

Sl. No.	Name and Description of main products / Services	NIC Code of the Product/ service	% to total turnover of the company*
1	Formaldehyde 37%	20119	44.45
2	Pentaerithritol	20119	35.32
3	Hexamine	20119	18.28

* Figures have been stated on the basis of the gross turnover of the Company.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Vardhan Limited KCI Plaza,7th Floor 23C Ashutosh Chowdhury Avenue Kolkata- 700 019	U14293WB1947PLC015833	Holding	59.81%	2(46)
2	Pipri Limited Park Plaza,South Block 71 Park Street Kolkata-700 016	U67120WB1977PLC031082	Subsidiary	100%	2(87)
3	APAG Holding AG Lindenstrasse 26, CH-8008 Zurich Switzerland		Foreign Subsidiary	100%	2(87)
4	APAG Elektronik AG Ringstrasse 14 8600 Dübendorf Switzerland		Wholly owned subsidiary of APAG Holding AG	-	2(87)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
5	APAG Elektronik s.r.o. U Panasonic 396 530 06 Pardubice Czech Republic		Wholly owned subsidiary of APAG Holding AG	-	2(87)
6	Cosyst Control Systems GmbH, Martin-Albert Str-1, 90491 Nurnberg, Germany		Wholly owned subsidiary of APAG Holding AG	-	2(87)
7	APAG Elektronik LLC 2675 Bellingham Dr., Troy, MI 48083, United States		Wholly owned subsidiary of APAG Holding AG	-	2(87)
8	Kanoria Africa Textiles PLC Kirkos Sub City Woreda 09, House No. 687 Amanelwa Building, Room No. 403, Wello Sefer Addis Ababa, Ethiopia		Foreign Subsidiary	76.49%	2(87)

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2015)				No. of Shares held at the end of the year (As on 31.03.2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
(1) INDIAN									
(a) Individual / HUF	1,585,386	0	1,585,386	3.63	1,585,386	0	1,585,386	3.63	0.00
(b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(c) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d) Bodies Corporate	30,498,899	0	30,498,899	69.81	30,498,899	0	30,498,899	69.81	0.00
(e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(f) Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1)	**32,084,285**	**0**	**32,084,285**	**73.44**	**32,084,285**	**0**	**32,084,285**	**73.44**	**0.00**
(2) FOREIGN									
(a) NRIs - Individuals	434,739	0	434,739	0.99	434,739	0	434,739	0.99	0.00
(b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d) Bank / FI	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2)	**434,739**	**0**	**434,739**	**0.99**	**434,739**	**0**	**434,739**	**0.99**	**0.00**
Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	**32,519,024**	**0**	**32,519,024**	**74.43**	**32,519,024**	**0**	**32,519,024**	**74.43**	**0.00**
B. PUBLIC SHAREHOLDING									
(1) INSTITUTIONS									
(a) Mutual Funds	2,100	28,500	30,600	0.07	2,100	28,500	30,600	0.07	Nil
(b) Banks / FI	1,500	1,125	2,625	0.00	78,003	1,125	79,128	0.18	0.18
(c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(d) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2015)				No. of Shares held at the end of the year (As on 31.03.2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f) Insurance Companies	208,391	0	208,391	0.48	2,000	0	2,000	0.00	(0.48)
(g) FIIs	7,841	18,300	26,141	0.06	0	18,300	18,300	0.04	(0.02)
(h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i) Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B) (1)	**219,832**	**47,925**	**267,757**	**0.61**	**82,103**	**47,925**	**130,028**	**0.29**	**(0.32)**
(2) NON - INSTITUTIONS									
(a) Bodies Corporate									
(i) Indian	1,382,389	37,278	1,419,667	3.25	1,633,597	37,278	1,670,875	3.82	0.57
(ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b) Individuals									
(i) Individual shareholders holding nominal capital upto Rs. 1 lakh	6,122,015	478,469	6,600,484	15.11	6,838,596	455,977	7,294,573	16.70	1.59
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1,897,622	30,000	1,927,622	4.41	1,145,542	30,000	1,175,542	2.69	(1.72)
(c) Any Other (Specify)									
NRI	319,643	21,945	341,588	0.78	412,323	21,945	434,268	0.99	0.21
Clearing Members	189,123	0	189,123	0.43	156,993	0	156,993	0.36	(0.07)
Trust	292,511	0	292,511	0.67	177,073	0	177,073	0.41	(0.26)
Other Directors & Relatives	18,328	1	18,329	0.04	18,328	1	18,329	0.04	0.00
Unclaimed Suspense A/c	117,228	0	117,228	0.27	116,628	0	116,628	0.27	0.00
Sub-total (B) (2)	**10,338,859**	**567,693**	**10,906,552**	**24.96**	**10,499,080**	**545,201**	**11,044,281**	**25.28**	**0.32**
Total Public Shareholding (B) = (B) (1) + (B) (2)	**10,558,691**	**615,618**	**11,174,309**	**25.57**	**10,581,183**	**593,126**	**11,174,309**	**25.57**	**0.00**
C. Shares held by Custodians for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A+B+C)	**43,077,715**	**615,618**	**43,693,333**	**100.00**	**43,100,207**	**593,126**	**43,693,333**	**100.00**	**0.00**

(ii) Shareholding of Promoters and Promoter Group

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2015)			Shareholding at the end of the year (As on 31.03.2016)			% Change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Vardhan Limited	26,133,872	59.81	0.00	26,133,872	59.81	0.00	0.00
2	Kirtivardhan Finvest Services Ltd	1,154,907	2.64	0.00	1,154,907	2.64	0.00	0.00
3	R V Investment & Dealers Ltd	3,210,120	7.35	0.00	3,210,120	7.35	0.00	0.00
4	Rajya Vardhan Kanoria	434,985	1.00	0.00	434,985	1.00	0.00	0.00
5	Shyam Sundar Kanoria	15,000	0.03	0.00	15,000	0.03	0.00	0.00
6	Shyam Sundar Kanoria	11,496	0.03	0.00	11,496	0.03	0.00	0.00
7	Saumya Vardhan Kanoria	556,440	1.27	0.00	556,440	1.27	0.00	0.00
8	Anand Vardhan Kanoria	434,739	0.99	0.00	434,739	0.99	0.00	0.00
9	Sheela Devi Kanoria	12,144	0.03	0.00	12,144	0.03	0.00	0.00
10	Madhuvanti Kanoria	498,321	1.14	0.00	498,321	1.14	0.00	0.00
11	Anjana Somany	27,000	0.06	0.00	27,000	0.06	0.00	0.00
12	Abhishek Somany	30,000	0.07	0.00	30,000	0.07	0.00	0.00
	Total	**32,519,024**	**74.43**	**0.00**	**32,519,024**	**74.43**	**0.00**	**0.00**

(iii) Change in Promoters' Shareholding

Sl. No.		Shareholding at the beginning of the year (As on 01.04.2015)		Cumulative Shareholding during the year (As on 31.03.2016)	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
	At the beginning of the year	32,519,024	74.43		
	Date wise increase / decrease in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No change during the year			
	At the end of the year	32,519,024	74.43	32,519,024	74.43

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

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04. 2015)/ end of the year (31.03.2016)	% of total Shares of the Company				No of Shares	% of total shares of the Company
1	THE ORIENTAL INSURANCE COMPANY LIMITED	206,391	0.47	01.04.2015				
				31.07.2015	-29,593	Transfer	176,798	0.40
				07.08.2015	-33,407	Transfer	143,391	0.33
				14.08.2016	-7,000	Transfer	136,391	0.31
				21.08.2015	-16,503	Transfer	119,888	0.27
				30.10.2015	-40,000	Transfer	79,888	0.18
				06.11.2015	-10,000	Transfer	69,888	0.16
				11.12.2015	-20,000	Transfer	49,888	0.11
				18.12.2015	-25,000	Transfer	24,888	0.06
				25.12.2015	-24,888	Transfer	0	0.00
		0	0.00	31.03.2016			0	0.00

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04. 2015)/ end of the year (31.03.2016)	% of total Shares of the Company				No of Shares	% of total shares of the Company
2	SARVESH BUBNA TRUST	289,047	0.66	01.04.2015				
				30.09.2015	-114,052	Transfer	174,995	0.40
		174,995	0.40	31.03.2016			174,995	0.40
3	BHILWARA HOLDINGS LIMITED	186,000 186,000	0.43 0.43	01.04.2015 31.03.2016		NIL movement during the year	186,000	0.43
4	F L DADABHOY	257,000	0.59	01.04.2015				
				10.07.2015	7,000	Transfer	264,000	0.60
				18.09.2015	-6,000	Transfer	258,000	0.59
				30.10.2015	-17,233	Transfer	240,767	0.55
				20.11.2015	-9,767	Transfer	231,000	0.53
				27.11.2015	-12,000	Transfer	219,000	0.50
				04.12.2015	-9,000	Transfer	210,000	0.48
				12.02.2016	-3,000	Transfer	207,000	0.47
		207,000	0.47	31.03.2016			207,000	0.47
5	PRABHALA SRINIVAS	134,400 134,400	0.31 0.31	01.04.2015 31.03.2016	- -	NIL movement during the year	134,400	0.31
6	G SHANKAR	301,900	0.69	01.04.2015				
				03.04.2015	-3,509	Transfer	298,391	0.68
				10.04.2015	-4,000	Transfer	294,391	0.67
				17.04.2015	-6,000	Transfer	288,391	0.66
				29.05.2015	-8,391	Transfer	280,000	0.64
				10.07.2015	-300	Transfer	279,700	0.64
				17.07.2015	-1,300	Transfer	278,400	0.64
				24.07.2015	-21,232	Transfer	257,168	0.59
				31.07.2015	-8,559	Transfer	248,609	0.57
				07.08.2015	-8,609	Transfer	240,000	0.55
				14.08.2015	-2,000	Transfer	238,000	0.54
				21.08.2015	-41,094	Transfer	196,906	0.45
				28.08.2015	-5,031	Transfer	191,875	0.44
				09.10.2015	-3,557	Transfer	188,318	0.43
				16.10.2015	-13,107	Transfer	175,211	0.40
				23.10.2015	-25,000	Transfer	150,211	0.34
				30.10.2015	-25,107	Transfer	125,104	0.29
				06.11.2015	-14,459	Transfer	110,645	0.25
				13.11.2015	-10,000	Transfer	100,645	0.23
				20.11.2015	-645	Transfer	100,000	0.23
				27.11.2015	-11,000	Transfer	89,000	0.20
				04.12.2015	-10,649	Transfer	78,351	0.18
				11.12.2015	-20,451	Transfer	57,900	0.13
				18.12.2015	-9,900	Transfer	48,000	0.11
				25.12.2015	-9,000	Transfer	39,000	0.09
				15.01.2016	-39,000	Transfer	0	0.00
		0	0.00	31.03.2016			0	0.00

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04. 2015)/ end of the year (31.03.2016)	% of total Shares of the Company				No of Shares	% of total shares of the Company
7	KIRIT R MEHTA	103,596	0.24	01.04.2015		Nil movement during the year		
		103,596	0.24	31.03.2016			103,596	0.24
8	EQUITY INTELLIGENCE INDIA PRIVATE LIMITED	100,000	0.23	01.04.2015		NIL movement during the year		
		100,000	0.23	31.03.2016			100,000	0.23
9	BEENA KAPOOR	89,662	0.21	01.04.2015				
				30.10.2015	-18,454	Transfer	71,208	0.16
				11.12.2015	-13,500	Transfer	57,708	0.13
				25.12.2015	-500	Transfer	57,208	0.13
		57,208	0.13	31.03.2016			57,208	0.13
10	PCS SECURITIES LIMITED	85,800	0.20	01.04.2015				
				10.04.2015	-39,200	Transfer	46,600	0.11
				17.04.2015	-10,000	Transfer	36,600	0.08
				24.04.2015	1,060	Transfer	37,660	0.09
				29.05.2015	-36,100	Transfer	1,560	0.00
				19.06.2015	1,043	Transfer	2,603	0.01
				26.06.2015	800	Transfer	3,403	0.01
				03.07.2015	-1,060	Transfer	2,343	0.01
				10.07.2015	4,079	Transfer	6,422	0.01
				24.07.2015	5,556	Transfer	11,978	0.03
				31.07.2015	-10,678	Transfer	1,300	0.00
				06.11.2015	-200	Transfer	1,100	0.00
				20.11.2015	20	Transfer	1,120	0.00
				11.12.2015	-300	Transfer	820	0.00
				25.12.2015	-800	Transfer	20	0.00
				12.02.2016	-20	Transfer	0	0.00
		0	0.00	31.03.2016			0	0.00
11	Mahima Stocks Private Limited	0	0	01.04.2015				
				21.08.2015	156,998	Transfer	156,998	0.36
				28.08.2015	43,002	Transfer	200,000	0.46
		200,000	0.46	31.03.2016			200,000	0.46
12	M Prasad & Co. Limited	0	0	01.04.2015				
				30.09.2015	174,520	Transfer	174,520	0.40
		174,520	0.40	31.03.2016			174,520	0.40
13	Prestige Traders Private Limited	0	0	01.04.2015				
				31.12.2015	58,500	Transfer	58,500	0.13
		58,500	0.13	31.03.2016			58,500	0.13

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04. 2015)/ end of the year (31.03.2016)	% of total Shares of the Company				No of Shares	% of total shares of the Company
A)	**DIRECTORS**							
1	R V KANORIA	434,985 434,985	1.00 1.00	01.04.2015 31.03.2016	0	NIL movement during the year	434,985	1.00
2	AMITAV KOTHARI	4 4	0.00 0.00	01.04.2015 31.03.2016	0	NIL movement during the year	4	0.00
3	H K KHAITAN	100 100	0.00 0.00	01.04.2015 31.03.2016	0	NIL movement during the year	100	0.00
4	A VELLAYAN	15,000 15,000	0.03 0.03	01.04.2015 31.03.2016	0	NIL movement during the year	15,000	0.03
5	RAVINDER NATH	100 100	0.00 0.00	01.04.2015 31.03.2016	0	NIL movement during the year	100	0.00
6	S L RAO	100 100	0.00 0.00	01.04.2015 31.03.2016	0	NIL movement during the year	100	0.00
7	G PARTHASARATHY	1 1	0.00 0.00	01.04.2015 31.03.2016	0	NIL movement during the year	1	0.00
8	T D BAHETY	3,024 3,024	0.01 0.01	01.04.2015 31.03.2016	0	NIL movement during the year	3,024	0.01
9	MADHUVANTI KANORIA	498,321 498,321	1.14 1.14	01.04.2015 31.03.2016	0	NIL movement during the year	498,321	1.14
B)	**KEY MANAGERIAL PERSONNEL (KMP)**							
1	N K NOLKHA	1,500 1,500	0.00 0.00	01.04.2015 31.03.2016	0	NIL movement during the year	1,500	0.00
2	N K SETHIA	0 0	0.00 0.00	01.04.2015 31.03.2016	0	NIL movement during the year	0	0.00

V. INDEBTEDNESS

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

(₹ in million)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2015)				
(i) Principal Amount	770.09	250.00	0	1,020.09
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	1.47	0	0	1.47
Total (i + ii + iii)	**771.56**	**250.00**	**0**	**1,021.56**
Change in indebtedness during the financial year				
a) Addition (Net)	44.17	150.00	0	194.17
b) Reduction (Net)	0	0	0	0
Net Change	**44.17**	**150.00**	**0**	**194.17**
Indebtedness at the end of the financial year (31.03.2016)				
(i) Principal Amount	814.51	400.00	0	1,214.51
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	1.22	0	0	1.22
Total (i + ii + iii)	**815.73**	**400.00**	**0**	**1,215.73**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in million)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		R V Kanoria	T D Bahety	
		Managing Director	Wholetime Director	
1	Gross Salary			
	a) Salary as per provision contained in Section 17 (1) of the Income Tax Act, 1961	11.78	5.14	16.92
	b) Value of Perquisites u/s. 17 (2) of the Income Tax Act, 1961	0.37	0.41	0.78
	c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission			
	As % of Profit	0	0	0
	Others, specify	0	0	0
5	Others, Please Specify	0	0	0
	Total (A)	**12.15**	**5.55**	**17.70**
	Ceiling as per the Act	Rs. 25.34 million, being 10% of the Net Profits of the Company as per Section 198 of the Companies Act, 2013		

B) Remuneration to Other Directors

1. Independent Directors

(₹ in million)

Particulars of Remuneration	Name of Directors						Total Amount
	Amitav Kothari	H K Khaitan	Ravinder Nath	G Parthasarathy	S L Rao	A Vellayan	
Fees for attending board/ committee meeting	0.23	0.32	0.17	0.24	0.25	0.05	1.26
Commission	0	0	0	0	0	0	0
Other, Please specify	0	0	0	0	0	0	0
Total (B) (1)	**0.23**	**0.32**	**0.17**	**0.24**	**0.25**	**0.05**	**1.26**

2. Other Non Executive Directors

Particulars of Remuneration	Name of Directors	Total Amount
	M Kanoria	
Fees for attending board/committee meeting	0.10	0.10
Commission	0	0
Other, Please specify	0	0
Total (B) (2)	**0.10**	**0.10**
Total (B)=(B1)+(B2)		**1.36**
Total Managerial Remuneration (A+B)		**19.06**
Overall Ceiling as per the Act	Rs. 27.87 million, being 11% of the Net Profits as per Section 198 of the Companies Act, 2013	

C) Remuneration to Key Managerial Personnel other than MD / Manager / WTD (₹ in million)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		N K Nolka	N K Sethia	
		Chief Financial Officer	Company Secretary	
1	Gross Salary			
	a) Salary as per provision contained in Section 17 (1) of the Income Tax Act, 1961	4.28	1.84	6.12
	b) Value of Perquisites u/s. 17 (2) of the Income Tax Act, 1961	0.19	0.09	0.28
	c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission			
	As % of Profit	0	0	0
	Others, specify	0	0	0
5	Others, Please Specify	0	0	0
	Total (C)	**4.47**	**1.93**	**6.40**

VII. PENALTIES / PUNISHMENT / COMPOUDNING OF OFFENCES :

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

For and on behalf of the Board

Registered Office
'Park Plaza'
71, Park Street
Kolkata - 700 016
Date: 27th May 2016

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

ANNEXURE TO THE DIRECTORS' REPORT

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE PERIOD FROM APRIL 1, 2015 TO MARCH 31, 2016

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

To

The Members,
Kanoria Chemicals & Industries Limited,
"Park Plaza"71, Park Street,
Kolkata-700016

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company (as per Annexure - A, hereinafter referred to as "Books and Papers") and also the information provided by the Company, its officers and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the period covered by our audit, that is to say, from April 01, 2015 to March 31, 2016 (hereinafter referred to as "Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and the reporting made hereinafter:

We have examined the Books and Papers maintained by the Company for the Audit Period according to the provisions of:

1. The Companies Act, 1956, to the extent applicable. The Companies Act, 2013 ("the Act") and the rules made thereunder including any re-enactment thereof;
2. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
3. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment, Foreign Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (SAST Regulations);
   b) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (to the extent applicable to the Company during the Period under Review);
   c) Securities Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
   d) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
   e) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   f) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI (ICDR) Regulations, 2009");
6. Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say:
   i. Petroleum Act, 1934;
   ii. Poison Act, 1919; and
   iii. Indian Explosive Act, 1884.

   We have also examined compliance with the applicable clauses of the following:
   a) Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India;
   b) The Listing Agreements entered into by the Company with the BSE Limited and National Stock Exchange of India Limited.

Having regard to the compliance system prevailing in the Company and on examination, on test-check basis, of the relevant documents and records in pursuance thereof relating to the Audit Period, we report that the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

Management Responsibility:

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit;
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company or examined any books, information or statements other than Books and Papers;
4. We have not examined any other specific laws except as mentioned above;
5. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulation and happening of events etc.;
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis;
7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

We further report that the Company has reportedly laid down adequate systems and processes commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

All decisions of the board were taken with the requisite majority and recorded as part of the minutes.

We further report that during the Audit Period, the Company has not incurred any specific event/ action that can have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Place: Kolkata
Date: May 27, 2016

For Vinod Kothari & Company
Practicing Company Secretaries

Arun Kumar Maitra
Partner
Membership No.: A-3010
C P No.: 14490

LIST OF DOCUMENTS: **Annexure A**

1. Corporate Matters

1.1 Minutes books of the following Meetings/Committees were provided in original

- 1.1.1 Board Meetings
- 1.1.2 Audit Committee
- 1.1.3 Nomination and Remuneration Committee
- 1.1.4 Stakeholders Relationship Committee
- 1.1.5 Corporate Social Responsibility Committee
- 1.1.6 Risk Management Committee
- 1.1.7 General Meeting

1.2 Agenda papers for Board Meeting along with Notice

1.3 Annual Report -2014-15

1.4 Memorandum and Articles of Association

1.5 Disclosures under Listing Agreement/Listing Regulations

1.6 Documents pertaining to Listing Agreement compliance

1.7 Forms and Returns filed with the ROC

1.8 Statutory Registers maintained by the Company

ANNEXURE TO THE DIRECTORS' REPORT

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

(A) Conservation of Energy:-

(i) The steps taken for conservation of energy:

Major energy conservation initiative taken during the financial year 2015-16:

- Redesigned and replaced the packing in stripping column to reduce steam consumption.
- Replaced the conventional pumps with more energy efficient pumps.
- Installed VFDs in various sections to reduce power consumption.
- Installed bi-metallic steam traps replacing the conventional steam traps to reduce steam loss.
- Installed LED lights.

(ii) The steps taken by the Company for utilizing alternate sources of energy:

- Company has commissioned Multi Fuel Boiler to replace the high cost Natural Gas as a fuel for steam generation.

(iii) The capital investment on energy conservation equipments: Rs.15.36 million

(B) Technology Absorption:-

(i) The efforts made towards technology absorption : NIL

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: NIL

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

(a)	The details of technology imported	Technological upgradation of Formaldehyde process from Johnson Matthey Formox, Sweden
(b)	The year of import	2015-16
(c)	Whether the technology been fully absorbed	Under implementation
(d)	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not Applicable

(iv) The expenditure incurred on Research and Development:-

₹ in million

Capital Expenditure	0.02
Revenue Expenditure	8.40

(C) Foreign Exchange Earnings and Outgo:-

₹ in million

Foreign Exchange earned in terms of actual inflows during the year	200.37
Foreign Exchange outgo in terms of actual outflows during the year	392.90

For and on behalf of the Board

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

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

Date: 27th May 2016

ANNEXURE TO THE DIRECTORS' REPORT

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

1. Ratio of remuneration of each Director to the median remuneration of all employees and increase in remuneration:

Sl. No.	Name of Directors and Key Managerial Personnel	Designation	The ratio of remuneration of each Director to the median remuneration of all employees of the Company for the financial year 2015-16	Percentage increase in remuneration over last year
1	Shri R.V. Kanoria	Chairman & Managing Director	44.11	4.30
2	Shri T.D. Bahety	Wholetime Director	20.17	7.42
3	Shri Amitav Kothari	Non-Executive Independent Director	0.84	(9.80)
4	Shri H.K. Khaitan	Non-Executive Independent Director	1.16	(3.03)
5	Shri Ravinder Nath	Non-Executive Independent Director	0.62	(10.53)
6	Shri G. Parthasarathy	Non-Executive Independent Director	0.87	4.35
7	Prof. S.L. Rao	Non-Executive Independent Director	0.91	(19.35)
8	Shri A. Vellayan	Non-Executive Independent Director	0.18	0.00
9	Smt. Madhuvanti Kanoria	Non-Executive Director	0.36	100.00
10	Shri N.K. Nolkha	Chief Financial Officer	NA	10.44
11	Shri N.K. Sethia	Company Secretary	NA	12.75

Note: No Director other than the Chairman & Managing Director and Whole time Director received any remuneration other than sitting fees during the financial years 2014-15 and 2015-16.

2. The number of permanent employees as on 31st March, 2016 was 308.

3. Compared to the previous year 2014-15, the figures for the current year 2015-16 reflects that:-

   (i) The Profit before Tax increased by 76.56%.

   (ii) Median remuneration of the employees has increased by 9.58%.

   (iii) Average remuneration of the employees increased by 10.13%.

   (iv) Average remuneration of the employees other than Key Managerial Personnel has increased by 11.08% and that of the Key Managerial Personnel by 6.76%.

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

4. No employee's remuneration for the year 2015-16 exceeded the remuneration of the highest paid Director.

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

6. The market capitalization of the Company as on 31st March, 2016 increased by 31.18% compared to as on 31st March, 2015.

   The PE ratio as on 31st March, 2016 stood at 11.06.

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

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

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

For and on behalf of the Board

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

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

Date: 27th May 2016

ANNEXURE TO THE DIRECTORS' REPORT

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

Name	Designation	Remuneration (₹)	Qualifications	Age (Years)	Experience (Years)	Date of Joining	Last Employment
Kanoria R.V.	Chairman & Managing Director	12,915,409	B.Sc., MBA (Hons)	61	42	10.01.1983	None

Notes

1. Remuneration includes Salary, House Rent Allowance, Company's contribution to Provident Fund, Leave Travel Assistance, Medical and other facilities, as applicable.
2. The appointment is contractual.
3. Shri R. V. Kanoria is spouse of Smt. Madhuvanti Kanoria, a Director of the Company and they together hold 2.14% of the Paid up Equity Share Capital of the Company.

For and on behalf of the Board

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

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

Date: 27th May 2016

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

Your Company has complied with the provisions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

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

BOARD OF DIRECTORS

Composition

The Board as on 31st March 2016 consisted of nine Directors including seven Non-executive Directors out of which six are Independent Directors. Shri R.V. Kanoria, B.Sc., MBA (Hons.), representing the promoters is holding executive position and is designated as the Chairman & Managing Director of the Company. He has 42 years of industrial, managerial, administrative and commercial experience. The term of Shri T.D. Bahety as a Wholetime Director of the Company ended on 19th May 2016. He also resigned as a Director of the Company with effect from 27th May 2016 due to personal reasons.

During the year, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors in its Meeting held on 9th February 2016, appointed Shri S. V. Kanoria (DIN: 02097441), an MS in Computer Science having 12 years work experience, as a Wholetime Director of the Company for three years w.e.f. 1st April 2016, subject to the approval of the shareholders. With this, the Board as on 27th May 2016 consists of nine Directors including seven Non-executive Directors out of which six are Independent Directors.

During the year under review, the Board met four times; on 27th May 2015, 4th August 2015, 31st October 2015 and 9th February 2016.

The constitution of the Board during the year ended 31st March 2016 and attendance at the Board Meetings, last Annual General Meeting and the Directorship, Chairmanship and/or Membership of Committees held as on 31st March 2016 by each Director in other companies are as under:

Name of Director	Attendance at		Category of Directors	Other Directorship[1]	Other Committee Chairmansip[2]	Other Committee Membership[2]
	Board Meetings	Last AGM				
Shri R.V. Kanoria (DIN: 00003792)	4	Yes	Promoter - Chairman & Managing Director	7	2	4
Smt. Madhuvanti Kanoria (DIN: 00142146)	2	No	Promoter - Non-Executive Non-Independent Director	-	-	-
Shri T.D. Bahety* (DIN:00031572)	4	Yes	Executive Director	1	-	-
Shri Amitav Kothari (DIN:01097705)	3	Yes	Non Executive Independent Director	3	1	1
Shri H.K. Khaitan (DIN:00220049)	4	Yes	Non Executive Independent Director	4	1	2
Shri Ravinder Nath (DIN:00062186)	3	No	Non Executive Independent Director	3	1	2
Shri G. Parthasarathy (DIN:00068510)	4	Yes	Non Executive Independent Director	-	-	-
Prof. S.L. Rao (DIN:00005675)	3	No	Non Executive Independent Director	1	1	-
Shri A. Vellayan (DIN:00148891)	1	No	Non Executive Independent Director	4	1	-

* Resigned with effect from 27th May 2016.

1. This excludes Directorship held in Indian Private Limited Companies, Foreign Companies, Companies under Section 8 of the Companies Act, 2013.
2. Committee refers to Audit Committee and Stakeholders Relationship Committee.

Notes

i Smt. Madhuvanti Kanoria is spouse of Shri R. V. Kanoria. Shri S. V. Kanoria, appointed as a Wholetime Director w.e.f. 1st April, 2016, is son of Shri R. V. Kanoria and Smt. Madhuvanti Kanoria. None of the other Directors is related to any other Director on the Board.

ii None of the Directors has any business relationship with the Company.

iii The Company has a woman Director on its Board of Directors.

iv None of the Directors received any loans and advances from the Company during the year.

v None of the Directors holds Directorships in more than the permissible number of companies under the Companies Act, 2013 or Directorships/Membership/Chairmanship of Board Committees as permissible under Regulations 25 and 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

vi All the Directors have certified that they are not disqualified for appointment as a Director in any company.

vii Additional information pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Directors seeking appointment/re-appointment is given in the AGM Notice.

Responsibilities

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

The Management is required to:

a) provide necessary inputs to assist the Board in its decision making process in respect of the Company's strategies, policies, performance targets and code of conduct;

b) manage day-to-day affairs of the Company to achieve targets and goals set by the Board in the best possible manner;

c) implement all policies and the code of conduct as approved by the Board;

d) provide timely, accurate, substantive and material information, including on all financial matters and any exceptions, to the Board and/or its Committees;

e) ensure strict compliance with all applicable laws and regulations; and

f) implement sound and effective internal control systems.

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

Role of Independent Directors

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

Meetings of Independent Directors

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or Management Personnel. During the year under review, one Meeting of Independent Directors was held on 9th February 2016, wherein the Independent Directors carried out the performance evaluation of the Chairman & Managing Director, Executive Directors and other non-independent Directors as well as the Board of the Company. The Meeting also assessed the quality, quantity and timeliness of the flow of information by the Management of the Company to the Board of Directors.

Familiarisation Programmes for Board Members

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

BOARD MEETINGS

Selection of Agenda Items for Board Meetings

i) The Company holds a minimum of four Board Meetings in each year, which are pre-scheduled after the end of each financial quarter. The gap between two Meetings is not more than 120 days. Apart from the four pre-scheduled Board Meetings, additional Board Meetings are convened by giving appropriate notice to address the specific needs of the Company.

ii) All divisions and departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussion and approval by the Board or by Committees. All such matters are communicated to the Company Secretary in advance so that these may be included in the Agenda for the Board or Committee Meetings.

iii) At the beginning of each meeting of the Board, the Chairman & Managing Director briefs the Board members about the key developments relating to the Company.

iv) At each of the four pre-scheduled Board Meetings, managers are invited to make presentations on the major business segments and operations of the Company before taking on record the results of the Company for the preceding financial quarter. Sufficient support information is provided to the Board in advance for all strategic matters of significance pertaining to expansion plans, financing and diversifications. These are discussed and deliberated in detail at the Board level.

v) Among others, the following items are placed at the Board Meetings for the consideration/review/approval of the Board:

- Annual Operating Plans and Budgets and any updates.
- Capital Budgets and any updates.
- Quarterly results for the Company and its Business Segments.
- Minutes of Meetings of the Board Committees.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any Joint Venture or Collaboration Agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

In addition, the other matters requiring the Board's consideration/review/approval, from time to time, are also placed at the Board Meetings. The Board's annual agenda includes recommending dividend, determining Directors who shall retire by rotation and recommending appointment/reappointment of Directors and Auditors, authentication of annual accounts and approving the Directors' Report, long term strategic plans for the Company and the principal issues that the Company expects to face in the future. The Board also considers/approves the other matters as required to be considered/approved by the Board as per the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Board Meetings also note and review functions of its Committees.

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

Board Material Distributed in Advance

i) Agenda Papers are circulated to the Directors in advance. All material information is incorporated in the Agenda Papers for facilitating meaningful and focussed discussions at the Meeting. Where it is not practicable to attach any documents to the Agenda, the same are placed on the table at the Meeting with specific reference to this effect in the Agenda.

ii) In special and exceptional circumstances, additional or supplementary items on the Agenda are permitted to be taken at the Meeting.

Recording Minutes of Proceedings at Board and/or Committee Meetings

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

Compliance

The Company Secretary while preparing the agenda, notes on agenda and minutes of the Meetings, is responsible for and is required to ensure adherence to the applicable provisions of law including the Companies Act 2013.

BOARD COMMITTEES

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

Audit Committee

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

The Audit Committee's constitution, terms of reference and role are in compliance with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of the Audit Committee inter alia include the following:-

a) Recommendation for appointment, remuneration and terms of appointment of Auditors of the company;

b) Approval of payment to Statutory Auditors for rendering of any other services;

c) Review and monitor the Auditor's independence and performance, and effectiveness of audit process;

d) Reviewing with the Management, the Annual Financial Statement and the Auditors Report thereon before submission to the Board for approval.

e) Reviewing, with the Management, the quarterly Financial Statement before submission to the Board for approval.

f) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

g) Approval or any subsequent modification of transactions of the Company with related parties;

h) Scrutiny of inter-corporate loans and investments;

i) Valuation of undertakings or assets of the Company, wherever it is necessary;

j) Evaluation of internal financial controls and risk management systems;

k) Monitoring the end use of funds raised through public offers and related matters;

l) Review of appointment, removal and terms of remuneration of Internal Auditor.

m) Review of Internal Audit Reports and follow up of any significant findings therein;

n) Discussion with Statutory Auditors post-audit to ascertain any area of concern;

o) To review the functioning of the Whistle Blower mechanism;

p) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

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

The Company Secretary acts as the Secretary of the Audit Committee.

During the financial year 2015-16, the Committee met four times; on 27th May 2015, 4th August 2015, 31st October 2015 and 6th February 2016.

Attendance of Members at Audit Committee Meetings held during the year 2015-16:

Name of Director	No. of Meetings attended
Shri Amitav Kothari	4
Shri R. V. Kanoria	3
Shri H.K. Khaitan	4
Prof. S. L. Rao	3

The Chairman of the Audit Committee was present at the last Annual General Meeting held on 1st September, 2015.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee has been reconstituted on 27th May 2016 and Shri S. V. Kanoria, Wholetime Director has been appointed as a Member of the Committee in place of Shri T. D. Bahety. Shri H. K. Khaitan and Shri Amitav Kothari, both Independent Directors are other Members of the Committee. Shri H. K. Khaitan is the Chairman of the Committee.

Before its reconstitution, the Committee comprised of Shri H. K. Khaitan as the Chairman and included Shri Amitav Kothari, Independent Director and Shri T.D. Bahety, Wholetime Director as its Members.

The Committee's constitution, terms of reference and role are in compliance with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which comprise the following:-

i To consider and resolve the grievances of security holders of the Company, including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends.

ii To carry out any other function as is referred to the Committee by the Board of Directors from time to time or enforced by any statutory notification/amendment or modification as may be applicable.

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

There were no pending share transfers as at the end of the financial year 2015-16, except sub-judice matters, which would be solved on final disposal by Hon'ble Courts.

In year 2015-16, there was no case of stakeholders' grievances. The Company attended to most of the stakeholders' correspondence within a period of seven days from the date of the receipt of such correspondence.

During the financial year 2015-16, the Committee met on 9th February 2016, wherein Shri H. K. Khaitan and Shri T. D. Bahety were present.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Prof. S. L. Rao, Shri H. K. Khaitan, Shri G. Parthasarathy and Shri Ravinder Nath, Independent Directors and Shri R. V. Kanoria, the Chairman & Managing Director of the Company. Prof S. L. Rao is the Chairman of the Committee.

The Nomination and Remuneration Committee's constitution, terms of reference and role are in compliance with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of the Nomination and Remuneration Committee inter alia include the following:- .

i Identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every Director's performance.

ii Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees and ensure that:-

a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;

b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c. remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

iii To formulate criteria for performance evaluation of Independent Directors and the Board;

iv Devising a policy on Board diversity;

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

During the financial year 2015-16, the Committee met two times; on 27th May 2015 and 29th January 2016.

Attendance of Members at Nomination and Remuneration Committee Meetings held during the year 2015-16:

Name of Director	No. of Meetings attended
Prof. S. Rao	2
Shri R. V. Kanoria	2
Shri H.K. Khaitan	1
Shri G. Parthasarathy	2
Shri Ravinder Nath	1

The Chairman of the Nomination and Remuneration Committee authorised Shri H. K. Khaitan to represent him at the last Annual General Meeting held on 1st September, 2015.

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, has formulated the Nomination and Remuneration Policy, which contains the matters with regard to criteria for appointment of Directors and determining Directors independence and policy on remuneration for Directors, Senior Managerial Personnel and other employees.

Criteria for Appointment of Directors

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

i Personal and professional ethics, integrity and values

ii Educational and professional background

iii Willingness to devote sufficient time and energy in carrying out the duties and responsibilities effectively

Remuneration Policy

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

i Ensuring that the remuneration and other terms of employment are as per the trends and practices prevailing in peer companies and the industry.

ii Providing reward commensurate with the efforts, dedication and achievement in performance of duty.

iii Attracting, retaining, motivating and promoting talent and ensuring long term sustainability of talented personnel and create competitive advantage.

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

The Managing Director and Wholetime Director are paid remuneration as per their agreements with the Company. These agreements are approved by the Board and also placed before the shareholders for their approval. The remuneration structure of the Managing Director and the Wholetime Director comprises salary, perquisites, other benefits and commission (payable on the net profits of the Company, calculated as per the applicable provisions of the Companies Act, 2013). The Managing Director and Wholetime Director are not paid sitting fee for attending Meetings of the Board or Committees thereof.

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

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

Criteria for Performance Evaluation of Directors

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

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

Details of Remuneration paid or payable to Directors for the Financial Year ended 31st March 2016

(Figures in Rupees)

Name of the Director	Salary	Perquisites and other benefits	Commission	Sitting Fees*	Total
Shri R.V. Kanoria	7,362,581	5,552,828	-	-	12,915,409
Shri Amitav Kothari	-	-	-	230,000	230,000
Shri H.K. Khaitan	-	-	-	320,000	320,000
Shri Ravinder Nath	-	-	-	170,000	170,000
Shri G. Parthasarathy	-	-	-	240,000	240,000
Prof. S.L. Rao	-	-	-	250,000	250,000
Shri A. Vellayan	-	-	-	50,000	50,000
Smt Madhuvanti Kanoria	-	-	-	100,000	100,000
Shri T.D. Bahety	3,216,000	2,699,584	-	-	5,915,584

* Includes Sitting Fee paid for Committee Meetings.

Details of Agreement

Name	From	To	Tenure
Shri R.V. Kanoria	10.01.2015	09.01.2018	3 years
Shri T. D. Bahety	20.05.2013	19.05.2016	3 years*
Shri S. V. Kanoria	01.04.2016	31.03.2019	3 years

The agreement for appointment of Shri S. V. Kanoria as a Wholetime Director is subject to the shareholders' approval.

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

* Tenure since completed on 19.05.2016.

Equity Shares of the Company held by Directors

The Directors, who held the Equity Shares of the Company as on 31st March 2016 are Shri R.V. Kanoria (434,985), Smt. Madhuvanti Kanoria (498,321), Shri T.D. Bahety (3,024), Shri A. Vellayan (15,000), Shri H. K. Khaitan (100), Prof. S. L. Rao (100), Shri Ravinder Nath (100), Shri Amitav Kothari (4) and Shri G. Parthasarathy (1).

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee has been reconstituted on 27th May 2016 and Smt. Madhuvanti Kanoria, a Director has been appointed as the Chairperson of the Committee in place of Shri T. D. Bahety. Shri R. V. Kanoria, Managing Director and Shri H. K. Khaitan, an Independent Director are other Members of the Committee.

Before its reconstitution, the Committee comprised of Shri T. D. Bahety, Wholetime Director as the Chairman and Shri R. V. Kanoria, Managing Director and Shri H. K. Khaitan, an Independent Director, as its Members.

The Committee's constitution, terms of reference and role are in compliance with the provisions of the Companies Act, 2013.

The terms of reference of the Corporate Social Responsibility Committee comprise the following:-

i To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013;

ii To recommend the amount of expenditure to be incurred on the activities as referred to in clause i above;

iii To monitor the Corporate Social Responsibility Policy of the Company from time to time.

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

During the financial year 2015-16, the Committee met two times: on 27th May 2015 and 31st October 2015, wherein all the Members were present.

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

Finance Committee

The Finance Committee has been reconstituted on 27th May 2016 and Shri S. V. Kanoria, Wholetime Director has been appointed as a Member of the Committee in place of Shri T. D. Bahety. Shri R. V. Kanoria, Managing Director, Shri H. K. Khaitan and Shri Amitav Kothari, both Independent Directors, are other Members of the Committee. Shri R. V. Kanoria is the Chairman of the Committee.

Before its reconstitution, the Committee comprised of Shri R.V. Kanoria, Managing Director as the Chairman and included Shri H.K. Khaitan and Shri Amitav Kothari, Independent Directors and Shri T.D. Bahety, Wholetime Director as its Members.

The Committee determines on behalf of the Board, the matters relating to Debentures, Term Loans, Commercial Paper and any other types of Financial Assistance from Financial Institutions, Banks, Mutual Funds and Others, creation of securities and allotment of securities etc. and other matters related and incidental therewith.

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

During the financial year 2015-16, no Meeting of the Committee was held.

OTHER COMMITTEE

Risk Management Committee

The Risk Management Committee of the Company has been reconstituted on 27th May 2016 and Shri S. V. Kanoria, Wholetime Director has been appointed as a Member of the Committee in place of Shri T. D. Bahety. Shri R. V. Kanoria, Managing Director, Shri H. K. Khaitan, Independent Director, Shri N.K. Nolkha - Group Chief Financial Officer and Shri Arun Agarwal - President (Works) are other Members of the Committee. Shri R. V. Kanoria is the Chairman of the Committee.

Before its reconstitution, the Committee comprised of Shri R. V. Kanoria, Managing Director as its Chairman and Shri T. D. Bahety, Wholetime Director, Shri H. K. Khaitan, Independent Director, Shri N.K. Nolkha - Chief Financial Officer and Shri Arun Agarwal - President (Works) as Members.

The Risk Management Committee assesses the significant risks that might impact the achievement of the Company's objectives and develops risk management strategies to mitigate/minimise identified risks and designs appropriate risk management procedures.

During the year under review, the Committee met on 4th August 2015 and 9th February 2016.

GENERAL BODY MEETINGS

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

Year	Date	Time	Venue	No. of Special Resolution(s) passed
2014-15	1st September 2015	10.30 A. M.	'Shripati Singhania Hall', Rotary Sadan, 94/2 Chowringhee Road, Kolkata-700 020	1
2013-14	5th September 2014	10.30 A. M.		3
2012-13	13th August 2013	2.30 P. M.		NIL

There was no resolution passed through Postal Ballot during the year. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by Postal Ballot.

SUBSIDIARY COMPANIES

The Audit Committee reviews the financial statements, particularly the investments made by the subsidiary companies. The minutes of the Board Meetings of the subsidiary companies are placed at the Board Meetings of the Company.

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

DISCLOSURES:

RELATED PARTY TRANSACTIONS

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

None of the transactions with any of the related parties were in conflict with the Company's interest. Suitable disclosure as required by the Accounting Standards (AS-18) has been made in the Note No. 40 to the Standalone Financial Statements, forming part of the Annual Report. There are no pecuniary relationships or transactions with the non-executive Director and Independent Directors. The Policy on Related Party Transactions as approved by the Board of Directors may be accessed on the Company's website at the link:
www.kanoriachem.com/images/Policy%20on%20Related%20Party%20Transactions.pdf.

MEANS OF COMMUNICATION

The quarterly and annual financial results were taken on record and approved within the prescribed time limits. The approved results were thereafter sent to the Stock Exchanges and also posted on website of the Company for the information of shareholders/investors.

The financial results are also published in leading dailies "Business Standard" (English Daily all editions) and "Ei Samay" (vernacular language - Bengali newspaper) within 48 hours of the Meeting.

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

CEO AND CFO CERTIFICATION

As required under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Managing Director and the Chief Financial Officer of the Company have certified to the Board regarding review of financial statement for the year under review, compliance with the accounting standards and applicable laws and regulations, maintenance of internal control for financial reporting and accounting policies.

CODE OF CONDUCT

The Company has Codes of Conduct for its Directors and Senior Management Personnel as well as for its other Employees. The Codes of Conduct are available on the Company's website.

It is confirmed that all the Directors and Senior Management Personnel of the Company have affirmed their compliance with the Company's Code of Conduct for Directors and Senior Management Personnel for the financial year 2015-16 as envisaged under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

WHISTLE BLOWER POLICY

In compliance with provisions of Section 177(9) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has in place a Whistle Blower Policy for its Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of applicable laws and regulations and the Company's Codes of Conduct. The reportable matters may be reported to the Audit Committee through the Nodal Officer and, in exceptional cases, may also be reported to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

UNCLAIMED SHARES

Pursuant to Regulation 39 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regarding the procedure to be adopted for unclaimed shares issued in physical form and remaining unclaimed, the Company has a separate "Unclaimed Suspense Account." The particulars of Unclaimed Suspense Account are as follows:

	No. of Shareholders	No. of Shares
Aggregate number of shareholders and outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	194	117,228
Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year	1	600
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	1	600
Aggregate number of shareholders and outstanding shares lying in the Unclaimed Suspense Account at the end of the year. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.	193	116,628

COMPLIANCE OF MATTERS RELATED TO CAPITAL MARKETS

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

COMPLIANCE OF MANDATORY AND NON-MANDATORY PROVISIONS OF THE CODE

(A) The Company has complied with all the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(B) Following is the status of the compliance with the non-mandatory requirements of the said Regulations:

i) Audit Opinion:

During the year under review, the Auditors have expressed their unmodified opinion on the financial statements of the Company.

ii) Reporting of Internal Auditor:

The Internal Auditor reports directly to the Audit Committee. The same is reported by briefing the Audit Committee through observations, review, comments and recommendations etc. in the Internal Audit Reports by the Internal Auditor of the Company.

COMPLIANCE CERTIFICATE OF THE AUDITORS

The Statutory Auditors' Certificate that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed hereto.

GENERAL SHAREHOLDERS' INFORMATION

1. Annual General Meeting
   - Date and time — 1st September 2016 at 10.30 A.M.
   - Venue — Shripati Singhania Hall, Rotary Sadan, 94/2 Chowringhee Road, Kolkata-700 020

2. Financial Calendar 2016-17
   (tentative and subject to change)
   Financial Results for the:
   - quarter ending 30th June 2016
   - quarter ending 30th September 2016 — Within 45 days of end of respective quarter
   - quarter ending 31st December 2016
   - year ending 31st March 2017 — By 30th May 2017
   - Annual General Meeting 2016-17 — By September 2017

3. Date of Book Closure — 26th August 2016 to 1st September 2016 (both days inclusive)

4. Dividend Payment Date — On or after 7th September 2016 (subject to shareholders' approval)

5. Listing on Stock Exchanges:

   National Stock Exchange of India Ltd.
   'Exchange Plaza'
   Bandra-Kurla Complex, Bandra (E)
   Mumbai - 400 051
   www.nseindia.com

   BSE Limited
   P. J. Towers,Dalal Street, Fort
   Mumbai - 400 001
   www.bseindia.com

   Note: Listing fee for the year 2016-17 has been paid to the above Stock Exchanges.

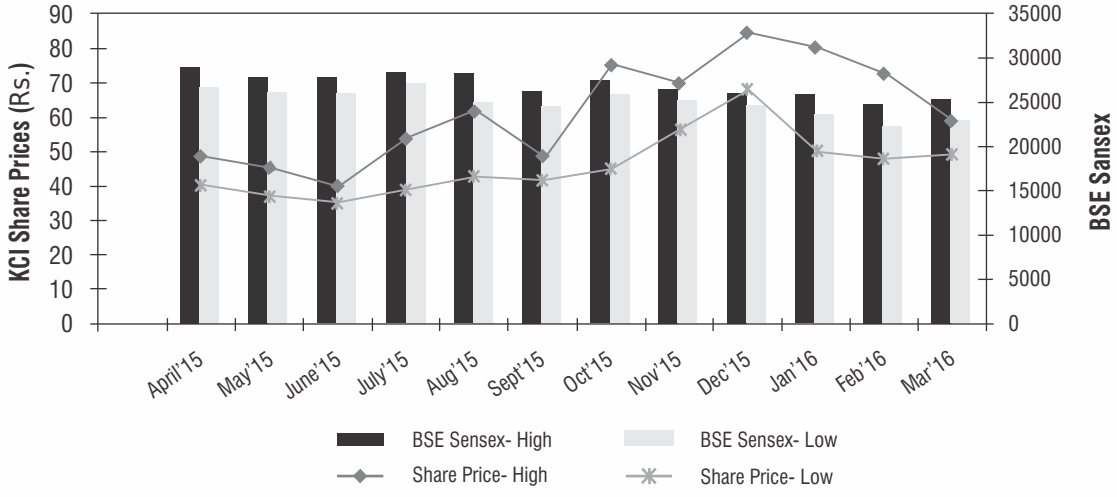
6. Stock Code:
   BSE Ltd. — 50 6525
   National Stock Exchange of India Ltd. — KANORICHEM

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

Months	National Stock Exchange (NSE)*		Bombay Stock Exchange (BSE)*	
	High	Low	High	Low
April 2015	48.70	40.05	48.70	40.40
May 2015	45.70	36.20	45.30	37.25
June 2015	40.00	35.10	40.00	35.15
July 2015	53.70	38.70	54.00	39.00
August 2015	61.90	43.00	62.00	42.90
September 2015	48.45	42.00	48.65	41.85
October 2015	75.45	45.35	75.35	45.00
November 2015	69.95	56.80	69.95	56.50
December 2015	84.70	67.95	84.65	67.90
January 2016	80.35	55.00	80.40	50.20
February 2016	74.10	48.10	72.80	48.00
March 2016	59.30	49.00	58.85	49.35

* Source: Website of NSE and BSE

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



8. Registrar and Share Transfer Agent

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

9. (a) Share Transfer System

The share transfers which are received in physical form are processed and the share certificates are returned within a period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects.

Details of the share transfers during the year 2015-16:

No. of valid share transfer applications received, processed and registered	38
No. of shares transferred	946
No. of share transfers in process as on 31.03.2016	NIL
No. of shares dematerialised	23,184
No. of shares rematerialized	692

(b) Dematerialisation of Shares and liquidity

Depositories:

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

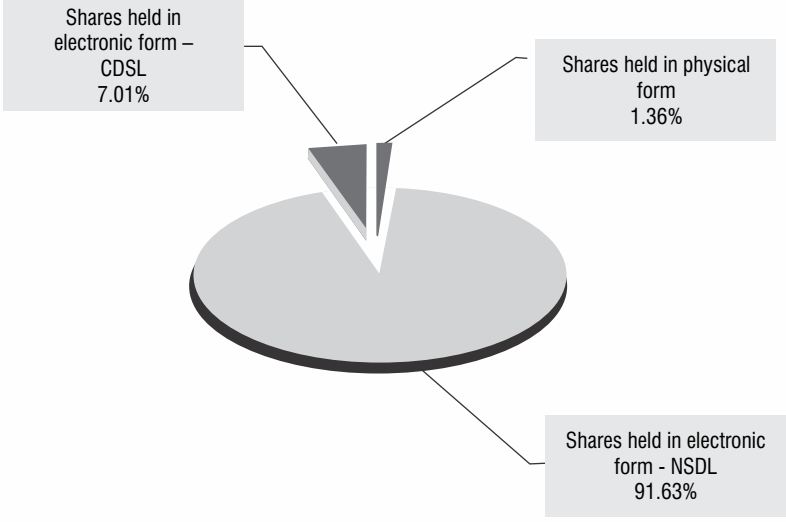
A total of 43,100,207 Equity Shares of the Company representing 98.64% of the Share Capital are dematerialised as on 31st March 2016.

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

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

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

The Annual Custody Fee for the financial year 2016-17 has been paid by the Company to both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with whom it has established connectivity.



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

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

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

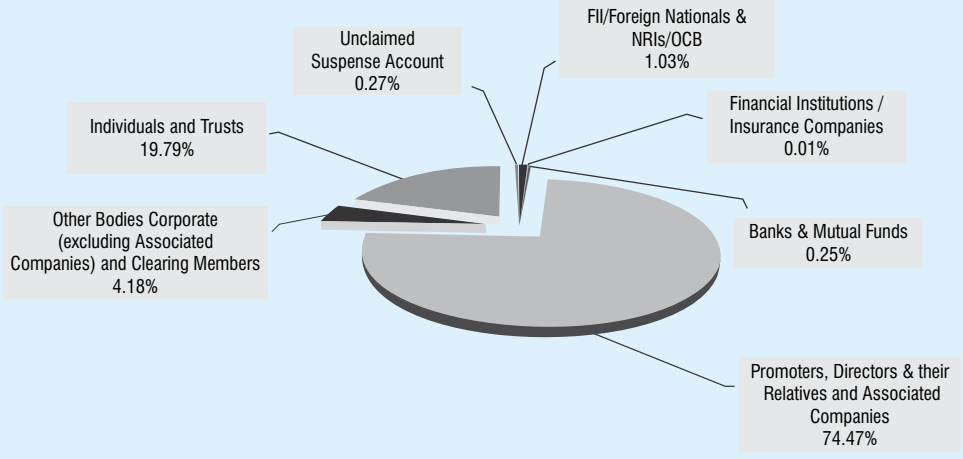
10. Distribution of Equity Shareholding as on 31st March 2016

Nominal value of Shareholding	Number of Shareholders		Number of Equity Shares	
	Total	% of Shareholders	Total	% of Share Capital
Up to Rs.5,000	12,310	87.59	2,870,196	6.57
Rs. 5,001 - Rs.10,000	814	5.79	1,226,347	2.81
Rs.10,001 - Rs.20,000	487	3.47	1,372,796	3.14
Rs. 20,001 - Rs. 30,000	170	1.21	839,041	1.92
Rs.30,001 - Rs.40,000	67	0.48	476,744	1.09
Rs. 40,001 - Rs. 50,000	62	0.44	573,675	1.31
Rs. 50,001 - Rs. 1,00,000	82	0.58	1,145,313	2.62
Rs.1,00,001 and above	62	0.44	35,189,221	80.54
Total	**14,054**	**100.00**	**43,693,333**	**100.00**

11. Equity Shareholding Pattern as on 31st March 2016

Category	No. of Shares held	% of Shareholding
FII/Foreign Nationals & NRIs/OCB	452,568	1.03
Financial Institutions / Insurance Companies	2,300	0.01
Banks & Mutual Funds	109,428	0.25
Promoters, Directors & their Relatives and associated companies	32,537,353	74.47
Other Bodies Corporate (excluding associated companies) and Clearing Members	1,827,868	4.18
Individuals and Trusts	8,647,188	19.79
Unclaimed Suspense Account	116,628	0.27
Total	**43,693,333**	**100.00**

Graphic Presentation of the Equity Shareholding Pattern as on 31.03.2016



12. Top Ten Shareholders of the Company as on 31st March 2016

Sl. No.	Name of Shareholders	No. of shares	% of shareholding
1	Vardhan Limited	26,133,872	59.81
2	R V Investment & Dealers Limited	3,210,120	7.35
3	Kirtivardhan Finvest Services Limited	1,154,907	2.64
4	Saumya Vardhan Kanoria	556,440	1.27
5	Madhuvanti Kanoria	498,321	1.14
6	Rajya Vardhan Kanoria	434,985	1.00
7	Anand Vardhan Kanoria	434,739	0.99
8	F. L. Dadabhoy	207,000	0.47
9	Mahima Stocks Private Limited	200,000	0.46
10	Bhilwara Holdings Limited	186,000	0.43
	Total	**33,016,384**	**75.56**

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

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

14	Commodity Price Risk/Foreign Exchange Risk and Hedging Activities	Prices and demand for the Company's products are strongly influenced by Global Demand and Prices. Volatility in commodity prices and demand may have effect on our earnings. We consider exposure to commodity price fluctuation to be an integral part of our business. Our usual policy is to buy and sell our products at prevailing market prices and not to enter price hedging arrangements. The Company has foreign currency exposure in both assets and liabilities. The foreign exchange risk arising from these exposures are managed with appropriate hedging activities. The Company uses forward exchange contracts to hedge against its foreign currency exposure after taking into consideration the natural hedge available in USD-INR terms. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign currency exposure as on 31st March, 2016 are disclosed in Note 37 in Notes to the Standalone Financial Statements.
15	Plant Locations	**I - Alcochem Ankleshwar Division** **Ankleshwar Chemical Works** 3407, GIDC Industrial Estate, P.O. Ankleshwar-393 002, Dist. Bharuch (Gujarat). **Bio-Compost Plant** Vill. Sengpur, Taluka: Ankleshwar-393 002, Dist. Bharuch (Gujarat). **Windfarm** Vill. Dhank ,Taluka: Upleta, Dist. Rajkot (Gujarat). **II - Alcochem Vizag Division** Plot No.32, Jawaharlal Nehru Pharma City, Parwada, Vishakhapatnam - 531 021, Andhra Pradesh **III -Solar Power Plant** Vill. Bawdi Barsinga, P.O. Bap, Tehsil: Phalodi, Dist. Jodhpur (Rajasthan)
16	Address for Correspondence: For Investors' matters	Company Secretary Kanoria Chemicals & Industries Limited 'Park Plaza', 71 Park Street, Kolkata-700 016. Phone : (033) 4031 3200 Fax : (033) 4031 3220 Email : nksethia@kanoriachem.com Website: http://www.kanoriachem.com
	For queries relating to Financial Statements	Group Chief Financial Officer Kanoria Chemicals & Industries Limited Park Plaza', 71 Park Street, Kolkata-700 016. Phone : (033) 4031 3200 Fax : (033) 4031 3220 Email : nolkha@kanoriachem.com Website: http://www.kanoriachem.com
17	Deposit of unclaimed dividend amount to Investor Education and Protection Fund	During the year under review, the Company has deposited unclaimed dividend of Rs. 369,388.50 for the year 2007-08 to the Investor Education and Protection Fund on 10th September 2015, pursuant to Section 205C of the Companies Act, 1956 and the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

For and on behalf of the Board

Registered Office
'Park Plaza'
71, Park Street
Kolkata - 700 016
Date: 27th May 2016

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

AUDITORS' CERTIFICATE

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

We have examined the compliance of conditions of Corporate Governance of M/s Kanoria Chemical & Industries Limited ('the Company'), for the year ended 31st March 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1st April 2015 to 30th November 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations for the period 1st December 2015 to 31st March 2016.

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

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

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

Rajiv Singhi
(Partner)
Membership No. 053518

Place: New Delhi
Date: 27th May 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KANORIA CHEMICALS & INDUSTRIES LIMITED

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of **KANORIA CHEMICALS & INDUSTRIES LIMITED ('the Company')**, which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2016 and its profit and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 'A' a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;

d. in our opinion, the aforesaid standalone financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e. on the basis of the written representations received from the directors as on 31st March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 'B'; and

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company has disclosed the impact of pending litigation on its financial position in its financial statement - Refer Note No. 28 to the financial statements;

   ii. the Company has long term contracts including derivative contracts as at 31st March, 2016 for which there were no material foreseeable losses;

   iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company, except for Rs. 0.43 million which is held in abeyance due to pending legal cases.

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

(RAJIV SINGHI)
(Partner)
Membership No. 53518

Place: New Delhi
Date: 27th May 2016

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As per the information and explanations given to us, physical verification of fixed assets have been carried out in terms of the phased program of verification of its fixed assets adopted by the Company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to size of the Company and nature of its business.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company:

ii. As per the information and explanations given to us, the inventories have been physically verified at reasonable intervals during the year by the management and no material discrepancies between book stock and physical stock have been found.

iii The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Accordingly the provisions of paragraph 3(III), 3(III)(a) to 3(III)(c) of the said order are not applicable.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans and investments made during the year.

v. The Company has not accepted any deposit from the public within the meaning of section 73, 74, 75 and 76 of the Act and Rules framed thereunder to the extent notified.

vi. We have broadly reviewed the books of accounts maintained by Company in respect of product, where pursuant to the rule made by the Central Government of India the maintenance of cost records has been prescribed under section 148 (1) of the Companies Act 2013 and are of the opinion that, prima facie, the prescribed records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts are payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31st March 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, the dues of sales tax, income tax, duty of customs, duty of excise, service tax and value added tax which have not been deposited on account of any dispute and the forum where the dispute is pending as on 31st March, 2016 are as under :-

Name of the statute	Nature of Dues	Amount (₹ in Million)	Year	Forum where dispute is pending
The Service Tax under the Finance Act, 1994	Service Tax	6.60	Apr-2009 to Aug-2012	Commissioner (A) - Central Excise
The Indian Stamp Act, 1899	Stamp Duty	3.19	2011-12	Rajasthan High Court

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

viii. According to the records of the Company examined by us and the information and explanations provided to us, the Company has not defaulted in repayment of loans or borrowings to any Financial Institutions or Banks or dues to debenture holders. Further as at the Balance sheet date the Company does not have any loans or borrowing from the Government.

ix. The company did not raise any money by way of initial public offer or further public offer including debt instruments during the year. However the Company has raised Term Loan during the year and has applied the same for the purpose for which term loans are raised.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company or on the Company by its officers or employees noticed or reported during year nor have been informed of any such case by the Management.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly paragraph 3(xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

(RAJIV SINGHI)
(Partner)
Membership No. 53518

Place: New Delhi
Date: 27th May 2016

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **KANORIA CHEMICALS & INDUSTRIES LIMITED ("the Company")** as of 31st March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

ANNEXURE-B TO THE INDEPENDENT AUDITOR'S REPORT

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

(RAJIV SINGHI)
(Partner)
Membership No. 53518

Place: New Delhi
Date: 27th May 2016

BALANCE SHEET

AS AT 31ST MARCH, 2016

(₹ in million)

Particulars	Note No.	31.3.2016	31.3.2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	218.49	218.49
Reserves & Surplus	3	4,812.43	4,678.32
		5,030.92	4,896.81
Non-current Liabilities			
Long-term Borrowings	4	476.35	287.76
Deferred Tax Liabilities (Net)	5	194.06	180.79
Other Long-term Liabilities	6	23.71	1.62
Long-term Provisions	7	57.85	55.03
		751.97	525.20
Current Liabilities			
Short-term Borrowings	8	530.64	540.49
Trade Payables			
to Micro & Small Enterprises		-	-
to Others		183.06	282.76
Other Current Liabilities	9	319.96	246.18
Short-term Provisions	7	93.02	82.13
		1,126.68	1,151.56
Total		6,909.57	6,573.57
ASSETS			
Non-current Assets			
Fixed Assets	10		
Tangible Assets		2,215.27	2,199.27
Intangible Assets		4.02	0.42
Capital Work-in-Progress		153.01	7.65
		2,372.30	2,207.34
Non-current Investments	11	2,043.84	2,408.99
Long-term Loans & Advances	12	573.93	319.38
Current Assets			
Current Investments	11	254.05	226.50
Inventories	13	269.44	376.62
Trade Receivables	14	414.81	395.72
Cash and Bank Balances	15	423.05	20.83
Short-term Loans & Advances	12	313.90	395.72
Other Current Assets	16	244.25	222.47
		1,919.50	1,637.86
Total		6,909.57	6,573.57
Significant Accounting policies	**1**		

The accompanying notes are an integral part of the Financial Statements

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

For and on behalf of the Board

AMITAV KOTHARI
Director
(DIN: 01097705)

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

RAJIV SINGHI
Partner
Membership No. 53518

Place: New Delhi
Date: 27th May 2016

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary

STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in million)

Particulars	Note No.	2015-2016	2014-2015
INCOME			
Revenue from Operations	17	2,969.70	3,106.74
Other Income	18	232.40	309.46
Total Revenue		3,202.10	3,416.20
EXPENSES			
Cost of Raw Materials Consumed	19	1,793.38	2,143.19
Purchases of Stock-in-Trade	20	16.41	4.25
Change in Inventories of finished goods and work-in-progress	21	19.88	43.69
Employees Benefit Expenses	22	205.67	176.73
Finance Costs	23	103.70	64.32
Depreciation & Amortization	24	184.11	186.61
Other Expenses	25	602.94	628.90
Total Expenses		2,926.09	3,247.69
Profit before exceptional items and Tax		276.01	168.51
Exceptional items	26	-	12.18
Profit before Tax		276.01	156.33
Tax Expense			
For earlier years		2.08	(0.96)
Current Tax		62.45	21.00
MAT credit		(14.79)	(2.66)
Deferred Tax		13.28	(13.91)
Profit for the year		212.99	152.86
Earning per Equity Share (Face Value ₹ 5 each)	27		
- Basic & Diluted (₹)		4.87	3.50
Significant Accounting policies	1		

The accompanying notes are an integral part of the Financial Statements

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

For and on behalf of the Board

AMITAV KOTHARI
Director
(DIN: 01097705)

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Partner
Membership No. 53518

Place: New Delhi
Date: 27th May 2016

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in million)

	2015-2016	2014-2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	276.01	156.33
Adjustments for:		
Depreciation & Amortization	184.11	186.61
Depreciation included in Exceptional item	-	32.18
Finance Costs	103.70	64.32
(Profit)/Loss on Sale of Fixed Assets (Net)	1.64	2.21
(Profit)/Loss on Sale Investments (Net)	(41.87)	(126.56)
Interest Income	(124.94)	(109.17)
Dividend Income	(25.15)	(35.50)
Operating Profit before Working Capital changes	373.50	170.42
Adjustments for:		
Trade Receivables, Loans & Advances and Other Current Assets	(63.55)	28.46
Inventories	107.18	252.39
Trade Payables, Other liabilities & Provisions	(6.08)	(270.95)
Cash generated from Operations	411.05	180.32
Income Tax (Paid)/Refund (net)	24.14	(22.92)
NET CASH FROM OPERATING ACTIVITIES	435.19	157.40
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(368.60)	(49.38)
Sale of Fixed Assets	17.89	8.54
Capital Adance	19.33	(23.11)
Loan & Advances to Subsidiaries (net)	(262.69)	(184.74)
Investments in Subsidiaries	(170.19)	(338.61)
Purchase of Investments	(3,081.48)	(2,666.27)
Sale of Investments	3,631.14	3,162.82
Fixed Deposit (net)	(359.75)	0.06
Interest received	144.35	95.68
Dividend received	25.15	35.50
NET CASH USED IN INVESTING ACTIVITIES	(404.85)	40.49
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/Payments of Borrowings (net)	194.43	(67.99)
Dividend Paid (including Dividend Tax)	(78.64)	(76.68)
Finance Charges paid	(103.94)	(67.70)
NET CASH USED IN FINANCING ACTIVITIES	11.85	(212.37)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	42.19	(14.48)
CASH AND CASH EQUIVALENTS - AS AT 01.04.2015	5.45	19.93
CASH AND CASH EQUIVALENTS - AS AT 31.03.2016	47.64	5.45

Notes:

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

Cash and Bank Balances	423.05	20.83
Less: Other Bank Balances	375.41	15.38
Cash and Cash equivalents	47.64	5.45

b. Above statement has been prepared under indirect method except in case of interest, dividend and taxes which have been considered on the basis of actual movement of cash, with corresponding adjustments in assets & liabilities.

c. Additions to Fixed Assets are stated inclusive of movements of capital work in progress in between beginning and end of the year and treated as part of Investing Activities.

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

For and on behalf of the Board

AMITAV KOTHARI
Director
(DIN: 01097705)

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

RAJIV SINGHI
Partner
Membership No. 53518

Place: New Delhi
Date: 27th May 2016

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

a. Accounting Convention:

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

b. Use of Estimates:

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

c. Revenue Recognition:

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

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

d. Fixed Assets:

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

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

(iii) Intangible Assets are stated at cost.

e. Depreciation & Amortization :

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

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

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

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

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

f. Foreign Currency Transactions :

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

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

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

relevant rate prevailing on that date.

g. Inventories :

Inventories are valued as under:-

Stores & Spare Parts etc.#	At Cost or net realizable value whichever is lower
Raw Materials #	At Cost or net realizable value whichever is lower
Finished Goods	At Cost or net realizable value, whichever is lower and in case of products, where cost cannot be ascertained, at net realizable value.
Work-in-Process	At Raw Material Cost and/or at cost or net realizable value, whichever is lower

The Cost has been arrived at using Weighted Average method.

h. Investments :

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

i. Employee Benefits:

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

j. Taxes on Income:

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

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

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

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

k. Borrowing Cost:

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

l. Impairment:

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

m. Government Grants:

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

(₹ in million)

	31.3.2016	31.3.2015
2. SHARE CAPITAL		
(a) AUTHORISED		
100,000,000 (Previous year 100,000,000) Equity Shares of ₹ 5 each	500.00	500.00
ISSUED, SUBSCRIBED AND FULLY PAID		
43,693,333 (Previous year 43,693,333) Equity Shares of ₹ 5 each	218.47	218.47
Add: Forfeited Shares (Amount paid up)	0.02	0.02
	218.49	218.49
(b) Reconciliation of number of Shares (Nos.):		
Outstanding at the beginning of the year	43,693,333	43,693,333
Outstanding at the end of the year	43,693,333	43,693,333

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

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

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

Name of the Shareholders	As at 31st March, 2016		As at 31st March, 2015	
	No. of shares	% of Holding	No. of shares	% of Holding
Vardhan Limited	26,133,872	59.81	26,133,872	59.81
R V Investment & Dealers Limited	3,210,120	7.35	3,210,120	7.35

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	31.3.2016		31.3.2015	
3. RESERVES & SURPLUS				
(a) CAPITAL RESERVE				
As per last financial statements		34.17		34.17
(b) CAPITAL REDEMPTION RESERVE				
As per last financial statements		72.69		72.69
(c) SECURITIES PREMIUM ACCOUNT				
As per last financial statements		161.51		161.51
(d) GENERAL RESERVE				
As per last financial statements		3,623.82		3,623.82
(e) SURPLUS				
Balance as per last Account	786.13		711.91	
Add: As per annexed Statement of Profit & Loss	212.99		152.86	
	999.12		864.77	
Less:				
Proposed Dividend on Equity Shares	65.54		65.54	
Provision for Dividend Tax	13.34		13.10	
	78.88	920.24	78.64	786.13
Total		4,812.43		4,678.32

(₹ in million)

	Non-current		Current maturities	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
4. LONG-TERM BORROWINGS				
Term Loans				
From Banks (Secured)	476.35	287.76	207.52	191.84
Less: Amount disclosed under the head "other current liabilities" (Note no.10)	-	-	207.52	191.84
	476.35	287.76	-	-

(a) ₹ 311.28 million is secured by first charge and mortgage by deposit of title deeds of immovable properties and hypothecation of movable fixed assets of Ankleshwar & Vizag Division, both present and future, repayable in three half yearly instalments beginning from 1st June, 2016.

(b) ₹ 372.59 million is secured by fixed deposit of of ₹ 359.70 million, repayable in six half yearly instalments beginning from 29th March, 2018.

NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	31.3.2016	31.3.2015
5. DEFERRED TAX LIABILITIES (NET)		
DEFERRED TAX LIABILITY		
Depreciation	218.98	201.04
DEFERRED TAX ASSETS		
Retirement Benefits	24.92	20.25
	194.06	180.79
6. OTHER LONG-TERM LIABILITIES		
Security Deposits	1.19	1.62
Derivative liabilities (Net)	22.52	-
	23.71	1.62

7. PROVISIONS	Long-term		Short-term	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
(a) Provision for employee benefits				
For Gratuity	46.37	44.33	11.73	2.95
For Accrued Leave	11.48	10.70	2.41	0.54
(b) Proposed Dividend	-	-	65.54	65.54
(c) Dividend Tax	-	-	13.34	13.10
	57.85	55.03	93.02	82.13

8. SHORT-TERM BORROWINGS	31.3.2016	31.3.2015
(a) Loans Repayable on Demand		
From Banks (Secured)	-	19.24
(b) Other Loans & Advances		
Buyer's Credit (Secured)	130.64	271.25
(₹ 110.37 million is secured by Pari-passu first charge by way of hypothecation of entire current assets of the Company, both present & future and ₹ 20.27 million is secured by pledge of units of mutual funds of ₹ 100.00 million)		
Commercial Paper (Unsecured)	400.00	250.00
	530.64	540.49
9. OTHER CURRENT LIABILITIES		
(a) Current maturities of Long term debts	207.52	191.84
(b) Interest accrued but not due on borrowings	1.22	1.47
(c) Unpaid Dividend *	5.05	4.77
(d) Project liabilities	27.85	4.52
(e) Customers' Credit Balances	1.61	1.95
(f) Employee related liabilities	20.13	17.94
(g) Statutory liabilities	9.39	5.44
(h) Security & Trade deposits	4.26	1.92
(i) Derivative liabilities (Net)	1.65	-
(j) Other liabilities	41.28	16.33
	319.96	246.18

* These figures does not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund except ₹ 0.43 million (previous year ₹ 0.31 million) which is held in abeyance due to legal case pending.

NOTES TO FINANCIAL STATEMENTS

10. FIXED ASSETS

(₹ in million)

PARTICULARS	GROSS BLOCK					DEPRECIATION & AMORTIZATION					IMPAIRMENT				NET BLOCK	
	As at 31.3.2015	Additions	Other adjustment	Sales and/or adjustment	As at 31.3.2016	As at 31.3.2015	For the Year	Other adjustment	Sales and/or adjustment	Up to 31.3.2016	As at 31.3.2015	For the Year	Sales and/or adjustment	Up to 31.3.2016	As at 31.3.2016	As at 31.3.2015
TANGIBLE ASSETS																
Land & Site Development	320.98	-	-	-	320.98	-	-	-	-	-	-	-	-	-	320.98	320.98
Leasehold land & Site Development	15.63	-	-	-	15.63	4.11	0.15	-	-	4.26	-	-	-	-	11.37	11.52
Buildings	442.24	27.15	-	7.49	461.90	111.54	15.81	-	4.78	122.57	-	-	-	-	339.33	330.70
Plant & Machinery	2,885.13	187.66	-	135.69	2,937.10	1,397.30	155.99	-	119.91	1,433.38	17.85	-	-	17.85	1,485.87	1,469.98
Furniture & Fixtures	87.25	0.66	-	0.65	87.26	37.41	6.10	-	0.59	42.92	-	-	-	-	44.34	49.84
Vehicles and Fork Lifts	21.17	1.30	-	1.87	20.60	10.77	2.00	-	0.96	11.81	-	-	-	-	8.79	10.40
Office Equipments	25.41	2.26	-	0.85	26.82	19.56	3.45	-	0.78	22.23	-	-	-	-	4.59	5.85
	3,797.81	219.03	-	146.55	3,870.29	1,580.69	183.50	-	127.02	1,637.17	17.85	-	-	17.85	2,215.27	2,199.27
INTANGIBLE ASSETS																
Computer Software	7.98	4.21	-	-	12.19	7.56	0.61	-	-	8.17	-	-	-	-	4.02	0.42
	3,805.79	223.24	-	146.55	3,882.48	1,588.25	184.11	-	127.02	1,645.34	17.85	-	-	17.85	2,219.29	2,199.69
Capital Work-in-Progress															153.01	7.65
TOTAL															2,372.30	2,207.34
Figures for the corresponding Previous year	3,789.17	42.82	-	26.20	3,805.79	1,384.91	186.61	32.18	15.45	1,588.25	17.85	-	-	17.85	2,207.34	

(₹ in million)

		31.3.2016			31.3.2015	
11. INVESTMENTS NON CURRENT	Face Value ₹	No.	Amount		No.	Amount
NON-TRADE INVESTMENTS (AT COST)						
a. INVESTMENT IN EQUITY INSTRUMENTS						
FULLY PAID UP (QUOTED)						
IFCI Ltd.	10	200	0.01		200	0.01
HDFC Bank Ltd.	2	2,500	0.01		2,500	0.01
Bank Of India	10	9,000	0.40		9,000	0.40
(UNQUOTED)						
Enviro Technology Ltd.	10	10,000	0.10		10,000	0.10
Bharuch Enviro Infrastructure Ltd.	10	1,400	0.01		1,400	0.01
Mittal Tower Premises Co-op. Society Ltd.(₹ 250)	50	5			5	
Narmada Clean Tech Limited	10	822,542	8.23		822,542	8.23
Woodlands Multispeciality Hospital Limited	10	2,180	0.02		2,180	0.02
OPGS Power Gujarat Private Limited	0.10	186,200	0.04		186,200	0.04
IN SUBSIDIARY COMPANIES						
(Jointly held with Nominees)						
Pipri Ltd.	10	4,650,550	48.01		4,650,550	48.01
APAG Holding AG, Switzerland	CHF 1000	300	423.14		300	423.14
Kanoria Africa Textiles PLC, Ethiopia	ETB 10	22,386,068	705.05	*	16,967,000	534.86
b. INVESTMENT IN PREFERENCE SHARES						
FULLY PAID UP (QUOTED)						
16.06% Infrastucture Leasing & Financial services Limited	7,500	4,000	50.00		4,000	50.00
c. INVESTMENT IN DEBENTURES/BONDS						
FULLY PAID UP (QUOTED)						
11.9% India Infoline Finance Limited	-	-	-		59,749	56.32
12.75% India Infoline Finance Limited	-	-	-		50,000	51.20
11.85% Shriram City Union Finance Limited	-	-	-		35,122	35.33
8.46% Rural Electrification Corporation Ltd.	-	-	-		21	20.96
8.48% Indian Railway Finance Corporation Ltd.	-	-	-		50	50.00
8.48% NTPC Limited	1,000	31,665	31.66		31,665	31.66
8.48% India Infrastructure Finance Company Limited	-	-	-		100,000	100.00
8.5% National Highway Authority of India	1,000	100,000	100.00		100,000	100.00
8.68% National Housing Bank	5,000	10,000	50.76		10,000	50.76
11.6% ECL Finance Limited	-	-	-		50,000	50.00
12.95% Cholamandalam Investment & Finance Company Ltd.	-	-	-		100	51.28
(UNQUOTED)						
21% Wadhwagroup Holdings Private Limited	-	-	-		440	10.79
d. INVESTMENT IN MUTUAL FUNDS (QUOTED)						
HDFC FMP 1846 Days-Sr.27-Regular-Growth	10	5,000,000	50.00		5,000,000	50.00
HDFC FMP 1846 Days-Sr.27-Regular-Growth	10	5,000,000	50.00	#	5,000,000	50.00
HDFC FMP 3360 Days-Sr.30-Regular-Growth	10	5,000,000	50.00	#	5,000,000	50.00
ICICI Prudential FMP Sr.69-1821 Days Plan I-Comulative	10	5,000,000	50.00		5,000,000	50.00
L&T FMP-VII (April 1124 DA)-Growth	-	-	-		5,000,000	50.00
BSL Fixed Term Plan-Series IP (980 days)-Growth	-	-	-		5,000,000	50.00
(UNQUOTED)						
Reliance Vision Fund-Dividend	-	-	-		750,510	33.40
ICICI Prudential Value Discovery Fund-Dividend Reinvest	10	1,206,447	33.59		1,108,202	30.82
ICICI Focus Bluechip Equity Fund-Regular Dividend	-	-	-		2,061,990	44.21
HDFC Small & Mid Cap Fund - Dividend Reinvest	-	-	-		1,660,874	30.53
HDFC Equity Fund - Dividend Reinvest	-	-	-		615,855	33.08

NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	Face Value ₹	31.3.2016 No.	31.3.2016 Amount	31.3.2015 No.	31.3.2015 Amount
e. **INVESTMENT IN ALTERNATIVE INVESTMENT FUNDS (UNQUOTED)**					
IIFL Real Estate Fund (Domestic) Sr.1	16	485,955	7.76	485,955	31.22
IIFL Real Estate Fund (Domestic) Sr.2	10	9,313,812	99.27	1,426,966	15.00
IIFL Real Estate Fund (Domestic) Sr.3	10	10,000,000	100.00	-	-
IIFL Income Opportunities Fund	1	9,936,715	14.47	9,936,715	100.10
IIFL Income Opportunities Fund Series-Special Situations	10	4,776,976	50.00	2,721,410	27.50
IIFL Seed Venture Fund	10	681,300	6.81	-	-
ICICI Prudential Real Estate AIF-II	100	373,935	37.50	-	-
Chiratae Trust	100,000	20	2.00	-	-
f. **INVESTMENT IN EQUITY FUNDS (UNQUOTED)**					
IIFL Assets Revival Fund	-	-	-	3,865,706	40.00
IIFL Assets Revival Fund - II	10	2,500,000	25.00	-	-
IIFL National Development Agenda Fund	10	4,922,035	50.00	4,922,035	50.00
			2,043.84		2,408.99

	31.3.2016 Book Value	31.3.2016 Market Value	31.3.2015 Book Value	31.3.2015 Market Value
Aggregate amount of:-				
Quoted Investments	432.84	509.51	947.93	1,057.44
Unquoted Investments	1,611.00	-	1,461.06	-
	2,043.84		2,408.99	

CURRENT

	Face Value ₹	31.3.2016 No.	31.3.2016 Amount	31.3.2015 No.	31.3.2015 Amount
a. **INVESTMENT IN PREFERENCE SHARES FULLY PAID UP (QUOTED)**					
8.75% L&T Finance Holdings Limited	-	-	-	913,130	91.31
b. **INVESTMENT IN DEBENTURES/BONDS FULLY PAID UP (UNQUOTED)**					
19% Shambhavi Realty Private Limited	-	-	-	500	34.98
21% Wadhwagroup Holdings Private Limited	-	-	-	440	36.67
18% Eldeco Sohna Project Ltd.	-	-	-	6	18.00
c. **INVESTMENT IN MUTUAL FUNDS (QUOTED)**					
L&T FMP-VII (April 1124 DA)-Growth	10	5,000,000	50.00	-	-
BSL Fixed Term Plan-Series IP (980 days)-Growth	10	5,000,000	50.00	-	-
(UNQUOTED)					
BSL Floating Rate Fund-STP-IP-Growth	100	765,995	154.05	245,187	45.54
			254.05		226.50

	31.3.2016 Book Value	31.3.2016 Market Value	31.3.2015 Book Value	31.3.2015 Market Value
Aggregate amount of:-				
Quoted Investments	100.00	127.30	91.31	91.31
Unquoted Investments	154.05	-	135.19	-
	254.05		226.50	

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

\# Pledged against Short-term borrowing for ₹ 20.27 million.

NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	Long-term		Short-term	
12. LOANS AND ADVANCES	31.3.2016	31.3.2015	31.3.2016	31.3.2015
Unsecured, Considered Good				
(a) Capital Advances	4.03	23.36	-	-
(b) Security Deposits	16.82	18.79	1.00	-
(c) Loans and Advances to related parties	531.90	276.25	28.58	21.55
(d) Other Loans and Advances				
Loans to Employees	0.58	0.75	1.53	1.89
Unamortised premium on forward contracts	20.12	-	0.59	-
Balance with Central Excise and other Government Authorities	-	-	68.25	99.29
Income Tax Payments and Tax Deducted at Source less Provision	-	-	182.54	256.43
Other Advances	0.48	0.23	31.41	16.56
	573.93	319.38	313.90	395.72

13. INVENTORIES		31.3.2016		31.3.2015
(as certified by the Management)				
(a) Stores and Spare Parts etc.		58.45		59.19
(b) Raw Materials		123.10		129.29
Raw Materials in transit		30.94		109.97
(c) Finished Goods		47.97		62.55
(d) Work-in-Process		8.98		15.62
		269.44		376.62
14. TRADE RECEIVABLES				
(a) Outstanding for a period exceeding six months				
Unsecured, Considered Good		0.46		0.36
Doubtful		-		0.07
Provision for Doubtful		-		(0.07)
		0.46		0.36
(b) Others				
Unsecured, Considered Good		414.35		395.36
		414.81		395.72
15. CASH AND BANK BALANCES				
CASH AND CASH EQUIVALENTS				
(a) Cash in hand		0.40		0.29
(b) Cheques/Drafts in hand		-		0.02
(c) Balances with Scheduled Banks				
In Current Account		47.24		5.14
OTHER BANK BALANCES				
Earmarked balances with Banks (Unpaid Dividend Account)		5.05		4.77
Bank deposits with maturity more than twelve months (As security)		370.36		10.61
		423.05		20.83
16. OTHER CURRENT ASSETS				
Unsecured, Considered Good				
(a) Interest and Dividend Receivable		13.94		35.09
(b) Interest and fees Receivable from related parties		12.02		10.28
(c) Export Benefits and Claims Receivable		218.29		177.10
		244.25		222.47

NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	2015-2016		2014-2015	
17. REVENUE FROM OPERATIONS				
(a) Sale of Products				
Pentaerythritol	1,048.75		935.04	
Formaldehyde (37%)	1,320.16		1,502.30	
Hexamine	542.99		634.80	
Power Generation	37.31		33.64	
Others	218.30		200.07	
Traded Goods	17.09	3,184.60	4.86	3,310.71
(b) Other Operating Revenues				
Miscellaneous Sales	21.06		24.99	
Renewal Energy Certificate benefits	89.37		91.40	
Industrial Incentives	-		8.43	
Export benefits	2.75		5.10	
Others	-	113.18	0.09	130.01
Gross Revenue from Operations		3,297.78		3,440.72
(c) Excise Duty		328.08		333.98
Net Revenue from Operations		2,969.70		3,106.74
18. OTHER INCOME				
Interest Income				
On long term Investments	73.51		100.35	
From Others (including from Income Tax Department ₹ 25.26 million)	51.43	124.94	8.82	109.17
Dividend Income				
On long term Investments		25.15		35.50
Net gain on Sale of Investments				
On long term Investments	15.46		73.15	
On Current Investments	26.41	41.87	53.41	126.56
Rent Income		0.57		0.60
Liabilities no longer required written back		1.09		6.75
Foreign Exchange Rate Fluctuation		33.70		28.81
Other receipts		5.03		2.07
Previous Years Adjustments (Net)		0.05		-
		232.40		309.46
19. COST OF MATERIAL CONSUMED				
Raw Material consumption				
Methanol		1,317.30		1,681.31
Anhydrous Ammonia		111.25		132.62
Ethanol		189.96		180.61
Others		174.87		148.65
		1,793.38		2,143.19
20. PURCHASES				
Methanol		16.41		4.25

NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	2015-2016		2014-2015	
21. CHANGE IN INVENTORIES				
	Finished Goods	Work-in-Process	Finished Goods	Work-in-Process
Opening Stock				
Pentaerythritol	24.11	5.74	68.09	5.62
Formaldehyde (37%)	20.66	-	12.01	-
Hexamine	12.53	1.88	11.04	0.38
Others	5.25	8.00	21.87	8.38
	62.55	15.62	113.01	14.38
Closing stock				
Pentaerythritol	13.66	4.40	24.11	5.74
Formaldehyde (37%)	7.53	-	20.66	-
Hexamine	6.83	1.38	12.53	1.88
Others	19.95	3.20	5.25	8.00
	47.97	8.98	62.55	15.62
	14.58	6.64	50.46	(1.24)
Change in Excise Duty on Stocks	(1.34)	-	(5.53)	-
	13.24	6.64	44.93	(1.24)
Total	19.88		43.69	
22. EMPLOYEES BENEFIT EXPENSES				
Salaries, Wages, Bonus & Gratuity etc. (including payments to Contractors)		182.01		155.70
Contribution to Provident Fund		8.42		7.48
Welfare Expenses		15.24		13.55
		205.67		176.73
23. FINANCE COST				
Interest expense		48.18		31.79
Other borrowing Costs		1.24		1.84
Net loss on foreign currency transaction attributable as adjustment to interest cost		54.28		30.69
		103.70		64.32
24. DEPRECIATION AND AMORTIZATION				
Depreciation		183.50		186.18
Amortization		0.61		0.43
		184.11		186.61

NOTES TO FINANCIAL STATEMENTS

(₹ in million)

	2015-2016		2014-2015	
25. OTHER EXPENSES				
Consumption of Stores & Spare parts etc.		71.30		71.84
Other Manufacturing Expenses		23.66		21.05
Power & Fuel		276.79		317.06
Repairs to				
Plant & Machinery		46.95		29.73
Buildings		4.24		1.87
Others		6.84		6.06
Water Charges & Cess		17.69		17.73
Rates & Taxes		4.42		3.98
Rent		6.87		7.03
Insurance		5.84		4.82
Legal and Professional Charges		17.24		14.35
Miscellaneous Expenses		36.32		35.52
CSR Expenditure (Refer Note No. 32)		0.89		0.96
Commission & Brokerage to Others		8.56		8.52
Freight, Handling & Other Charges		39.11		51.63
Directors' Fees		1.55		1.61
Travelling Expenses (including Directors' Travelling ₹ 4.44 million) (Previous Year ₹ 4.24 million)		13.24		11.21
Charity & Donations		0.01		-
Sales Tax (net)		0.41		0.71
Payment to Auditors				
(a) Statutory Auditors				
Audit Fees	0.80		0.70	
For Certificates & Others	1.09		0.79	
For Travelling and out of pocket expenses	0.13		0.12	
(b) Cost Auditors				
Audit Fees	0.15		0.15	
For Travelling and out of pocket expenses	0.03		0.01	
(c) Tax Auditors				
Audit Fees	0.13	2.33	0.10	1.87
Directors' Remuneration		18.83		17.87
Provision for bad & doubtful Debts & Advances (net)		(0.07)		-
Unrealized Debts and Claims written off		0.56		0.71
Loss on Fixed Assets sold/discarded (Net)		1.64		2.21
Previous Years Adjustments (Net)		-		0.56
		605.22		628.90
Less: Transfer to Capital work in progress				
Power & Fuel	0.14		-	
Insurance	0.06		-	
Legal and Professional Charges	1.41		-	
Travelling Expenses	0.67	2.28	-	-
		602.94		628.90
26. EXCEPTIONAL ITEMS				
(a) Income received on settlement of old claim		-		(20.00)
(b) Depreciation		-		32.18
		-		12.18
27. EARNING PER SHARE				
(a) Net Profit available to Equity Shareholders		212.99		152.86
(b) Weighted average number of Equity Shares for EPS calculation Number of Equity Shares for Basic/Diluted EPS		43,693,333		43,693,333
(c) Earnings per Share Basic/Diluted (₹)		4.87		3.50

NOTES TO FINANCIAL STATEMENTS

(₹ in million)

		2015-2016	2014-2015
28. CONTINGENT LIABILITIES AND COMMITMENTS			
(to the extent not provided for)			
(i) Contingent Liabilities			
(a) Claims/Disputed liabilities not acknowledged as debt			
Nature of Contingent Liability	Status Indicating Uncertainties		
Demand notices issued by Central Excise Department	The matter is pending with Commissioner (A)/ CESTAT	6.60	7.52
Sales tax/VAT demands issued by assessing authority	The matter is pending with Trade Tax Tribunal (paid ₹ 0.43 million)	0.43	0.43
Income tax demands issued by DCIT	The matter is pending with CIT (Appeal)/ITAT (paid/adjusted ₹ 55.54 million)	55.54	55.96
Stamp duty on land demand by collector of Stamp	The matter is pending in the Hon'ble High Court (Paid ₹ 1.00 million)	4.19	4.19
(b) Outstanding Bank Guarantees		31.43	50.42
(c) Corporate Guarantee given to:			
(i) Export-Import Bank of India for securing loan of Kanoria Africa Textiles PLC, Ethiopia, a subsidiary company (outstanding Loan US$ 21.00 million equivalent to ₹ 1392.92 million)		1,459.32	1,377.00
(ii) Ceskoslovenska obchodni banka, a.s. for securing loan of APAG Elektronik s.r.o., Czech Republic, a subsidiary company (outstanding loan Euro 3.03 million equivalent to ₹ 227.61 million)		300.38	270.04
(ii) Commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for		67.56	128.52
Advances paid		4.03	23.36
29. C.I.F. VALUE OF IMPORTS			
Raw Materials		932.23	1,117.55
Stores and Spares		33.66	48.71
Capital Goods		4.85	0.83
30. EXPENDITURE IN FOREIGN CURRENCY (PAID/PROVIDED)			
Travelling		1.68	1.50
Finance/Bank Charges		13.62	26.33
Technical Know How		47.68	-
Professional Charges		0.95	1.18
Others		3.47	7.17
31. EARNINGS IN FOREIGN CURRENCY (Received/Accrued)			
F.O.B. Value of Exports		137.13	180.63
Interest & fee		15.37	5.08
Others		2.08	2.02
32. During the year, the Company undertook CSR activities as follows:			
Gross amount required to be spent by the Company during the year		0.59	1.01
Amount spent during the year on:			
Rural Development Project		-	0.14
Promotion of Education		0.89	0.82
		0.89	0.96

33. For the year ended 31st March, 2016, the Board of Directors of the Company have recommended dividend of ₹ 1.50 per share (Previous year ₹ 1.50 per share) to equity shareholders aggregating to ₹ 65.54 million (Previous year ₹ 65.54 million). Together with the Corporate Dividend Distribution Tax of ₹ 13.34 million (Previous year ₹ 13.10 million), the total payout will be ₹ 78.88 million (Previous year ₹ 78.64 million).

34. There are no Micro, Small & Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2016. This information is required to be disclosed under the Micro, Small & Medium enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

35. Income from Investments represent the income earned on the temporary investments for deployment in businesses in due course.

NOTES TO FINANCIAL STATEMENTS

36. SEGMENT REPORTING

(A) Primary Segment Information (by Business Segment)

(₹ in million)

Business Segment ==>	2015-2016			2014-2015		
	Alco Chemicals	Solar Power	Total	Alco Chemicals	Solar Power	Total
Segment Revenue						
Revenue from operations (net of excise)	2,843.02	126.68	2,969.70	2,981.70	125.04	3,106.74
Segment Result	210.54	43.66	254.20	2.04	52.18	54.22
Less: (i) Finance Cost			103.70			64.32
(ii) Exceptional items			-			12.18
(iii) Other Un-allocable expenditure net off Un-allocable income			(125.51)			(178.61)
Profit before Tax			276.01			156.33
Tax Expense			63.02			3.47
Net Profit:			**212.99**			**152.86**
Other Information						
Segment Assets	2,639.98	687.36	3,327.34	2,547.77	679.34	3,227.11
Un-allocable Corporate Assets			3,582.23			3,346.46
Total Assets:			**6,909.57**			**6,573.57**
Segment Liabilities	308.21	15.01	323.22	349.93	5.62	355.55
Un-allocable Corporate Liabilities			146.87			120.34
Total Liabilities:			**470.09**			**475.89**
Segment Capital Employed	2,331.77	672.35	3,004.12	2,197.84	673.72	2,871.56
Un-allocable Capital Employed			3,435.36			3,226.12
Total Capital Employed:			**6,439.48**			**6,097.68**
Capital Expenditure	366.83	0.67	367.50	47.76	1.22	48.98
Un-allocable Capital Expenditure			1.10			0.40
Total Capital Expenditure:			**368.60**			**49.38**
Depreciation & Amortization	116.92	63.04	179.96	116.89	62.88	179.77
Un-allocable Depreciation			4.15			6.84
Total Depreciation & Amortization:			**184.11**			**186.61**
"Other Non-cash expenses (included in Exceptional items)"	-	-	-	-	-	32.18

(B) Secondary Segment information

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

(C) Other Disclosures

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

At prevailing market-rate at the time of transfers.

Segment Accounting Policies

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

Type of products included in each reported business segment:

Alco Chemicals business includes Pentaerythritol, Sodium Formate, Acetaldehyde, Formaldehyde & Hexamine etc. and Solar Power business includes Power generation from Solar energy.

NOTES TO FINANCIAL STATEMENTS

37. Foreign Exchange Exposure

(i) Foreign Currency exposures that have been hedged using forward exchange contracts:

(₹ in million)

Currency	Cross Currency	31.3.2016		31.3.2015	
		Buy	Sell	Buy	Sell
USD	Indian Rupee	164.00	-	-	-
Euro	Indian Rupee	306.26	306.26	-	-

(ii) Foreign Currency exposures that have not been hedged by a derivative instrument or otherwise as at year end:

Currency	Cross Currency	31.3.2016		31.3.2015	
		Buy	Sell	Buy	Sell
USD	Indian Rupee	41.03	124.12	365.17	104.37
Euro	Indian Rupee	13.16	194.36	7.44	138.27
CHF	Indian Rupee	-	-	-	156.60
SGD	Indian Rupee	312.04	-	480.50	-
JPY	Indian Rupee	5.33	-	-	-

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

Investments made are disclosed in Note No. 11 to the Financial Statements.

Corporate Guarantees given are disclosed in Note No. 28 to the Financial Statements

Name of the Company	Relation	Nature	Purpose	31.3.2016	31.3.2015
APAG Holding AG	Subsidiary	Long Term Loans (Interest bearing)	Capital Expenditure, Working Capital and acquisition	488.12	276.22
Kanoria Africa Textiles Plc	Subsidiary	Long Term Loans (Interest bearing)	Capital Expenditure	43.79	-
Kanoria Africa Textiles Plc	Subsidiary	Pledge of shares of Kanoria Africa Textiles Plc	Borrowing by Kanoria Africa Textiles Plc from Export-Import Bank of India	705.05	534.86

39. Disclosure as required by Accounting Standard 15 (Revised) on Employee Benefits: -

In respect of Leave Encashment & Gratuity, a defined benefit scheme (based on Actuarial Valuation)-

Description	2015-2016		2014-2015	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
Change in Obligation over the year ended 31-03-2016				
- Present Value of Defined Benefit Obligation as on 01-04-2015	**11.24**	**47.28**	**9.85**	**41.54**
- Employer Service Cost	0.91	3.53	0.62	2.86
- Interest Cost	0.84	3.55	0.79	3.33
- Curtailment Cost / (Credit)	-	-	-	-
- Settlement Cost / (Credit)	-	-	-	-
- Plan Amendments	-	-	-	-
- Acquisitions	-	-	-	-
- Actuarial (gains) / losses	1.75	6.34	0.37	0.99
- Benefits paid	(0.85)	(2.60)	(0.39)	(1.44)
- Present Value of Defined Benefit Obligation as on 31-03-2016	**13.89**	**58.10**	**11.24**	**47.28**
Expenses recognized during the year 2015-16				
- Employer Expenses	0.91	3.53	0.62	2.86
- Interest Cost	0.84	3.55	0.79	3.33
- Curtailment Cost / (Credit)	-	-	-	-
- Settlement Cost / (Credit)	-	-	-	-
- Actuarial (gains) / losses	1.75	6.34	0.37	0.99
Total	**3.50**	**13.42**	**1.78**	**7.18**

Principal Actuarial Assumptions	2015-16	2014-15
Discount rate (based on the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities)	7.80%	7.50%
Salary increase (taking into account inflation, seniority, promotion and other relevant factors)	7%	7%

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

In respect of Defined contribution schemes -

The guidance notes on implementation of AS-15 (revised) issued by the ICAI states that provident fund set up by the employers, which require interest shortfall to be met by the employers, needs to be treated as defined benefit plan. The fund set up by the Company does not have existing deficit of interest shortfall. The Company contributes 12% of salary for all eligible employees towards Provident Fund managed either by approved trusts or by the Central Government. The amount debited to Profit and Loss account during the year was ₹ 8.42 million (previous year ₹ 7.48 million).

40. Related Party Disclosures

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

Name of the Related Parties	Relationship
1. Vardhan Limited	Holding Company
2. Pipri Limited 3. Kanoria Africa Textiles PLC, Ethiopia 4. APAG Holding AG, Switzerland 5. APAG Elektronik AG, Switzerland 6. APAG Elektronik s.r.o., Czech Republic 7. CoSyst Control Systems GmbH, Germany 8. APAG Elektronik LLC, USA	Subsidiary Companies
9. Mr. R. V. Kanoria - Chairman & Managing Director 10. Mr. T. D. Bahety - Whole Time Director	Key Management Personnel (KMP)
11. Mrs. M. Kanoria 12. Mr. S. V. Kanoria 13. Mr. A. V. Kanoria 14. Mrs. V. Kanoria	Relative of KMP
15. KPL International Limited	Enterprise over which KMP exercises significant influence

(ii) Transaction with related parties:

(₹ in million)

	2015-2016				2014-2015			
Nature of Transaction	Holding/ Subsidiary Companies	KMP	Relative of KMP	Enterprises over which KMP exercises significant influence	Holding/ Subsidiary Companies	KMP	Relative of KMP	Enterprises over which KMP exercise significant influence
Dividend Paid								
Vardhan Limited	39.20	-	-	-	39.20	-	-	-
Mr. R. V. Kanoria	-	0.65	-	-	-	0.65	-	-
Mrs. M. Kanoria	-	-	0.75	-	-	-	0.75	-
Mr. S. V. Kanoria	-	-	0.83	-	-	-	0.83	-
Mr. A. V. Kanoria	-	-	0.65	-	-	-	0.65	-
Mr. T. D. Bahety	-	0.01	-	-	-	0.01	-	-
Investments								
Kanoria Africa Textiles PLC	170.19	-	-	-	285.49	-	-	-
Loans & Advances Given								
Kanoria Africa Textiles PLC	57.81	-	-	-	29.24	-	-	-
APAG Holding AG	352.73	-	-	-	200.91	-	-	-
Receipt towards Loans & Advances Repayment								
Kanoria Africa Textiles PLC	7.03	-	-	-	44.66	-	-	-
APAG Holding AG	140.83	-	-	-	-	-	-	-
Interest & Fees for the year								
Kanoria Africa Textiles PLC	0.58	-	-	-	-	-	-	-
APAG Holding AG	11.82	-	-	-	3.61	-	-	-
APAG Elektronik s.r.o.	2.98	-	-	-	1.17	-	-	-
Interest & Fees Received								
APAG Holding AG	12.47	-	-	-	-	-	-	-
APAG Elektronik s.r.o.	1.17	-	-	-	-	-	-	-

Nature of Transaction	2015-2016				2014-2015			
	Holding/ Subsidiary Companies	KMP	Relative of KMP	Enterprises over which KMP exercise significant influence	Holding/ Subsidiary Companies	KMP	Relative of KMP	Enterprises over which KMP exercise significant influence
Remuneration								
Mr. R. V. Kanoria	-	12.92	-	-	-	9.47	-	-
Mr. T. D. Bahety	-	5.92	-	-	-	5.50	-	-
Mr. S. V. Kanoria	-	-	4.89	-	-	-	4.45	-
Mrs. V. Kanoria	-	-	2.37	-	-	-	2.14	-
Direcors' Fees								
Mrs. M. Kanoria	-	-	0.10	-	-	-	0.05	-
Commission Paid								
KPL International Limited	-	-	-	2.02	-	-	-	2.49
Rent received								
KPL International Limited	-	-	-	0.55	-	-	-	0.58
Rent Paid								
KPL International Limited	-	-	-	-	-	-	-	0.41
Refund of Security Deposit (net)								
KPL International Limited	-	-	-	-	-	-	-	(0.70)
Balances as at 31st March								
Investments								
Kanoria Africa Textiles PLC	705.05	-	-	-	534.86	-	-	-
APAG Holding AG	423.14	-	-	-	423.14	-	-	-
Loans & Advances								
Kanoria Africa Textiles PLC	72.36	-	-	-	21.58	-	-	-
APAG Holding AG	488.12	-	-	-	276.22	-	-	-
Interest and fees Receivable								
Kanoria Africa Textiles PLC	0.58	-	-	-	-	-	-	-
APAG Holding AG	8.46	-	-	-	9.11	-	-	-
APAG Elektronik s.r.o.	2.98	-	-	-	1.17	-	-	
Remuneration								
Mr. S. V. Kanoria	-	-	0.46	-	-	-	0.42	-
Mrs. V. Kanoria	-	-	0.23	-	-	-	0.21	-
Maximum amount outstanding during the year								
Investments								
Kanoria Africa Textiles PLC	705.05	-	-	-	534.86	-	-	-
APAG Holding AG	423.14	-	-	-	423.14	-	-	-
Loans & Advances								
Kanoria Africa Textiles PLC	72.36	-	-	-	55.70	-	-	-
APAG Holding AG	488.12	-	-	-	276.22	-	-	-

41. Consumption of Raw Materials and Spares & Components

	Consumption of Raw Materials				Consumption of Spares and Components			
	2015-2016		2014-2015		2015-2016		2014-2015	
		%		%		%		%
Imported	1,070.25	60	1,269.00	59	48.51	72	51.46	76
Indigenous	723.13	40	874.19	41	18.73	28	16.65	24
	1,793.38	100	2,143.19	100	67.24	100	68.11	100

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

Signatures to Notes 1 to 42

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

For and on behalf of the Board

AMITAV KOTHARI
Director
(DIN: 01097705)

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

RAJIV SINGHI
Partner
Membership No. 53518

Place: New Delhi
Date: 27th May 2016

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KANORIA CHEMICALS & INDUSTRIES LIMITED

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of **KANORIA CHEMICALS & INDUSTRIES LIMITED ('the Holding Company')** and its subsidiaries (collectively referred to as 'the Group') comprising of the Consolidated Balance Sheet as at 31st March 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated Financial Statement').

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2016 and their consolidated loss and their consolidated cash flows for the year ended on that date.

OTHER MATTERS

1. We did not audit the financial statements of Pipri Ltd., an Indian subsidiary, whose financial statements reflect total assets of Rs. 126.46 million as at 31st March 2016, total revenues of Rs. 11.53 million and net cash flow of Rs. 0.64 million for the year ended on that date, as considered in the consolidated financial statements. The financial statement have been audited by other auditor whose report has been furnished to us by the management, and our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

2. We did not audit the consolidated financial statement of APAG Holding AG, a foreign subsidiary, whose consolidated financial statements reflect total assets of Rs. 2,048.62 million as at 31st March 2016, total revenues of Rs. 2,682.80 million and net cash flow of Rs. 215.85 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statement have been prepared by the Management of the Company in accordance with the generally accepted accounting principles in India. Our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of this foreign subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid foreign subsidiary, is based solely on the management certifications. We have reviewed the conversion of above management certified consolidated financial statement into Indian GAAP.

3. We did not audit the financial statement of Kanoria Africa Textiles PLC, a foreign subsidiary, whose financial statements reflect total assets of Rs. 3,221.74 million as at 31st March 2016, total revenues of Rs. NIL and net cash flow of Rs. 24.77 million for the year ended on that date, as considered in the consolidated financial statements. The financial statement have been audited by other auditor as per the prevailing law of that country and has been converted by the management under Indian GAAP and our opinion on the consolidated financial statements, insofar as it relates

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

b. in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c. the consolidated balance sheet, the consolidated statement of profit and loss and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d. in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e. on the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

f. with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in Annexure 'A'; and

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. the consolidated financial statements disclose the impact of pending litigation on the consolidated financial position of the Group - Refer Note No. 28 to the consolidated financial statements;

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts; and

   iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company, incorporated in India except for Rs. 0.43 million which is held in abeyance due to pending legal cases.

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

(RAJIV SINGHI)
(Partner)
Membership No. 53518

Place : New Delhi
Date: 27th May 2016

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **KANORIA CHEMICALS & INDUSTRIES LIMITED ("the Holding Company")** and its subsidiary companies which are companies incorporated in India as of 31st March 2016 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Holding Company and its subsidiary company, which are company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

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

(RAJIV SINGHI)
(Partner)
Membership No. 53518

Place: New Delhi
Date: 27th May 2016

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2016

(₹ in million)

Particulars	Note No.	31.3.2016	31.3.2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	218.49	218.49
Reserves & Surplus	3	4,633.82	4,717.95
		4,852.31	4,936.44
Minority Interest		186.97	159.13
Non-current Liabilities			
Long-term Borrowings	4	2,650.37	1,831.07
Deferred Tax Liabilities (Net)	5	214.78	197.18
Other Long-term Liabilities	6	210.18	190.41
Long-term Provisions	7	75.87	79.78
		3,151.20	2,298.44
Current Liabilities			
Short-term Borrowings	8	1,265.32	961.16
Trade Payable			
to Micro & Small Enterprise		-	-
to Others		501.28	607.89
Other Current Liabilities	9	793.69	767.74
Short-term Provisions	7	101.22	86.91
		2,661.51	2,423.70
Total		10,851.99	9,817.71
ASSETS			
Non-current Assets			
Fixed Assets	10		
Tangible Assets		3,124.62	3,014.04
Intangible Assets		527.83	422.62
Capital Work-in-Progress		2,871.90	1,815.52
Intangible assets under development		0.75	-
		6,525.10	5,252.18
Non-current Investments	11	985.00	1,496.83
Long-term Loans & Advances	12	57.97	148.69
Current Assets			
Current Investments	11	261.14	247.50
Inventories	13	802.58	757.86
Trade Receivables	14	876.83	747.45
Cash and Bank Balances	15	559.31	347.53
Short-term Loans & Advances	12	551.26	606.91
Other Current Assets	16	232.80	212.76
		3,283.92	2,920.01
Total		10,851.99	9,817.71
Significant Accounting policies	1		

The accompanying notes are an integral part of the Financial Statements

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

For and on behalf of the Board

AMITAV KOTHARI
Director
(DIN: 01097705)

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

RAJIV SINGHI
Partner
Membership No. 53518

Place: New Delhi
Date: 27th May 2016

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31ST MARCH 2016

(₹ in million)

Particulars	Note No.	2015-2016	2014-2015
INCOME			
Revenue from Operations	17	5,651.29	5,309.38
Other Income	18	196.61	283.25
		5,847.90	5,592.63
EXPENSES			
Cost of Raw Materials Consumed	19	3,375.64	3,287.14
Purchases of Stock-in-Trade	20	16.41	4.25
Change in Inventories of finished goods and work-in-progress	21	31.30	72.63
Employees Benefit Expenses	22	967.91	745.40
Finance Costs	23	135.69	86.29
Depreciation & Amortization	24	317.25	299.18
Other Expenses	25	961.59	953.70
Total Expenses		5,805.79	5,448.59
Profit before exceptional items and Tax		42.11	144.04
Exceptional items	26	-	12.18
Profit before Tax		42.11	131.86
Tax Expense			
For earlier years		2.08	(0.96)
Current Tax		65.05	22.89
MAT credit		(14.79)	(2.66)
Deferred Tax		15.33	(10.55)
Profit before minority interest		(25.56)	123.14
Minority Interest		-	-
Profit for the year		(25.56)	123.14
Earning per Equity Share (Face Value ₹ 5 each)	27		
- Basic & Diluted (₹)		(0.58)	2.82
Significant Accounting policies	1		

The accompanying notes are an integral part of the Financial Statements

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

RAJIV SINGHI
Partner
Membership No. 53518

Place: New Delhi
Date: 27th May 2016

For and on behalf of the Board

AMITAV KOTHARI
Director
(DIN: 01097705)

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

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in million)

	2015-2016	2014-2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	42.11	131.86
Adjustments for:		
Depreciation & Amortization	317.25	299.18
Depreciation included in Exceptional item	-	32.18
Finance Costs	135.69	86.29
(Profit)/Loss on Sale of Fixed Assets (Net)	10.99	1.43
(Profit)/Loss on Sale Investments (Net)	(47.82)	(127.67)
Interest Income	(116.53)	(108.67)
Dividend Income	(27.34)	(38.66)
Foreign Currency Translation adjustment	22.59	(70.73)
Operating Profit before Working Capital changes	336.94	205.21
Adjustments for:		
Trade Receivables, Loans & Advances and Other Current Assets	(96.81)	(157.85)
Inventories	(44.71)	193.13
Trade Payables, Other liabilities & Provisions	69.44	(80.89)
Cash generated from Operations	264.86	159.60
Income Tax (Paid)/Refund (net)	20.27	(25.32)
NET CASH FROM OPERATING ACTIVITIES	285.13	134.28
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,621.81)	(2,141.36)
Sale of Fixed Assets	20.65	9.59
Loan & Advances to related party	-	0.75
Purchase of shares of subsidiary	-	(53.12)
Purchase of Investments	(3,113.48)	(2,694.67)
Sale of Investments	3,659.48	3,184.47
Fixed Deposit & Margin Money (net)	(362.19)	0.06
Interest received	137.68	99.96
Dividend received	27.34	38.66
NET CASH USED IN INVESTING ACTIVITIES	(1,252.33)	(1,555.66)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/Payments of Borrowings (net)	970.95	1,700.76
Proceeds from shares of subsidiary issued to minority shareholder	27.84	159.13
Dividend Paid (including Dividend Tax)	(78.64)	(76.68)
Finance Charges paid	(103.64)	(89.67)
NET CASH USED IN FINANCING ACTIVITIES	816.51	1,693.54
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(150.69)	272.16
CASH AND CASH EQUIVALENTS - AS AT 01.04.2015	332.15	59.99
CASH AND CASH EQUIVALENTS - AS AT 31.03.2016	181.46	332.15

Notes:

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

Cash and Bank Balances	559.31	347.53
Less: Other Bank Balances	377.85	15.38
Cash and Cash equivalents	181.46	332.15

b. Above statement has been prepared under indirect method except in case of interest, dividend and taxes which have been considered on the basis of actual movement of cash, with corresponding adjustments in assets & liabilities.

c. Additions to Fixed Assets are stated inclusive of movements of capital work in progress in between beginning and end of the year and treated as part of Investing Activities.

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

RAJIV SINGHI
Partner
Membership No. 53518
Place: New Delhi
Date: 27th May 2016

For and on behalf of the Board

AMITAV KOTHARI
Director
(DIN: 01097705)

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

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

A. PRINCIPLES OF CONSOLIDATION

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

(a) The financial statements of the company and its subsidiaries are combined on a line by line basis by adding together the book value of the like items of assets, liabilities, income and expenses, after fully eliminating inter group balances and transactions including unrealized profits/losses in period end assets. The difference between the company's cost of investments in the Subsidiaries, over its portion of equity at the time of acquisition of shares is recognized in the CFS as Goodwill or Capital Reserve as the case may be. Minority Interest's share in net profit/loss of consolidated subsidiaries for the year is adjusted against the income of the Group in order to arrive at the net income attributable to equity shareholders of the Company. Minority Interest's share in net assets of consolidated subsidiaries is presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders. Minority Interest in the consolidated financial statements is identified and recognized after taking into consideration:

(i) The amount of equity attributable to minorities at the date on which investments in a subsidiary is made.

(ii) The minorities' share of movement in equity since the date parent-subsidiary relationship came into existence.

(iii) The profits/losses attributable to the minorities are adjusted against the minority interest in the equity of the subsidiary.

(b) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are translated at the average rates prevailing during the period. Assets, liabilities and equity are translated at the closing rate. Any exchange difference arising on translation is recognized in the "Foreign Currency Translation Reserve".

(c) The CFS are prepared by using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible, are made in the CFS and are presented in the same manner as the Company's separate financial statements except otherwise stated elsewhere in this schedule.

B. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention:

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

2. Use of Estimates:

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

3. Revenue Recognition:

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

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

4. Fixed Assets:

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

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

(iii) Intangible Assets are stated at cost.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Depreciation & Amortization :

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

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

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

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

(iii) Intangible Assets, other than Goodwill on consolidation, are amortized over their estimated useful lives on straight line basis.

6. Foreign Currency Transactions :

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

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

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

7. Inventories :

Inventories are valued as under:-

Stores & Spare Parts etc.#	At Cost or net realizable value whichever is lower
Raw Materials #	At Cost or net realizable value whichever is lower
Finished Goods	At Cost or net realizable value, whichever is lower and in case of products, where cost cannot be ascertained, at net realizable value.
Work-in-Process	At Raw Material Cost and/or at cost or net realizable value, whichever is lower

The Cost has been arrived at using Weighted Average method.

8. Investments :

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

9. Employee Benefits:

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

10. Taxes on Income:

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

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

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

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

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

11. Borrowing Cost:

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

12. Impairment:

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

13. Research and Development:

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

14. Product warranty expenses

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

15. Provisions, Contingent Liabilities and Contingent Assets:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	31.3.2016	31.3.2015
2. SHARE CAPITAL		
(a) AUTHORIZED		
100,000,000 (Previous year 100,000,000) Equity Shares of ₹ 5 each	500.00	500.00
ISSUED, SUBSCRIBED AND FULLY PAID		
43,693,333 (Previous year 43,693,333) Equity Shares of ₹ 5 each	218.47	218.47
Add: Forfeited Shares (Amount paid up)	0.02	0.02
	218.49	218.49
(b) Reconciliation of number of Shares (Nos.):		
Outstanding at the beginning of the year	43,693,333	43,693,333
Outstanding at the end of the year	43,693,333	43,693,333

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

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

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

Name of the Shareholders	As at 31st March, 2016		As at 31st March, 2015	
	No. of shares	% of Holding	No. of shares	% of Holding
Vardhan Limited	26,133,872	59.81	26,133,872	59.81
R V Investment & Dealers Limited	3,210,120	7.35	3,210,120	7.35

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

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

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

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

	31.3.2016		31.3.2015	
3. RESERVES & SURPLUS				
(a) CAPITAL RESERVE				
As per last financial statements		34.17		34.17
(b) CAPITAL REDEMPTION RESERVE				
As per last financial statements		72.69		72.69
(c) SECURITIES PREMIUM ACCOUNT				
As per last financial statements		161.51		161.51
(d) SPECIAL RESERVE				
As per last financial statements	25.78		24.31	
Add: Transfer from Surplus	2.04	27.82	1.47	25.78
(e) GENERAL RESERVE				
As per last financial statements		3,627.41		3,627.41
(f) FOREIGN CURRENCY TRANSLATION RESERVE				
Adjustment for transfer of non-integral foreign operations		(63.56)		(61.22)
(g) SURPLUS				
Balance as per last Account	857.61		818.04	
Add: Foreign Currency Translation adjustment	22.65		(3.46)	
Add: As per annexed Statement of Profit & Loss	(25.56)		123.14	
	854.70		937.72	
Less:				
Proposed Dividend on Equity Shares	65.54		65.54	
Provision for Dividend Tax	13.34		13.10	
Transfer to Special Reserve	2.04		1.47	
	80.92	773.78	80.11	857.61
Total		4,633.82		4,717.95

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	Non-current		Current maturities	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
4. LONG-TERM BORROWINGS				
Term Loans				
From Banks (Secured)	2,650.37	1,831.07	368.25	520.76
Less: Amount disclosed under the head "other current liabilities" (Note no.10)	-	-	368.25	520.76
	2,650.37	1,831.07	-	-

(a) ₹ 311.28 million is secured by first charge and mortgage by deposit of title deeds of immovable properties and hypothecation of movable fixed assets of Ankleshwar & Vizag Division, both present and future, repayable in three half yearly instalments beginning from 1st June, 2016.

(b) ₹ 372.59 million is secured by fixed deposit of of ₹ 359.70 million, repayable in six half yearly instalments beginning from 29th March, 2018.

(c) ₹ 1383.11 million is secured by First pari passu charge on whole of the assets and properties of Kanoria Africa Textiles PLC, Ethiopia, repayable in thirty two quarterly instalments beginning from 1st June, 2018.

(d) ₹ 535.05 million is secured by First pari passu charge on whole of the assets and properties of Kanoria Africa Textiles PLC, Ethiopia, repayable in twenty one instalments every four months beginning from 30th April, 2016.

(e) ₹ 228.49 million is secured by Land & Buildings of APAG Elektronik s.r.o., Czech Republic, repayable in twenty nine quarterly instalments beginning from 28th June, 2016.

(f) ₹ 66.40 million is secured by Plant & Machinery of APAG Elektronik s.r.o., Czech Republic, repayable in twelve quarterly instalments beginning from 25th June, 2016.

(g) ₹ 121.70 million is secured by Plant & Machinery of APAG Elektronik s.r.o., Czech Republic, repayable in fifty seven monthly instalments beginning from 30th April, 2016.

	31.3.2016	31.3.2015
5. DEFERRED TAX LIABILITIES (NET)		
DEFERRED TAX LIABILITY		
Depreciation	239.70	217.43
DEFERRED TAX ASSETS		
Retirement Benefits	24.92	20.25
	214.78	197.18
6. OTHER LONG-TERM LIABILITIES		
Leasehold land obligation payable	185.61	188.79
Security Deposits	1.19	1.62
Derivative liabilities (Net)	22.52	-
Other liabilities	0.86	-
	210.18	190.41

7. PROVISIONS	Long-term		Short-term	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
(a) Provision for employee benefits				
For Gratuity	46.37	44.33	11.73	2.95
For Accrued Leave	29.50	35.45	10.61	5.32
(b) Proposed Dividend	-	-	65.54	65.54
(c) Dividend Tax	-	-	13.34	13.10
	75.87	79.78	101.22	86.91

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. SHORT-TERM BORROWINGS

	31.3.2016	31.3.2015
(a) Loans Repayable on Demand		
From Banks (Secured)	246.45	197.95
(Secured by inventories and trade receivables of APAG Elektronik s.r.o., Czech Republic)		
From Banks (Unsecured)	488.23	241.96
(b) Other Loans & Advances		
Buyer's Credit (Secured)	130.64	271.25
(₹ 110.37 million is secured by Pari-passu first charge by way of hypothecation of entire current assets of the Company, both present & future and ₹ 20.27 million is secured by pledge of units of mutual funds of ₹ 100.00 million)		
Commercial Paper (Unsecured)	400.00	250.00
	1,265.32	961.16

9. OTHER CURRENT LIABILITIES

(a) Current maturities of Long term debts	368.25	520.76
(b) Current maturities of Leasehold land obligation payable	5.16	-
(c) Interest accrued but not due on borrowings	33.52	1.47
(d) Unpaid Dividend *	5.05	4.77
(e) Project liabilities	94.42	85.13
(f) Customers' Credit Balances	24.53	3.76
(g) Employee related liabilities	57.00	37.41
(h) Statutory liabilities	115.62	40.54
(i) Security & Trade deposits	4.26	1.92
(j) Derivative liabilities (Net)	1.65	-
(k) Other liabilities	84.23	71.98
	793.69	767.74

* These figures does not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund except ₹ 0.43 million (previous year ₹ 0.31 million) which is held in abeyance due to legal case pending.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. FIXED ASSETS

(₹ in million)

	GROSS BLOCK						DEPRECIATION & AMORTIZATION						IMPAIRMENT				NET BLOCK	
PARTICULARS	As at 31.3.2015	Additions	Other adjustment	Foreign Currency Translation adjustment	Sales and/or adjustment	As at 31.3.2016	As at 31.3.2015	For the Year	Other adjustment	Foreign Currency Translation adjustment	Sales and/or adjustment	Up to 31.3.2016	As at 31.3.2015	For the Year	Sales and/or adjustment	Up to 31.3.2016	As at 31.3.2016	As at 31.3.2015
TANGIBLE ASSETS																		
Land & Site Development	356.97	-	-	5.13	-	362.10	-	-	-	-	-	-	-	-	-	-	362.10	356.97
Leasehold land & Site Development	259.22	-	-	2.55	-	261.77	9.98	3.27	-	0.06	-	13.31	-	-	-	-	248.46	249.24
Buildings	731.42	30.54	-	41.14	7.50	795.60	116.98	26.43	-	1.30	4.78	139.93	-	-	-	-	655.67	614.44
Plant & Machinery	3,250.53	283.46	-	49.82	186.31	3,397.50	1,546.45	208.18	-	22.61	158.51	1,618.73	17.85	-	-	17.85	1,760.92	1,686.23
Furniture & Fixtures	97.74	3.12	-	(2.42)	0.64	97.80	42.52	7.60	-	(1.76)	0.58	47.78	-	-	-	-	50.02	55.22
Vehicles and Fork Lifts	25.02	2.82	-	0.53	1.87	26.50	11.28	3.57	-	0.13	0.96	14.02	-	-	-	-	12.48	13.74
Office Equipments	92.07	22.62	-	9.01	1.71	121.99	53.87	28.78	-	6.02	1.65	87.02	-	-	-	-	34.97	38.20
	4,812.97	342.56	-	105.76	198.03	5,063.26	1,781.08	277.83	-	28.36	166.48	1,920.79	17.85	-	-	17.85	3,124.62	3,014.04
INTANGIBLE ASSETS																		
Goodwill	294.46	43.41	-	-	-	337.87	-	-	-	-	-	-	-	-	-	-	337.87	294.46
Computer Software	53.77	27.19	-	6.47	0.57	86.86	25.50	19.75	-	3.40	0.48	48.17	-	-	-	-	38.69	28.27
Product Development Cost	247.38	78.65	-	19.00	-	345.03	147.49	33.95	-	12.32	-	193.76	-	-	-	-	151.27	99.89
	595.61	149.25	-	25.47	0.57	769.76	172.99	53.70	-	15.72	0.48	241.93	-	-	-	-	527.83	422.62
	5,408.58	491.81	-	131.23	198.60	5,833.02	1,954.07	331.53	-	44.08	166.96	2,162.72	17.85	-	-	17.85	3,652.45	3,436.66
Capital Work-in-Progress																	2,871.90	1,815.52
Intangible Assets under development																	0.75	-
TOTAL																	6,525.10	5,252.18
Figures for the corresponding Previous year	5,336.15	560.09	-	(115.10)	372.56	5,408.58	2,043.35	304.58	32.18	(64.50)	361.54	1,954.07	17.85	-	-	17.85	5,252.18	

1. Depreciation for the year includes depreciation on fixed assets of Kanoria Africa Textiles PLC ₹ 5.79 million (Previous Year ₹ 5.40 million) which is transferred to capital work-in-progress.
2. Additions and Depreciation & Amortization for the year includes opening Gross Block and accumulated Depreciation & Amortization as on 1st April, 2015 of CoSyst Control Systems GmbH, a subsidiary of APAG Holding AG of ₹ 15.55 million & ₹ 8.49 million respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

		31.3.2016			31.3.2015	
	Face Value ₹	No.	Amount		No.	Amount
11. INVESTMENTS NON-CURRENT						
NON-TRADE INVESTMENTS (AT COST)						
a. INVESTMENT IN EQUITY INSTRUMENTS						
FULLY PAID UP (QUOTED)						
IFCI Ltd.	10	200	0.01		200	0.01
HDFC Bank Ltd.	2	2,500	0.01		2,500	0.01
Bank Of India	10	9,000	0.40		9,000	0.40
NMDC Limited	1	8,000	2.40		8,000	2.40
(UNQUOTED)						
Enviro Technology Ltd.	10	10,000	0.10		10,000	0.10
Bharuch Enviro Infrastructure Ltd.	10	1,400	0.01		1,400	0.01
Mittal Tower Premises Co-op. Society Ltd.(` 250)	50	5			5	
Narmada Clean Tech Limited	10	822,542	8.23		822,542	8.23
Woodlands Multispeciality Hospital Limited	10	2,180	0.02		2,180	0.02
OPGS Power Gujarat Private Limited	0.10	186,200	0.04		186,200	0.04
b. INVESTMENT IN PREFERENCE SHARES						
FULLY PAID UP (QUOTED)						
16.06% Infrastucture Leasing & Financial services Limited	7,500	4,000	50.00		4,000	50.00
c. INVESTMENT IN DEBENTURES/BONDS						
FULLY PAID UP (QUOTED)						
11.9% India Infoline Finance Limited	-	-	-		59,749	56.32
12.75% India Infoline Finance Limited	-	-	-		50,000	51.20
11.85% Shriram City Union Finance Limited	-	-	-		35,122	35.33
8.46% Rural Electrification Corporation Ltd.	-	-	-		21	20.96
8.48% Indian Railway Finance Corporation Ltd.	-	-	-		50	50.00
8.48% NTPC Limited	1,000	31,665	31.66		31,665	31.66
8.48% India Infrastructure Finance Company Limited	-	-	-		100,000	100.00
8.5% National Highway Authority of India	1,000	100,000	100.00		100,000	100.00
8.75% National Highway Authority of India	1,000	40,000	39.55		40,000	39.55
8.68% National Housing Bank	5,000	10,000	50.76		10,000	50.76
11.6% ECL Finance Limited	-	-	-		50,000	50.00
12.95% Cholamandalam Investment & Finance Company Ltd.	-	-	-		100	51.28
(UNQUOTED)						
21% Wadhwagroup Holdings Private Limited	-	-	-		440	10.79
d. INVESTMENT IN MUTUAL FUNDS (QUOTED)						
ICICI Prudential FMP Sr.69-1821 Days Plan I-Comulative	10	5,000,000	50.00		5,000,000	50.00
ICICI Prudential FMP Sr.69-372 Days PLK Regular-Comulative	10	300,000	3.40		300,000	3.40
HDFC FMP 1846 Days-Sr.27-Regular-Growth	10	5,000,000	50.00		5,000,000	50.00
HDFC FMP 1846 Days-Sr.27-Regular-Growth	10	5,000,000	50.00	#	5,000,000	50.00
HDFC FMP 3360 Days-Sr.30-Regular-Growth	10	5,000,000	50.00	#	5,000,000	50.00
L&T FMP-VII (April 1124 DA)-Growth	-	-	-		5,000,000	50.00
BSL Fixed Term Plan-Series IP (980 days)-Growth	-	-	-		5,000,000	50.00
JP Morgan India FMP Sr.23-Regular-Growth	10	400,000	4.00		400,000	4.00
(UNQUOTED)						
Reliance Equity Opportunities Fund-Dividend Reinvest	10	99,095	2.50		99,095	2.50
Reliance Vision Fund-Dividend	10	90,879	4.00		841,389	37.40
Reliance Dynamic Bond Fund-Growth	10	635,272	10.00		635,272	10.00
ICICI Prudential Value Discovery Fund-Dividend Reinvest	10	1,330,148	36.10		1,231,903	33.32
ICICI Focus Bluechip Equity Fund-Regular Dividend	-	-	-		2,061,990	44.21
ICICI Prudential Dynamic Fund-Regular-Dividend	-	-	-		279,023	4.50
ICICI Prudential Regular Income Fund	10	845,255	12.00		-	-
Franklin India Govt. Security Fund-Long-Growth	10	372,394	10.00		372,394	10.00
Franklin India Bluechip Fund-Dividend	10	262,533	10.00		-	-
HDFC Mid-Cap Opportunities Fund-Dividend Reinvest	10	131,527	2.00		131,527	2.00
HDFC Small & Mid Cap Fund - Dividend Reinvest	-	-	-		1,660,874	30.53

(₹ in million)

		31.3.2016		31.3.2015	
	Face Value ₹	No.	Amount	No.	Amount
HDFC Equity Fund - Dividend Reinvest	-	-	-	615,855	33.08
IDFC Sterling Equity Fund-Regular-Dividend	-	-	-	298,742	4.00
IDFC Dynamic Bond Fund-Growth	10	372,926	5.00	372,926	5.00
Templeton India Growth Fund - Dividend	10	184,955	10.00	-	-
e. **INVESTMENT IN ALTERNATIVE INVESTMENT FUNDS (UNQUOTED)**					
IIFL Real Estate Fund (Domestic) Sr.1	16	485,955	7.76	485,955	31.22
IIFL Real Estate Fund (Domestic) Sr.2	10	9,313,812	99.27	1,426,966	15.00
IIFL Real Estate Fund (Domestic) Sr.3	10	10,000,000	100.00		
IIFL Income Opportunities Fund	1	9,936,715	14.47	9,936,715	100.10
IIFL Income Opportunities Fund Series-Special Situations	10	4,776,976	50.00	2,721,410	27.50
IIFL Seed Venture Fund	10	681,300	6.81	-	-
ICICI Prudential Real Estate AIF-II	100	373,935	37.50	-	-
Chiratae Trust	100,000	20	2.00	-	-
f. **INVESTMENT IN EQUITY FUNDS (UNQUOTED)**					
IIFL Assets Revival Fund	-	-	-	3,865,706	40.00
IIFL Assets Revival Fund - II	10	2,500,000	25.00	4,922,035	50.00
IIFL National Development Agenda Fund	10	4,922,035	50.00	-	-
			985.00		1,496.83

	31.3.2016		31.3.2015	
	Book Value	Market Value	Book Value	Market Value
Aggregate amount of:-				
Quoted Investments	482.19	566.04	997.28	1,112.08
Unquoted Investments	502.81	-	499.55	-
	985.00		1,496.83	

		31.3.2016		31.3.2015	
CURRENT	Face Value ₹	No.	Amount	No.	Amount
a. INVESTMENT IN PREFERENCE SHARES FULLY PAID UP (QUOTED)					
8.75% L&T Finance Holdings Limited	-	-	-	913,130	91.31
b. INVESTMENT IN DEBENTURES/BONDS FULLY PAID UP (UNQUOTED)					
19% Shambhavi Realty Private Limited	-	-	-	500	34.98
21% Wadhwagroup Holdings Private Limited	-	-	-	440	36.67
18% Eldeco Sohna Project Ltd.	-	-	-	6	18.00
c. INVESTMENT IN MUTUAL FUNDS (QUOTED)					
L&T FMP-VII (April 1124 DA)-Growth	10	5,000,000	50.00	-	-
BSL Fixed Term Plan-Series IP (980 days)-Growth	10	5,000,000	50.00	-	-
(UNQUOTED)					
BSL Floating Rate Fund-STP-IP-Growth	100	765,995	154.05	245,187	45.54
Franklin India Ultra Short Bond Fund-SuperIns.-Growth	10	365,265	7.09	1,188,382	21.00
			261.14		247.50

	31.3.2016		31.3.2015	
	Book Value	Market Value	Book Value	Market Value
Aggregate amount of:-				
Quoted Investments	100.00	127.30	91.31	91.31
Unquoted Investments	161.14	-	156.19	-
	261.14		247.50	

Pledged against Short-term borrowing for ₹ 20.27 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	Long-term		Short-term	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
12. LOANS AND ADVANCES				
Unsecured, Considered Good				
(a) Capital Advances	19.96	115.31	-	-
(b) Security Deposits	16.82	18.79	5.67	5.95
(c) Other Loans and Advances				
Loans to Others	-	13.61	-	-
Loans to Employees	0.58	0.75	4.34	5.12
Unamortised premium on forward contracts	20.12	-	0.59	-
Balance with Central Excise and other Government Authorities	-	-	239.68	248.09
Income Tax Payments and Tax Deducted at Source less Provision	-	-	182.36	254.97
Other Advances	0.49	0.23	118.62	92.78
	57.97	148.69	551.26	606.91

	31.3.2016	31.3.2015
13. INVENTORIES		
(as certified by the Management)		
(a) Stores and Spare Parts etc.	59.62	59.55
(b) Raw Materials	428.80	433.05
Raw Materials in transit	30.94	109.97
(c) Finished Goods (including trial-run stock)	145.58	93.16
(d) Work-in-Process (including trial-run stock)	137.64	62.13
	802.58	757.86
14. TRADE RECEIVABLES		
(a) Outstanding for a period exceeding six months		
Unsecured, Considered Good	0.46	0.36
Doubtful	-	0.07
Provision for Doubtful/litigation	-	(0.07)
	0.46	0.36
(b) Others		
Unsecured, Considered Good	876.37	747.09
Doubtful	10.46	9.00
Provision for Doubtful	(10.46)	(9.00)
	876.37	747.09
	876.83	747.45
15. CASH AND BANK BALANCES		
CASH AND CASH EQUIVALENTS		
(a) Cash in hand	3.25	3.22
(b) Cheques/Drafts in hand	-	0.02
(c) Balances with Scheduled Banks		
In Current Account	178.21	328.91
OTHER BANK BALANCES		
Earmarked balances with Banks (Unpaid Dividend Account)	5.05	4.77
In Margin Money Account	2.44	-
Bank deposits with maturity more than twelve months (As security)	370.36	10.61
	559.31	347.53
16. OTHER CURRENT ASSETS		
Unsecured, Considered Good		
(a) Interest and Dividend Receivable	14.51	35.66
(b) Export Benefits and Claims Receivable	218.29	177.10
	232.80	212.76

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	2015-2016		2014-2015	
17. REVENUE FROM OPERATIONS				
(a) Sale of Products				
Pentaerythritol	1,048.75		935.04	
Formaldehyde(37%)	1,320.16		1,502.30	
Hexamine	542.99		634.80	
Power Generation	37.31		33.64	
Electronic & Mechatronic Modules etc.	2,679.18		2,201.32	
Textile	168.42		-	
Others	218.30		200.07	
Traded Goods	17.09		4.86	
	6,032.20		5,512.03	
Less: Transfer to capital work in progress	168.42	5,863.78	-	5,512.03
(b) Other Operating Revenues				
Miscellaneous Sales	21.78		26.31	
Renewal Energy Certificate benefits	89.37		91.40	
Industrial Incentives	-		8.43	
Export benefits	2.76		5.10	
Others	1.68	115.59	0.09	131.33
Gross Revenue from Operations		5,979.37		5,643.36
(c) Excise Duty		328.08		333.98
Net Revenue from Operations		5,651.29		5,309.38
18. OTHER INCOME				
Interest Income				
On long term Investments	76.91		103.75	
From Others	39.62	116.53	4.92	108.67
Dividend Income				
On long term Investments		27.34		38.66
Net gain/(loss) on Sale of Investments				
On long term Investments	18.97		72.97	
On Current Investments	28.85	47.82	54.70	127.67
Rent Income		0.57		0.60
Liabilities no longer required written back		1.09		6.75
Other receipts		3.26		0.90
		196.61		283.25
19. COST OF MATERIAL CONSUMED				
Raw Material consumption				
Methanol		1,317.30		1,681.31
Anhydrous Ammonia		111.25		132.62
Ethanol		189.96		180.61
PCBs & Components etc.		1,533.07		1,143.95
Cotton etc.		161.27		-
Others		224.06		148.65
		3,536.91		3,287.14
Less: Transfer to capital work in progress		161.27		-
		3,375.64		3,287.14
20. PURCHASES				
Methanol		16.41		4.25

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	2015-2016		2014-2015	
21. CHANGE IN INVENTORIES				
Opening Stock	Finished Goods	Work-in-Process	Finished Goods	Work-in-Process
Pentaerythritol	24.11	5.74	68.09	5.62
Formaldehyde (37%)	20.66	-	12.01	-
Hexamine	12.53	1.88	11.03	0.38
Electronic & Mechatronic Modules etc.	30.61	46.52	29.21	79.51
Others	5.25	8.00	21.87	8.38
	93.16	62.14	142.21	93.89
On acquisition	-	57.31	-	-
	93.16	119.45	142.21	93.89
Closing stock				
Pentaerythritol	13.66	4.40	24.11	5.74
Formaldehyde (37%)	7.53	-	20.66	-
Hexamine	6.83	1.38	12.53	1.88
Electronic & Mechatronic Modules etc.	54.87	78.81	30.61	46.52
Others	19.95	3.20	5.25	8.00
	102.84	87.79	93.16	62.14
	(9.68)	31.66	49.05	31.75
Foreign Currency Translation adjustment	10.66	-	(2.64)	-
Change in Excise Duty on Stocks	(1.34)	-	(5.53)	-
	(0.36)	31.66	40.88	31.75
Total	31.30		72.63	
22. EMPLOYEES BENEFIT EXPENSES				
Salaries, Wages, Bonus & Gratuity etc. (including payments to Contractors)		989.26		655.02
Contribution to Provident Fund		117.69		27.18
Welfare Expenses		63.60		83.35
		1,170.55		765.55
Less: Transfer to capital work in progress		202.64		20.15
		967.91		745.40
23. FINANCE COST				
Interest expense		199.80		76.91
Other borrowing Costs		12.50		7.68
Net loss on foreign currency transaction attributable as adjustment to interest cost		54.28		30.69
		266.58		115.28
Less: Transfer to capital work in progress		130.89		28.99
		135.69		86.29
24. DEPRECIATION AND AMORTIZATION				
Depreciation		257.68		259.54
Amortization		65.36		45.04
		323.04		304.58
Less: Transfer to capital work in progress		5.79		5.40
		317.25		299.18

(₹ in million)

	2015-2016		2014-2015	
25. OTHER EXPENSES				
Consumption of Stores & Spare parts etc.		71.30		91.31
Other Manufacturing Expenses		123.03		105.03
Power & Fuel		305.01		328.40
Repairs to				
Plant & Machinery		62.99		40.98
Buildings		6.36		2.49
Others		18.16		6.06
Water Charges & Cess		17.69		17.73
Rates & Taxes		5.75		3.98
Rent		41.72		48.87
Insurance		21.13		12.89
Legal and Professional Charges		88.84		83.79
Research & Development Expenses		12.41		47.24
Miscellaneous Expenses		141.48		126.39
CSR Expenditure		0.89		0.96
Foreign Exchange Rate Fluctuation		38.49		36.12
Commission & Brokerage to Others		9.19		8.66
Freight, Handling & Other Charges		80.40		63.71
Directors' Fees		1.55		1.61
Travelling Expenses (including Directors' Travelling ₹ 4.44 million) (Previous Year ₹ 4.63 million)		79.91		53.75
Charity & Donations		0.01		-
Sales Tax (net)		0.41		0.71
Payment to Auditors				
(a) Statutory Auditors				
Audit Fees	3.36		2.04	
For Certificates & Others	1.11		0.80	
For Travelling and out of pocket expenses	0.13		0.12	
(b) Cost Auditors				
Audit Fees	0.15		0.16	
For Travelling and out of pocket expenses	0.03		0.01	
(c) Tax Auditors				
Audit Fees	0.13	4.91	0.10	3.23
Directors' Remuneration		18.83		17.87
Provision for bad & doubtful Debts & Advances (net)		0.35		1.19
Unrealized Debts and Claims written off		3.15		0.71
Loss on Fixed Assets sold/discarded (Net)		10.99		1.43
Previous Years Adjustments (Net)		4.35		0.57
		1,169.30		1,105.68
Less: Transfer to Capital work in progress				
Other Manufacturing Expenses	5.29		-	
Power & Fuel	12.73		-	
Repairs to Others	0.46		-	
Rates & Taxes	0.02		-	
Rent	1.46		8.17	
Insurance premium	2.42		1.83	
Legal & Professional Charges	36.43		51.31	
Research & Development Expenses	-		38.93	
Miscellaneous expenses	31.56		17.25	
Foreign Exchange Rate Fluctuation	70.42		15.50	
Commission & Brokerage to Others	0.63		0.13	
Freight, Handling & Other Charges	11.73		-	
Travelling expenses	32.15		18.86	
Audit Fees	0.32		-	
Unrealized Debts and Claims written off	2.09	207.71	-	151.98
		961.59		953.70

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	2015-2016	2014-2015
26. EXCEPTIONAL ITEMS		
(a) Income received on settlement of old claim	-	(20.00)
(b) Depreciation	-	32.18
	-	12.18
27. EARNINGS PER SHARE		
(a) Net Profit available to Equity Shareholders	(25.56)	123.14
(b) Weighted average number of Equity Shares for EPS calculation		
Number of Equity Shares for Basic/Diluted EPS	43,693,333	43,693,333
(c) Earnings per Share		
Basic/Diluted (₹)	(0.58)	2.82
28. CONTINGENT LIABILITIES AND COMMITMENTS		
(to the extent not provided for)		
(i) Contingent Liabilities		
(a) Claims/Disputed liabilities not acknowledged as debt (paid ₹ 56.97 million)	66.76	68.10
(b) Outstanding Bank Guarantees	31.43	50.42
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	83.49	386.51
Advances paid	19.96	115.31

29. For the year ended 31st March, 2016, the Board of Directors of the Company have recommended dividend of ₹ 1.50 per share (Previous year ₹ 1.50 per share) to equity shareholders aggregating to ₹ 65.54 million (Previous year ₹ 65.54 million). Together with the Corporate Dividend Distribution Tax of ₹ 13.34 million (Previous year ₹ 13.10 million), the total payout will be ₹ 78.88 million (Previous year ₹ 78.64 million).

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

Name of the Company	Relationship	Country of Incorporation	Ownership Interest	
			2015-2016	2014-2015
Pipri Limited	Subsidiary	India	100.00%	100.00%
Kanoria Africa Textiles PLC	Subsidiary	Ethiopia	78.68%	76.49%
APAG Holding AG	Subsidiary	Switzerland	100.00%	100.00%

For the purpose of consolidation, the consolidated financial statements of APAG Holding AG reflecting consolidation of following entities as at 31st March, 2016 prepared in accordance with Swiss Standard on the Limited Review (PS 910) have been restated, where considered material, to comply with Generally Accepted Accounting Principles in India. Disclosures in respect of these foreign subsidiaries are given to the extent of available information.

Name of the Company	Relationship	Country of Incorporation	Ownership Interest	
			2015-2016	2014-2015
APAG Elektronik AG	Subsidiary	Switzerland	100%	100%
APAG Elektronik s.r.o.	Subsidiary	Czech Republic	100%	100%
CoSyst Control Systems GmbH	Subsidiary	Germany	100%	-
APAG Elektronik LLC	Subsidiary	US	100%	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31. Salient Features of Financial Statements of Subsidiary Companies for the year ended 31st March, 2016, pursuant to Companies Act, 2013

(₹ in million)

Name of Subsidiaries ==>	Pipri Limited	Kanoria Africa Textiles PLc#	APAG Holding AG (Consolidated)
Country of incorporation ==>	India	Ethiopia	Switzerland
Repoting Currency ==>	INR	ETB	CHF
Exchange Rate as on 31.3.2016 ==>		₹ 3.0830	₹ 69.0821
(a) Share Capital	46.51	877.13	20.72
(b) Reserves & Surplus	79.70	-	(132.75)
(c) Total Assets	126.46	3,221.74	2,048.62
(d) Total Liabilities	0.25	2,344.61	2,160.65
(e) Investments*	124.45	-	-
(f) Turnover	11.53	-	2,682.80
(g) Profit/(Loss) before Taxation	11.34	-	(245.25)
(h) Provision for Taxation	1.15	-	3.50
(i) Profit/(Loss) after Taxation	10.19	-	(248.75)
(j) Proposed Dividend	-	-	-
(k) % of Shareholding	100.00%	78.68%	100.00%

* Excluding Investment in Subsidiaries.

\# Kanoria Africa Textiles Plc is yet to commence commercial production.

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

Name of Enterprise	Net assets i.e. Total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ in million)	As % of consolidated profit or loss	Amount (₹ in million)
Parent Kanoria Chemicals & Industries Limited	70.98%	3,576.68	775.57%	198.21
Subsidiaries **Indian** Pipri Limited	2.50%	126.21	39.89%	10.19
Foreign Kanoria Africa Textiles PLC APAG Holding AG (Consolidated)	15.14% 7.67%	763.09 386.33	0.00% -915.46%	- (233.96)
Minority interest in all subsidiaries	3.71%	186.97	0.00%	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

33. SEGMENT REPORTING

(A) Primary Segment Information (by Business Segment)

(₹ in million)

Business Segment ==>	2015-2016						2014-2015					
	Alco Chemicals	Solar Power	Electronic Automotive	Textile	Others	Total	Alco Chemicals	Solar Power	Electronic Automotive	Textile	Others	Total
Segment Revenue												
Revenue from operations (net of excise)	2,843.02	126.68	2,681.59	-	-	5,651.29	2,981.70	125.04	2,202.64	-	-	5,309.38
Segment Result	210.54	43.66	(213.25)	-	11.34	52.29	2.04	52.18	(10.01)	-	7.51	51.72
Less:(i) Finance Cost						135.69						86.29
(ii) Exceptional items						-						12.18
(iii) Other Un-allocable expenditure net off Un-allocable income						(125.51)						(178.61)
Profit before Tax						42.11						131.86
Tax Expense						67.67						8.72
Net Profit:						**(25.56)**						**123.14**
Other Information												
Segment Assets	2,639.98	687.36	2,048.62	3,221.74	126.28	8,723.98	2,547.77	679.34	1,817.82	2,308.35	116.06	7,469.34
Un-allocable Corporate Assets						2,128.01						2,348.37
Total Assets:						**10,851.99**						**9,817.71**
Segment Liabilities	308.21	15.01	501.88	382.98	0.07	1,208.15	349.93	5.62	394.63	350.52	0.04	1,100.74
Un-allocable Corporate Liabilities						105.84						111.23
Total Liabilities:						**1,313.99**						**1,211.97**
Segment Capital Employed	2,331.77	672.35	1,546.73	2,838.77	126.21	7,515.83	2,197.84	673.72	1,423.19	1,957.83	116.02	6,368.60
Un-allocable Capital Employed						2,022.17						2,237.14
Total Capital Employed:						**9,538.00**						**8,605.74**
Capital Expenditure	366.83	0.67	269.68	910.66	-	1,547.84	47.76	1.22	473.78	1,673.08	-	2,195.84
Un-allocable Capital Expenditure						1.10						35.01
Total Capital Expenditure:						**1,548.94**						**2,230.85**
Depreciation & Amortization	116.92	63.04	133.14	-	-	313.10	-	116.89	62.88	112.57	-	292.34
Un-allocable Depreciation						4.15						6.84
Total Depreciation:						**317.25**						**299.18**
"Other Non-cash expenses (included in Exceptional items)"	-	-	-	-	-	-	-	-	-	-	-	32.18

(B) Secondary Segment information (by Geographical demarcation)

Geographical Segment ==>	2015-2016			2014-2015		
	India	Rest of the World	Total	India	Rest of the World	Total
Segment Revenue	2,820.79	2,830.50	5,651.29	2,924.09	2,385.29	5,309.38
Segment Assets	5,529.39	5,322.60	10,851.99	5,606.69	4,211.02	9,817.71
Segment Liabilities	403.04	910.95	1,313.99	366.04	845.93	1,211.97
Capital Expenditure	368.60	1,180.34	1,548.94	83.99	2,146.86	2,230.85

(C) Other Disclosures

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

At prevailing market-rate at the time of transfers.

Segment Accounting Policies

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

Type of products included in each reported business segment:

Alco Chemicals business includes Pentaerythritol, Sodium Formate, Acetaldehyde, Formaldehyde & Hexamine etc., Solar Power business includes Power generation from Solar energy, Textile business includes yarn & denim manufacturing, Electronic Automotive business includes electronic & mechatronic modules etc and others includes Financial Activities & others.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

34. RELATED PARTY DISCLOSURES

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

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

(ii) Transaction with related parties: (₹ in million)

	2015-2016				2014-2015			
Nature of Transaction	Holding Company	Key Management Personnel	Relative of Key Management Personnel	Enterprises over which Key Management Personnel exercises significant influence	Holding Company	Key Management Personnel	Relative of Key Management Personnel	Enterprises over which Key Management Personnel exercises significant influence
Remuneration	-	18.83	18.38	-	-	14.97	17.51	-
Directors' Fees	-	-	0.10	-	-	-	0.05	-
Dividend Paid	39.20	0.66	2.23	-	39.20	0.66	2.23	-
Purchases of Raw Material	-	-	-	7.05	-	-	-	67.04
Purchases of Fixed Assets	-	-	-	77.24	-	-	-	146.05
Other Services	-	-	-	1.33	-	-	-	-
Commission Paid	-	-	-	2.02	-	-	-	2.49
Rent received	-	-	-	0.55	-	-	-	0.58
Rent Paid	-	-	-	-	-	-	-	0.41
Refund of Security Deposit (net)	-	-	-	-	-	-	-	(0.70)
Balances as at 31st March								
Remuneration	-	-	0.69	-	-	-	0.63	-
Creditor	-	-	-	0.67	-	-	-	91.13

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

Signatures to Notes 1 to 35

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

RAJIV SINGHI
Partner
Membership No. 53518
Place: New Delhi
Date: 27th May 2016

For and on behalf of the Board

AMITAV KOTHARI
Director
(DIN: 01097705)

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

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary