

31st

**ANNUAL REPORT
2012-2013**



NOBLE EXPLOCHEM LTD.

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**BOARD OF DIRECTORS**

- **Tikamchand. Kothari**
Chairman and Executive Director

- **Rameshchand. Kothari**
Managing Director

- **Mahavir Dhanecha**
Director

- **Rajesh Joshi**
Director

- **Shyam Sundar Sharma**
Director

- **Vijay Kumar Jain**
Director

Auditors

Amar Bafna & Associates
Chartered Accountants
Mumbai

Bankers

HDFC Bank
State Bank of India
Bank of India
Shikshak Sahakari Bank Ltd

Registered office

54/B, SHREE TOWER,
SHANKAR NAGAR (EAST),
W. H. C ROAD, NAGPUR 440010
MAHARAHSTRA

Works

At Village Hingni
Taluka- Seloo, Dist.- Wardha
Maharashtra



NOTICE

Notice is hereby given that the Thirty First Annual General Meeting of the members of Noble Explochem Limited will be held at 54/B, Shree Towers, West High Court Road, Shankar Nagar, Nagpur – 440010 on the Friday the 20th September 2013 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013 and the Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Reports thereon.
2. To appoint Director in place of Shri Vijay Kumar Jain, who will retire by rotation in this Annual General meeting and being eligible for reappointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and other applicable provisions if any, of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956, and as approved by the remuneration committee and subject to the approval of members in General Meeting of the Company, the appointment of Shri Tikamchand Kothari as Chairman and Executive Director of the Company for a period of three years with effect from January 01, 2013 be and is hereby approved with liberty to the Board of Directors of the Company (the "Board") to alter, vary and modify the terms and conditions of the said appointment in such manner as may be agreed to between the Board and Shri T. C. Kothari.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the Company during Shri T. C. Kothari's term of office as chairman and Executive Director the remuneration payable to him shall be as per the minimum salary prescribed in Schedule XIII of the Act and that he shall be entitled to all other benefits and perquisites as set out in the Explanatory statement annexed to this Notice as the minimum remuneration.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, matters, deeds and things and to take such steps as expedient or desirable to give effect to this Resolution".

5. To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and other applicable provision if any, of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956, and subject to the approval of members in general meeting and as approved by the remuneration committee the appointment of Shri Ramesh Kothari as Managing Director of the Company for a period of three years with effect from January 01, 2013 be and is hereby approved with liberty to the Board of Directors of the Company (the "Board") to alter, vary and modify the terms and conditions of the said appointment in such manner as may be agreed to between the Board and Shri Ramesh Kothari.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the Company during Shri Ramesh Kothari's term of office as Managing Director the remuneration payable to him shall be as per the minimum salary prescribed in Schedule XIII of the Act and that he shall be entitled to all other benefits and perquisites as set out in the Explanatory statement annexed to this Notice as the minimum remuneration.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, matters, deeds and things and to take such steps as expedient or desirable to give effect to this Resolution"

Explanatory Statement under Section 173(2) of the Companies Act, 1956

Item No. 4 & 5

The Board of Directors of the Company (the "Board") at its meeting held on 14th February 2013 approved the appointment of Shri Tikamchand. Kothari as Chairman & Whole Time Director with the designation as Chairman and Executive Director and Shri Rammeshchand Kothari as Managing Director of the Company for a period of three years with effect from January 1, 2013. The appointments of Shri Tikamchand. Kothari as Chairman and Executive Director and Shri Rameshchand Kothari, the remuneration payable to them on their appointments are subject to the approval of the Members of the



Company. The material terms of his appointment as referred to in the Resolution at Item No. 4 & 5 of the accompanying Notice are as follows :-

- a) **SALARY:**

Tikamchand Kothari	: Rs. 25,000/- per month
Rameshchand Kothari	: Rs. 25,000/- per month
- b) **COMMISSION:** Commission on the net profits of the Company computed in the manner laid down in Section 349 of the Companies Act, 1956, as may be fixed by the Board of Directors subject to the ceiling limits laid down in Section 198 and 309 of the Companies Act, 1956.
- c) **PERQUISITES:** In addition to the aforesaid salary and commission, the Chairman and Executive Director and Managing Director shall be entitled to the following perquisites:
 - (i) Free furnished residential accommodation or House Rent Allowance, House Maintenance allowance together with utilities thereof such as gas, electricity, water, furnishings, repairs, servants, salaries, society charges and property taxes as may be approved by the Board of Directors.
 - (ii) Reimbursement of medical expenses incurred for self and family and medical accident insurance.
 - (iii) Leave travel concession for self and family once in a year in accordance with the rules of the Company or as may be agreed to by the Board of Directors.
 - (iv) Fees of clubs/annual membership fees for professional bodies.
 - (v) Personal accident insurance premium.

For the purposes of the above ceilings perquisites shall be evaluated as per the Income tax Rules wherever applicable. In the absence of any such Rules, perquisites will be evaluated at actual costs.

Where in any financial year during the currency of the tenure of the appointees, the Company has made no profits or its profits are inadequate, the Company shall pay to the appointees the above salary and perquisites except commission subject to the ceiling limits prescribed in Section II 1 (B) of Part II of Schedule XIII of the Companies Act, 1956.

- d) The Chairman and Executive Director and the Managing Director shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above:
 1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 2. Gratuity payable at a rate not exceeding half a month salary for each completed year of service.
 3. Earned privilege leave at a rate of one month's leave for every eleven months of service. The Chairman and Executive Director shall be entitled to encash leave at the end of his tenure as Chairman and Executive Director.
 4. Provision of cars and telephones at the residence of the Chairman and Executive Director shall not be treated as perquisites.

Other Terms:

The appointees shall be entitled to reimbursement of actual expenses on entertainment and traveling incurred in the course of the Company's business.

Either party shall be entitled to terminate the Appointment by giving the other party 180 days notice in writing without showing any cause.



Additional information required to be given alongwith a Notice calling General Meeting as per sub para (B) of para 1 of Section II of Part II of Schedule XIII of the Companies Act, 1956 is given hereunder:

I. General Information:					
(1) Nature of industry	Manufacturers of Explosives, Chemicals and Horticulture				
(2) Date or expected date of commencement of commercial production	The Company has been in the business for many years				
(3) In case of new companies, expected date commencement of activities as per project proved by financial institutions appearing in the prospectus.	Not Applicable				
(4) Financial performance based on given indicators	2007-08	2008-09	2009-10	2010-11	2011-12
	(Rs. in lacs)				
Turnover	00	00	00	00	00
Net profit /(Loss) (as computed under section 198)	(1069.66)	(1019.01)	153.26	(1361.48)	(101.05)
Net profit/ (Loss) as per profit and loss account	(1069.66)	(1019.01)	153.26	(1361.48)	(101.05)
Amount of Dividend paid	00	00	00	00	00
Rate of Dividend declared	00	00	00	00	00
Earning before interest, depreciation & taxes	(5.56)	(5.30)	0.80	(7.08)	(0.53)
% of EBIDT to turnover	00	00	00	00	00
(5) Export performance and net foreign exchange collaborations	2007-08	2008-09	2009-10	2010-11	2011-12
	00	00	00	00	00
(6) Foreign investments or collaborators, if any.	NIL				



II. Information about the appointee:		
(1) Background details		
Name	Shri Tikamchand Kothari	Shri Rameshchand Kothari
Designation	Chairman and Executive Director	Managing Director
Father's Name	Bhimraj Kothari	Bhimraj Kothari
Nationality	Indian	Indian
Date of Birth	01/11/1950	01/03/1954
Qualification	M Com. C. A.	B. Com.
Experience	28 years Experience in mould Labels and Packaging and 8 years in explosive and chemicals	24 years experience in the field of explosive trading
(2) Past remuneration		The consolidated remuneration paid/to be paid to appointees in the financial year 2011 -2012 was Rs. 0.25 Lacs per month.
(3) Recognition or awards		NIL
(4) Job profile and his suitability		<p>The appointees shall be responsible for the management of the whole of the affairs of the Company and to do all acts and things, which, in the ordinary course of business, he considers necessary or proper or in the interest of the Company.</p> <p>Considering the above and having regard to age, qualifications, ability and experience and looking to the business requirement the proposed remuneration is in the interest of the Company.</p>
(5) Remuneration proposed		A gross remuneration of Rs. 25,000/ - Per Month based on monetary value of perquisites plus yearly increments, including Performance Incentive.
(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w. r. t. the country of his origin)		Compared to the remuneration with respect to the industry, size of the Company etc. the remuneration proposed to be paid to Shri Tikamchand Kothari and Rameshchand Kothari is very low.
(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.		The appointees are the Promoters of the Company and relative of each other.
III. Other information:		
(1) Reasons of loss or inadequate profits		Due to shortage of Raw Material, in -adequate fund availability and workers' unrest.
(2) Steps taken or proposed to be taken for improvement		Management has taken steps to come over the present situation by arrangement of Finance and settlement of problems of the workers
(3) Expected increase in productivity and profits in measurable terms.		It is expected that, the company will make up all the accumulated losses and earns the profit by the end of March 2017

**IV. Disclosures:**

The remuneration package of Shri Tikamchand. Kothari and Shri Rameshchand Kothari and other details such as remuneration, service contract, notice period etc. have been disclosed above and also in the Corporate Governance Report. The Company does not have any scheme for grant of stock options.

The Board recommends your approval to the said appointment.

Shri Tikamchand. Kothari is concerned or interested in the resolution as it relates to his own appointment. Shri Ramesh Kothari being relative of Shri Tikamchand Kothari is also interested in the said resolution.

Shri Rameshchand Kothari is concerned or interested in the resolution as it relates to his own appointment. Shri Tikamchand Kothari being relative of Shri Rameshchand Kothari is also interested in the said resolution.

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
2. The instrument appointing a proxy should be deposited at the registered office of the company not less than forty eight hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday the 19th September 2013 to Friday the 20th September 2013 (both days inclusive).
4. Members are requested to notify promptly any change in their addresses to the Company's Registrars and Share Transfer Agents, Satellite Corporate Services Private Limited, B-302, Sony Apartment, Opp. St. Jude's High School, Off Andheri Kurla Road, Jarimari, Sakinaka, Mumbai - 400 053.

Place: Nagpur
Date: 13th August 2013

By order of the Board
T. C. Kothari
Chairman and Executive Director

Registered Office:
54/B, SHREE TOWER,
SHANKAR NAGAR (EAST),
WEST HIGH COURT ROAD, NAGPUR 440010
MAHARASHTRA



DIRECTORS' REPORT

To
The Members

The Directors present herewith the Thirty First Annual Report together with the Statement of Accounts for the year ended 31st March, 2013

(Rs. in Lakhs)

PARTICULARS	2011 – 2012	2012 – 2013
Income:		
Other Income	2.24	24.18
Less: Expenses	99.19	89.00
Gross Profit/(Loss) before depreciation/Interest and Tax	(96.95)	(64.82)
Less : Interest and Finance Charges	4.10	11.18
Profit/ (loss) before Tax	(101.05)	(76.00)
Add/Less: prior period adjustment	0	0
Less : Extra Ordinary Items	0	0
Less: Provision for Income tax /Def. Tax release	-	-
Net Profit/(Loss) for the year	(101.05)	(76.00)
Add: Balance brought forward from previous year	(7174.54)	(7275.59)
Profit/(loss) carried to Balance sheet	(7275.59)	(7351.59)

DIVIDEND

In view of losses no dividend is proposed for the year under report.

OPERATIONS:

The production activity of the Company continues to remain suspended with the result there is total stagnation of the operation. The Hon'ble Board for Industrial and Financial Reconstruction (BIFR) had declared the Company as sick on 14th July, 2011. The IDBI Bank - Operating Agency appointed by BIFR had submitted the Draft Rehabilitation Scheme. The Scheme is under process and final Scheme is awaited.

DIRECTORS

During the year under review there was no change in the Board of Directors of the Company.

Shri Vijay Kumar Jain, Director, retires by rotation at the General Body Meeting and being eligible offers himself for re-appointment. The Directors recommends re-appointment of Shri Vijay Kumar Jain. Brief resume of the appointee Director is given in the section on Corporate Governance in the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

We hereby state:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the annual accounts on a going concern basis.

**PARTICULARS OF EMPLOYEES:**

The Company does not have any employee whose particulars are required to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

As required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, conservation of energy, technology absorption and foreign exchange earnings and outgo are nil as there were no operation during the year under review.

LISTING:

The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE). The company has paid the Annual Listing Fees for the year 2013-14.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement with the Stock Exchange, Reports on Management Discussion & Analysis and on Corporate Governance along with a certificate from the Auditors and CEO / CFO are attached hereto and form part of this report.

AUDITORS:

M/s Amar Bafna & Associates, Mumbai, were appointed as Statutory Auditors of the Company in the last Annual General Meeting of the Company. Their term end on the conclusion of this Annual General Meeting. The Board of Directors proposed to re-appoint the same auditors for the financial year 2013-14. The Company has received the consent letter from the Auditors in this behalf. You are requested to appoint Auditors and to fix their remuneration.

Auditor's Report

Auditors' Report is self explanatory and need not requires the separate explanation. The Auditors had qualified his report on some of the points such as

1. The Company's operations have been suspended since December, 2006. The Company has incurred losses during past several years and the company's net worth has been completely eroded. In view of this, we are unable to comment whether the company can be considered as a 'Going Concern' and whether its assets would be adequate to meet its liabilities.

The Company is declared as Sick unit by the Board for Industrial and Financials Reconstruction (BIFR) vide their order dated 22nd July 2011. Draft Rehabilitation Scheme is already filled by Industrial Development Bank of India (IDBI), operating agency and the same is pending for consideration before Board for Industrial and Financials Reconstruction (BIFR). We are unable to comment on impact of rehabilitation package on attached financial statements as the same is not ascertainable.

2. As explained in Note No. 22 of Notes to Accounts the expenses / liabilities aggregating Rs. 89.07 lacs for the year 2012-2013 have not been provided due to which current year loss and accumulated losses are under stated by Rs. 89.07 Lacs.
3. As explained in Note No. 25 of Notes to Accounts, calls in arrears under paid-up share capital is unreconciled to the extent of Rs. 2.25 Lacs.
4. As explained in Note No. 27 of Notes to Accounts, no provision has been made for loans and advances amounting to Rs. 109.63 lacs, which are prima facie doubtful of recovery and in our opinion current year's loss and accumulated losses of the company are under stated by provision of such doubtful advances.
5. The Company has not provided the depreciation amounting to Rs. 106.18 Lacs for the year under audit and Rs. 364.77 Lacs for earlier years; due to which current year loss, accumulated losses are under stated by Rs. 470.95 Lacs and tangible assets are overstated by Rs. 470.95 Lacs.

On this point the Board submit the following explanation:

1. The Company's operations have been suspended due to shortage of raw material, labour unrest,