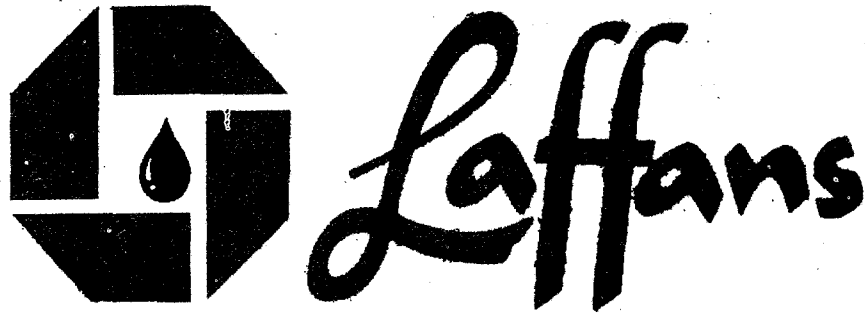


16th
ANNUAL REPORT



PETROCHEMICALS LIMITED

(AN ISO 9001:2000 COMPANY)

2008-2009

BOARD OF DIRECTORS

Shri Prem Seth	Chairman - Emeritus
Shri Sandeep Seth	Managing Director
Shri Sanjay Seth	Director
Shri Ambalal C. Patel	Director
Shri Nivedan Bharadwaj	Director
Shri P.P. Joshi	Director - Operations

AUDITORS

S.M. Kapoor & CO.

BANKERS

Indian Overseas Bank
HDFC Bank Ltd
Punjab National Bank

CORPORATE OFFICE

10 Luthra Industrial Premises
Ground Floor, Andheri Kurla Road
Safed Pool, Mumbai 400072

REGISTERED OFFICE

Plot No.321, GIDC Panoli, Tal Ankleshwar
Dist. Bharuch, Gujarat Pin.394116

REGISTRARS & TRANSFER AGENTS

Big Share Services Pvt. Ltd
E-2 Ansa Industrial Estate
Saki Vihar Road, Saki Naka
Andheri (East) Mumbai 400072.
Tel: 28470652/28475207

NOTICE

Notice is hereby given that an Extra Ordinary General Meeting of the members of Laffans Petrochemicals Ltd., will be held on 26th September, 2009, immediately after the Annual General Meeting being held on the same day at 3.00 p.m. at the Regd. Office of the Company situated at Plot No.321,GIDC, Panoli, Tal. Ankleshwar, Dist. Bharuch, Gujarat to transact the following business.

1. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

RESOLVED THAT pursuant to the provisions of Sections 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Authorised Share Capital of the Company of Rs.8,00,00,000 (Rupees eight crore) divided into 80,00,000 (eighty lac) equity shares of Rs.10 (Rupees ten) each be and is hereby increased to Rs.11,00,00,000 (Rupees eleven crore) by addition of Rs 3,00,00,000 (Three crore) divided in to 30,00,000 (Thirty lac) Equity Shares of Rs.10/-

RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing clause V thereof by the following clause V:

"V. The Authorised Share Capital of the Company is Rs.11,00,00,000 (Rupees eleven crore) divided into 1,10,00,000 (one crore ten lac) equity shares of Rs.10 (Rupees ten) each. The said Capital may be increased, consolidated, decreased or divided in accordance with the regulations of the Company and legislative provisions for the time being in force in that behalf.

RESOLVED FURTHER THAT for the purpose of giving effect to the resolution the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions as it may in its absolute discretion deem necessary and to settle any question that may arise in this regard.

2. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.

RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the existing Articles of Association of the Company be and is hereby altered by substituting the existing Articles 3 with the following Article.

- "3. The authorized Share Capital of the Company is Rs. 11,00,00,000 (Rupees eleven crores) divided into 1,10,00,000 (One crore ten lacs) Equity Shares of Rs.10/- (Rupewes ten) each.

RESOLVED FURTHER THAT for the purpose of giving effect to the resolution the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions as my be in its absolute discretion deem necessary and to settle any question that may arise in this regard.

By order of the Board

Mumbai
Dated: 31st August 2009

Sandeep Seth
Managing Director

Notes:

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of herself/himself and the proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the registered office of the company not later than 48 hours before the commencement of the Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956.**Item 1 & 2**

The Company in order to meet its growth objects and to strengthen its financial position, may be required to generate long term resources through issue of securities. It is therefore deemed appropriate to increase the Authorised Share Capital of the Company from Rs.8 crores to Rs,11 Crores and for that purpose the Memorandum of Association and the Articles of Association of the Company are proposed to be suitably altered as set out at item No.1 & 2.

The Provisions of the Companies Act, 1956 require the Company to seek the approval of the Members for increase in the Authorised Share Capital and for the alteration of capital clause of the Memorandum of Association and the Articles of Association of the Company.

The Board of Directors accordingly recommend the resolution set out at Item Nos. 1 & 2 of the accompanying notice for the approval of the Members. None of the Directors of the Company is, in any way, concerned or interested in the said resolutions.

By order of the Board

Mumbai
Dated: 31st August 2009

Sandeep Seth
Managing Director



LAFFANS PETROCHEMICALS LIMITED

(Regd. Office: Plot No.321, G.I.D.C., Panoli, Tal. Ankleshwar, Dist. Bharuch)

ATTENDANCE SLIP

Folio No.: _____ No. of Shares held: _____

Name of the Member/Proxy attending the meeting _____

Address: _____

Full name of the sole/First-Joint Shareholder: _____

Address: _____

I hereby record my presence at the Extra Ordinary General Meeting of the Company held on Saturday the 26th September, 2009 immediately after the Annual General Meeting at the registered office of the company situated at Plot No.321, D.I.D.C. Panoli, Tal. Ankleshwar, Dist. Bharuch, Gujarat.

Shareholder's / Proxy Signature: _____

Proxy's full name: _____

(in block letters)

Notes: Please fill in this attendance slip and hand it over at the entrance of the Hall



LAFFANS PETROCHEMICALS LIMITED

(Regd. Office: Plot No.321, G.I.D.C., Panoli, Tal. Ankleshwar, Dist. Bharuch)

FORM OF PROXY

I/We _____ of _____

_____ being Member/Members of LAFFANS

PETROCHEMICALS LIMITED do hereby appoint Mr./Mrs/Miss _____

_____ of _____ or failing him/her/

Mr./Mrs./Miss _____ of _____ as my/our

proxy to vote for me/us on my/our behalf at the Extra Ordinary General of the Company to be held on Saturday the 26th September, 2009 immediately after the Annual General Meeting and at any adjournment thereof.

Signed this _____ day of _____ September 2009

Regd. Folio No. : _____

No. of Shares : _____

**Affix
a Re.1
Revenue
Stamp**

Signature of the member across the stamp

NOTE:

Proxies must be deposited at the Registered Office of the Company not less than 48 hours before the scheduled time for holding the meeting.

NOTICE

Notice is hereby given that the sixteenth Annual General Meeting of the members of Laffans Petrochemicals Limited will be held on 26th September, 2009 at 3.00 P.M. at the registered office of the company situated at Plot No.321 G.I.D.C. Panoli, Tal. Ankleshwar, Dist. Bharuch, Gujarat to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March 2009, the Balance Sheet as on that date and Report of the Directors and Auditors thereon.
2. To appoint Mr. Prakash P. Joshi, Director, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint M/s. S.M. Kapoor & Co., Chartered Accountants as statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration..

SPECIAL BUSINESS:

4. Revision of Remuneration to Managing Director:

To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary Resolution.

RESOLVED THAT consent of the members be and is hereby accorded to partial modification of remuneration package of Mr. Sandeep Seth, Managing Director, as modified by the Board at their meeting held on 30th January 2009 with effect from 1st January 2009 subject to the provisions of Section 198; 269, 309, 310 read with Schedule XIII and other application provisions, if any, of the Companies Act, 1956, including any statutory modifications or reenactment.:

By order of the Board

For **LAFFANS PETROCHEMICALS LTD.**

SANDEEP SETH

Managing Director

Place: Mumbai

Date: 8th July, 2009.

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. Proxies in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer books of the Company Shall remain closed from 22nd to 26th September 2009 (both days inclusive)
4. Share holders seeking any information with regard to accounts are requested to write to the Company early so as to enable the management to keep the information ready.

Your company has upgraded its production facilities, installed balancing equipments, for almost all of its product lines to meet the increased demand of its local and global customers. Your company has laid special emphasis on safety as it continues to be the largest buyer of Ethylene Oxide in India.

EXPORTS DIVISION :

Laffans has identified Exports as a key feature for growth drive. Your company started focusing on export market as India was looked upon as major competitive markets for sourcing of products among BRIC countries.

Exports of goods was started with the objective to earn the valuable Foreign exchange for the country which would further lead to increase profitability to company. Your company earned foreign exchange equal to Rs.1915.55 lacs during the year under review. Your company is aiming to increase the export from the present 10% to 20% of turnover within the next three years through the following:

1. Value creation and volume creation, will bring it's full force into play in terms of organisation, technology, finance, synergy and specialisation
2. Manufacturer of quality products with ongoing innovations and R & D
3. Preferred choice of target clients through timely delivery, transparent commercial environment and automated pre-defined processes.
4. Applying cost effective manufacturing processes and thus ensuring optimal utilization of manpower, money, material, machines and minutes (time).
5. Value addition to all stakeholders viz., customers, employees, suppliers, investors and society at large through consistent growth, positive attitude and readiness to invest resources, skills, stake and welfare. Exports driven by the company's ability to provide cost effective, quality products responsible for substantial growth in sales.

The figure represents our exports marketing globally .

Region	Sales Value (Rs /Lacs)	% Share
South East Asia	361.77	19%
Neighboring countries	187.14	10%
Middle east	828.30	43%
Africa	240.32	13%
Europe	63.70	3%
USA /Latin America	234.32	12%

THEIC (Tris Hydroxyl ethyl isocynurate) is one of major product which Laffans has started exporting to some of the large customers in Europe, Turkey, SouthEast Asia, USA and Latin America.

FOREIGN COLLABORATION

Your company achieved a major milestone by establishing a commercial and manufacturing alliance with global U.S major Huntsman Chemicals to share know how, expertise and resources for specialty chemicals. The agreement was inked after detailed plant visits. Audits were conducted by the Huntsman global teams in areas of EHS, Process, Plant design and flexibility, reliability of feed stock, technical capability and ability to manufacture products as per Huntsman International standards. The collaboration is a significant step to expand our presence in the critical Asia Pacific region and to build support for key global Huntsman customers. The planned technology transfer will include specialty nonionic surfactants, glycol ethers and amines for a wide range of markets including Agrochemicals, Household, Personnel care, Oil& Gas and Brake fluids. The parties intend to use this agreement to advance a potential joint venture for the manufacture of EOD Products for sale in India by leveraging on Laffans

capabilities in manufacturing and raw material sourcing and Huntsman's capabilities in commercial infrastructure, product range, branding, product approvals, technology and manufacturing processes. The licensing agreement grants a royalty free license under Huntsman EOD Technology to make licensed products in India.

FINANCE:

The finance of your Company was under pressure. However, no additional finance was sought during the financial year thereby avoiding High interest cost

FIXED ASSETS:

The Company has added fixed asset of Rs.643.86 lacks during the year and the net block at 31st March 2009 stood at Rs.2847.10 lacks. The addition of fixed asset has gone in for expansion and manufacture of value added products as stated in our last Report. The full result of this expansion will be reflected in the years to come.

IN HOUSE RESEARCH AND DEVELOPMENT:

Your company has in-house research facility to make new products and also expand the application of products to new areas. The association with Huntsman Chemicals further enhance the research and development activities of the company and to add new and value added products to its range of products. The products of the company are well accepted even in overseas market and the company could earn foreign exchange equal to Rs.1915.55 lacks during the year under review.

DIVIDEND:

The Board, after a careful review of the need for funds for expansion and creating balancing equipment to debottle the production facilities without heavy interest burden to the company, decided to skip payment of dividend for 2008-09. The members will appreciate that through a planned financing of the expansion through plough back the shareholders wealth is enhanced in the long run.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Prakash P. Joshi retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment at the ensuing Annual General Meeting.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956 as inserted vide The Companies (Amendment) Act 2000 the Directors of the Company hereby confirm that:

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

CORPORATE GOVERNANCE:

A separate report on corporate Governance is attached as a part of the Annual Report.

DEPOSITORY SYSTEM:

Equity Shares of the company were dematerialized from 21st November 2000 as mandated by the Securities & Exchange Board of India (SEBI). As on 31st March 2009 equity shares representing 70.75% of the Equity Capital have been dematerialized. The ISIN number allotted to the Company is INE919B01011.

AUDITORS:

The Statutory Auditors of the company M/s S.M. Kapoor & Company, Chartered Accountants retire at the ensuing Annual General Meeting of the Company and are eligible for reappointment.

AUDITORS REPORT:

The observations made in the Auditor's Report are self explanatory and therefore do not call for any further comments.

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956.

Since no employee is receiving remuneration in excess of limit specified under the provisions of section 217(2A) of the Companies Act, 1956, read with companies (Particulars of Employees) Rules 1975, statement of Particulars of the Employees do not form part of the report.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

Information pursuant to section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is annexed and forms part of the report.

Company is implementing ISO 14001.

PERSONNEL:

Industrial relations in the Plant were very cordial through out the year. The Board wish to place on record its appreciation of the sincere and hard work put by the employees at all level as a team and making a significant contribution for the successful working of the Company..

ACKNOWLEDGEMENTS:

Yours Directors acknowledge with gratitude the co-operation and assistance given by the Central & State Governments, Financial Institutions/Bankers, Project Consultants, and Suppliers etc. for effective working of the Company.

Place: Mumbai

Date: 8th July 2009

For & on behalf of the Board of Directors

Sandeep Seth

Managing Director

Sanjay Seth

Director

ANNEXURE TO THE DIRECTORS' REPORT**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988.****1. CONSERVATION OF ENERGY:**

The company has taken several measures for conservation of energy under its modernization programmes that has resulted in lower unit of electricity consumption per ton of products.

FORM A**A, Disclosure of particulars in respect of Conservation of Energy consumption.**

1. ELECTRICITY	2008-09	2007-08
Units (in thousands)	5884.05	3888.90
Total amount (Rs. in lacs)	328.84	192.25
Rate/Unit	5.58	4.94
2. OIL/DIESEL		
Consumed Unit	6264	3059.00
Total amount (Rs. in lacs)	2.22	1.13
Average rate (per liter) Rs.	35.50	37.00
3. GAS		
Consumed Units (in thousand kgs)	5041.81	4592.28
Internal Generation	Nil	Nil
Total amount	668.33	476.79

FORM B**II Technology absorption, adoption and innovation.****1. Research and Development**

The company is now catering to emulsifiers for Agrochemicals Industry. It is expanding its presence by introduction of new products. The tie up with Huntsman Chemicals to manufacture value added specialty chemicals further expand the scope of in house research. The company has absorbed technology for manufacture of products based on propylene oxide where the demand is expected to grow.

III Foreign exchange earnings and outgoings:

Foreign Exchange Earnings were Rs.1915.55 lacs (previous year Rs.1837.71 lacs) Foreign Exchange Outgoings were Rs.21.75 lacs (previous year Rs.1.40 lac)

Place: Mumbai
Dated: 8th July 2009

For & on behalf of the Board of Directors
Sandeep Seth **Sanjay Seth**
Managing Director Director

DECLARATION

The Board has laid down a code of conduct for all Board Members and Senior Management personnel of the Company. The Board Members and Senior Management personnel have affirmed compliance with the code of conduct.

For Laffans Petrochemicals Ltd
Sandeep Seth
Managing Director

ED/CFO CERTIFICATION

The Managing Director, appointed in terms of the Companies Act, 1956, certifies to the Board that:

- a) The Financial Statements and the Cash Flow Statement for the period have been reviewed and to the best of my knowledge and belief are true and fair view of the company's affairs.
- b) To the best of my knowledge and belief, no transactions entered are fraudulent, illegal or violate the Company's code of Conduct.
- c) I accept the responsibility of establishing and maintaining internal controls for the financial report and that I have evaluated the effectiveness, disclosing the deficiencies to the Auditors and the Audit Committee and taken steps or proposed to take steps to rectify these deficiencies.
- d) I indicated to the Auditors and the Audit Committee:
 - i) Significant changes in the internal Control Process during the period.
 - ii) Significant changes in Accounting Policies
 - iii) Instances of significant fraud of which I have become aware.

This statement is in accordance with the fact that the Board including the Audit Committee shall provide the necessary superintendence and control over the Managing Director.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review the company remained committed to maximizing its synergies and enhancing the corporate and product awareness which indirectly enhance the share holder value.

The Company has achieved gross sale of Rs.20792.85 lacs, during the year 2008-09 as compared to Rs.20214.47 lacs for the previous year. The company has entered international market and earned foreign exchange worth Rs.1915.55 lacs during the year as compared to Rs.1837.71 lacs for the previous year.

Profit before tax for the current year was Rs.925.17 lacs as compared to Rs.450.08 lacs for the previous year. The strict vigilance on the cost has enabled the company to post higher profit for the year despite overall decline in market due to global meltdown. The current ratio is 3.27 which compare very favourably with the Industry norms.

Your company has entered into an alliance with Huntsman Chemicals for manufacture and marketing of value added specialty chemicals using Laffans manufacturing facility. This will enhance the capability of the company and its reputation in the international market which in turn will improve upon the profitability and its contribution to the nation building by enhancing the overall operating efficiency and improving the share holder value.

REPORT ON CORPORATE GOVERNANCE

(Pursuant to the provisions of Listing Agreements entered into with the Stock Exchanges)

A. MANDATORY REQUIREMENTS:

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Your Company is committed to good corporate governance and strives to attain the highest levels of transparency, accountability, fairness and equity in all facts of operations.

All operations are committed to enhance shareholder's value over a sustained period of time.

2. BOARD OF DIRECTORS:

Composition of Board:

Your company has an optimum number and combination of Directors on the Board. The strength of Board

is 5 with 3 non-executive and 2 independent directors. Thus 60% members of the Board are Non-executive which is in compliance with the stipulation.

Directors:	Executive/Non-Executive /Independent	No. of outside Directorship
Mr. Sandeep Seth	Executive	One
Mr. Sanjay Seth	Non-Executive	One
Mr. Ambalal Chhitabhai Patel Independent	Eight	
Mr. Nivedan Bhardwaj	Independent	Five
Mr. P.P. Joshi	Executive	Nil

Board Meeting:

The Board of the Company met 5 times during the year i.e. on 21.04.08, 30.06.08, 30.07.08, 24.10.08, and 30.01.09. The maximum interval between any two Board Meetings was not more than 4 months and at least one meeting was held in every quarter of the financial year. The Board meetings are generally held at its company's corporate office in Mumbai.

Attendance of Directors:

Details of attendance of each Director at the Board Meeting and the last Annual General Meeting are as follows:

Director	Held	No. of meetings Attended	Attendance at the last AGM
Mr. Sandeep-Seth	5	5	Yes
Mr. Sanjay Seth	5	5	Yes
Mr. Ambalal C. Patel	5	4	Yes
Mr. Nivedan Bharadwaj	5	2	No
Mr. P.P. Joshi	5	5	Yes

Details of Directors being appointed/re-appointed.

Mr. Prakash P. Joshi is due to retire by rotation, being eligible, seek reappointment. Mr. Joshi is B.Chem and is designated as Director Operations. His presence on the Board help the company on the smooth operation of the Plant as he has substantial experience in the line of operation of the Company and was also associated with the company for setting up the Plant and further expansion. He devotes his full time for the company and has no other directorship. His continued association with the company is in the best interest of the company

3. COMMITTEE OF DIRECTORS:

A. Audit Committee:

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges. The terms of reference of the Committee are wide enough covering the matters specified for audit committee under the listing agreement. During the year 4 meetings were held on 21.04.08, 30.07.08, 24.10.08 and 30.01.09 and the attendance of each member is as given below:

Name of Director	No. of meetings attended
Mr. Sanjay Seth	4
Mr. Ambalal C. Patel	4
Mr. Nivedan Bharadwaj	2

B Shareholders' Grievance Committee:

The Share holder's grievance committee comprises of Mr. Sanjay Seth as Chairman being non executive Director and Mr. Sandeep Seth, Managing Director. The committee is entrusted with the same powers and scope as prescribed under clause 49 of the Listing Agreement under corporate governance.

C Share Transfer Committee:

The Share Transfer Committee comprises of Managing Director , Mr. Sandeep Seth and 1 non executive Director namely Mr. Sanjay Seth Committee meet every 15 days or as may be required to take on record share transfer received form shareholders in physical mode.

4. DIRECTORS INTEREST IN THE COMPANY;

Details of remuneration to all Directors for the year ended 31st March, 2009.

Director	Sitting fees	Salary Rs.	Perks Rs.	Commission Rs.	Total
Mr. Sandeep Seth	nil	890100	229211	nil	1119311
Mr. Sanjay Seth	nil	nil	nil	nil	nil
Mr. Ambalal C.Patel	nil	nil	nil	nil	nil
Mr. Nivedan Bharadwaj	nil	nil	nil	nil	nil
Mr. P.P. Joshi	nil	423000	32888		455888

SHARES HELD BY THE DIRECTORS: 31.03.2009

Name of Director	No. of shares held	% of holding
Sandeep Seth	1278418	15.90
Sanjay Seth	127000	1.58

5. INFORMATION PLACED BEFORE THE BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

The following information is regularly placed before the Board of Directors Quarterly results of the Company. Information on recruitment and remuneration of senior officials just below the Board level. Material communication from Government bodies. Fatal or serious accidents, dangerous occurrences, any material effluents, pollution problems and Labour relations. Material transaction which are not in the ordinary course of business. Disclosures by the management of material transactions, if any, with potential for conflict of interest. Compliances with all regulatory and statutory requirements.

6. GENERAL MEETING:

The last 3 years Annual General Meetings were held as under:

Year	Location	Date	Time
2004-06	Plot No.321, G.I.D.C Panoli Ankleshwar, Dist.Bharuch, Gujarat	31.07.2006	2.30 p.m.
2006-07	Plot No.321, G.I.D.C Panoli Ankleshwar, Dist.Bharuch, Gujarat	28.09.2007	2.30 p.m.
2007-08	Plot No.321, G.I.D.C Panoli Ankleshwar, Dist.Bharuch, Gujarat	27.09.2008	3.00 p.m.

No Special Resolution is being put through postal ballot as there is no such business that statutorily required voting through postal ballot in ensuring AGM.

The transactions with related parties were undertaken in the normal course of business and were at terms and conditions, which were not prejudicial to the interest of the company and consent of members was accorded wherever required.

7. MEANS OF COMMUNICATION:

Recommendation	Compliance
Quarterly Results –whether published	Yes
Whether it also displays official news releases and presentation made to institutional investors/analysts	No.
Whether shareholders' information section forms part of the Annual Report.	Yes

8. GENERAL SHARE HOLDERS INFORMATION:

All the required information is furnished here below:

Financial calendar:

Financial report for the quarter ending 30.06.2008	30.07.08
Financial report for the quarter ending 30.09.2008	24.10.08
Financial report for the quarter ending 31.12.2008	30.01.09
Financial report for the quarter ending 31.03.2009	25.04.09

Listing of Equity Shares on Stock Exchanges at : Vadodara, Ahmedabad, Delhi & Bombay Stock Exchanges. Necessary resolution has been passed for delisting from Delhi & Ahmedabad Stock Exchanges. Fresh application submitted to Delhi Stock Exchange. Ahmedabad Stock Exchange has been informed of the resolution. No further action is taken as the Exchange has not suggested any further action..

Status of listing fee : Paid for Bombay Stock Exchange

Depositories

- i) National Securities Depository Ltd
4th Floor, Trade World Kamala Mills
Compound, Lower Parel,
Mumbai 400013 Tel: 91-22-24972964-70
Fax: 91-22-24972993
- ii) Central Depository Services(India) Limited.
P. J. Towers 20th floor, Dalal Street,
Mumbai 400023
Tel: 91-22-22721234/33
Fax: 91-22-22722061/41/39

Registrar & Transfer Agents

(Share transfer and communication regarding share certificates, dividends change of address etc. be sent to this address)

: Bigshare Services Pvt. Ltd.
E-2 Ansa Industrial Estate,
Sakivihar Road, Saki Naka
Andheri (E) Mumbai 400072

Stock Code:

Bombay Stock Exchange Ltd

: BSE Code-524522

Share Transfer system

: Share transfer forms are registered within 15 days from date of receipt, if documents are clear in all respects. The total number of Shares transferred during the period 1st April 2008 to 31st March 2009 was 1561500.

Dematerialization

Your Company has entered into an Agreement with the National Securities Depository Ltd. for dematerialization of your company's securities in accordance with the provisions of the Depositories Act 1996. The Securities & Exchange Board of India (SEBI) mandated trading in shares in demand form for all investors from 25.09.2000 onwards. As on 31st March 2009, 5660490 Shares representing 70.75% were held in dematerialized form

Complaints received during the period

	Received	Cleared
a) Complaints from investors	4	4
b) Letters received from Stock Exchange/SEBI	6	5

Distribution of Shareholding as on 31st March 2009.

No. of shares	No. of shareholders (Shares of Rs.10/-)	% of shareholders	No. of share held	% of total
Upto 5000	4391	80.24	1132157	14.15
5001 – 10000	671	12.26	572257	7.15
10001 – 20000	220	4.01	357194	4.47
20001 – 30000	45	0.82	122563	1.53
30001 – 40000	27	0.50	97279	1.21
40001 – 50000	40	0.73	190133	2.38
50001 – 100000	45	0.82	325006	4.06
100001 & above	34	0.62	5203411	65.05

Categories of shareholders as on 31st March 2009.

Category	No. of shares	Voting strength (%)
Promoter, Relatives & Associates	4369868	54.62
Public	3314514	41.43
NRI/FII/OCBs	33344	0.41
FIs/MFs	10800	0.14
Body Corporates	266866	3.34
Others – Clearing members	4608	0.06
Total	8000000	100.00

Compliance Officer

Mr. Sandeep Seth
 Managing Director
 Laffans Petrochemicals Ltd.
 Corporate Office
 10 Luthra Industrial Premises Andheri
 Kurla Road
 Safed Pool, Andheri (E)
 Mumbai 400072
 Tel: 28511919/28511918
 Fax: 28513186

B Non Mandatory requirements:

Non Executive Chairman should be Entitled to maintain a Chairman's office at Company's expenses and also allowed reimbursement of expenses incurred in performance of his duties.

The Board has not appointed any one as Chairman. The Managing Director is usually elected as Chairman at each meeting. Hence there is no Separate office of Chairman.

Remuneration Committee

Since formation of remuneration Committee is non mandatory under Clause 49 of the listing agreement The company has not formed a Remuneration Committee. The Board periodically reviews the remuneration package and revises wherever necessary.

Shareholders Right

The half year declaration of financial Performance including the summary of Significant events in last six months Should be sent to each shareholder

As the company's half year results are published in an English Newspaper and in Gujarati Newspaper, the same are not sent to the shareholders of the company.

CERTIFICATE

To:

The Members of Laffans Petrochemicals Ltd

We have examined the compliance of conditions of corporate governance by Laffans Petrochemicals Ltd. for the period ended 31st March, 2009 as stipulated in clause 49 of the listing Agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per record maintained by the Shareholder's/Investor's Grievance Committee.

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

FOR S.M. KAPOOR & Co.
Chartered Accountants

Place: Mumbai
Date: 8th July, 2009

Shekar Gupta
PARTNER.

AUDITOR'S REPORT

To the Members of **Laffans Petrochemicals Ltd.**

1. We have audited the attached Balance Sheet of M/s **Laffans Petrochemicals Ltd.** as on 31st March, 2009 and also the Profit & Loss Account of the Company and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act 1956, we give in the enclosure a statement on the matters specified in paragraph 4 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - (c) The Balance Sheet, Profit & Loss Account and the cash flow statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Profit & Loss Account and cash flow statement dealt with by the report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, except AS 15 regarding provision for gratuity, which has been provided on estimate basis.
 - (e) On the basis of the written representation received from the directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon, subject to note "S" regarding provision for gratuity on estimate basis, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2009;
 - (ii) in the case of Profit & Loss Account of the **Profit** for the year ended on that date.
 - (iii) in the case of the cash flow statement for the year ended on that date.

FOR S.M. KAPOOR & CO.
CHARTERED ACCOUNTANTS
(Shekhar Gupta)
Partner
Membership No. 15622

Place: Mumbai
Date : 8th July, 2009

Re: Laffans Petrochemicals Ltd.

(Referred to in paragraph 3 of our report of even date)

- (i) The nature of the Company's business/activities during the period is such that clauses (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the period ended.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has physically verified certain assets during the period in accordance with a programme of verification, which in our opinion provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanations given to no material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, the Company has not made any substantial disposals during the period.
- (iii) In respect of its Inventories:
 - (a) As explained to us, inventories were physically verified during the period by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical

verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.

- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) Since the company has not taken or granted loan from or to companies, firms or other parties covered under register maintained u/s 301 of the Companies Act, 1956, clause no. (iii) of para (4) is not applicable.
- (v) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanation given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (vi) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956;
- (a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered into the register have been so entered.
- (b) According to the information and explanations given to us, there is no transaction in excess of Rs. 5 lakhs in respect of any party and hence the question of reasonable prices in respect of such transactions regards to the prevailing market prices does not arise.
- (vii) In our opinion and according to the information and explanation given to us, the company has not accepted deposits from the public as per section 58A and 58AA of the Act.
- (viii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (ix) According to information and explanation given to us, the maintenance of cost records has been prescribed by the Central Government under clause (d) of sub section (1) of section 209 but the same are not maintained.
- (x) According to the information and explanations given to us in respect of statutory and other dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities during the period outstanding for more than six months as at the last day of the financial year.
- (b) The company does not have any disputed amount in respect of income tax, sales tax, custom duty etc., except excise duty of Rs.75,000, against which appeal is pending.
- (xi) According to the information and explanations given to us, the company does not have accumulated losses at the end of the financial year. Further, the company has not incurred cash losses in the current year as well as in the immediate preceding financial year.
- (xii) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks.
- (xiii) According to information and explanations given to us, the company has not granted any loan and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) With respect to investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. Also the shares and other securities have been held by the company in its own name.
- (xv) In our opinion and according to the information and explanation given to us, the company has not given any guarantee to any banks for loans taken by others.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company during the period for the purposes for which the loans were obtained, other than temporary deployment pending application.
- (xvii) According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the period for long term investment and vice versa, other than temporary deployment pending application..
- (xviii) The Company has not made any preferential allotment during the period.
- (xiv) According to the information and explanations given to us, the company has not issued any debentures and hence clause xix is not applicable.
- (xx) The Company has not raised any money by public issue during the period.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the period.

FOR S.M. KAPOOR & CO.
 CHARTERED ACCOUNTANTS
 (Shekhar Gupta)
 Partner
 Membership No. 15622

Place: Mumbai
 Date : 8th July, 2009

BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS	SCHEDULES	CURRENT YEAR	PREVIOUS YEAR
		31ST MARCH 2009	31ST MARCH 2008
		Rs. In '000	Rs. In '000
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Share Capital	1	80,000.00	80,000.00
Reserve & Surplus	2	343,939.50	283,942.50
LOAN FUNDS			
Secured Loans	3	166,834.05	228,023.86
Unsecured Loans	4	52,258.36	61,679.68
Deferred Tax Liability		34,468.19	30,060.45
TOTAL		677,500.11	683,706.48
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block		414,775.75	350,390.06
Less: Depreciation		130,065.68	109,957.29
Net Block	5	284,710.07	240,432.77
Investments	6	1,188.59	1,188.59
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	147,142.72	208,767.57
Sundry Debtors	8	335,141.40	367,263.35
Cash & Bank Balances	9	8,440.96	5,109.54
Loans & Advances	10	73,169.51	70,108.78
		563,894.59	651,249.24
CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	11	169,676.15	207,809.54
Provisions	12	2,617.00	1,354.58
		172,293.15	209,164.12
NET CURRENT ASSETS			
		391,601.45	442,085.12
TOTAL		677,500.11	683,706.48
Accounting Policies & Notes to the Accounts	20		

As per our report of even date

For **S.M.KAPOOR & CO.**
Chartered Accountants

For and on behalf of the Board

SHEKHAR GUPTA
Partner

Sandeep Seth
Managing Director

Sanjay Seth
Director

Dated: 08th July 2009
Place: Mumbai

PROVISIONAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

PARTICULARS	SCHEDULES	CURRENT	PREVIOUS
		YEAR 31ST MARCH 2009	YEAR 31ST MARCH 2008
		Rs. In '000	Rs. In '000
INCOME			
Sales		2,079,284.90	2,021,447.26
Less :- Excise Duty		227,283.08	260,317.65
:- Sales Tax		45,240.06	39,456.55
		1,806,761.76	1,721,673.07
Other Income	13	24,621.98	8,521.41
Increase/(Decrease) in Stock	14	(4,984.85)	35,097.10
TOTAL		1,826,398.89	1,765,291.57
EXPENDITURE			
Purchase & Manufacturing Expenses.	15	1,572,672.42	1,592,094.86
Payment to and Provision for Employees	16	24,333.30	19,006.66
Office Administration & Selling Expenses	17	64,745.53	58,994.98
Finance Expenses	18	40,606.25	34,853.40
Foreign Currency Rate Difference		11,416.49	966.38
Depreciation	19	20,108.39	14,366.93
TOTAL		1,733,882.38	1,720,283.19
Profit Before Taxation		92,516.52	45,008.38
Provision for Income Tax- Current		27,612.50	13,330.00
Provision For Income Tax-Deferred		4,407.74	2,211.41
Provision For Wealth Tax		0.44	5.00
Provision For Taxation-FBT		500.00	452.00
Prior Year tax adjustments		1.17	140.05
Profit After Taxation		59,997.01	28,869.92
Add: Balance B/f from Previous Year		223,342.50	194,472.58
Amount available for appropriation		283,339.50	223,342.50
Balance C/f to Balance Sheet		283,339.50	223,342.50
Basic & Diluted Earning Per Equity Shares of Rs.10/- each		7.50	3.61
(See Note P to the Notes to Account)			
Accounting Policies & Notes to the Accounts	20		

As per our report of even date

For **S.M.KAPOOR & CO.**
Chartered Accountants

For and on behalf of the Board

SHEKHAR GUPTA
Partner**Sandeep Seth**
Managing Director**Sanjay Seth**
DirectorDated: 08th July 2009
Place: Mumbai

Schedule forming part of the accounts

PARTICULARS	CURRENT	PREVIOUS
	YEAR	YEAR
	31ST MARCH 2009	31ST MARCH 2008
	Rs. In '000	Rs. In '000
SCHEDULE '1'		
SHARE CAPITAL		
AUTHORISED:		
8,000,000 Equity Shares of Rs. 10/- each	80,000.00	80,000.00
ISSUED, SUBSCRIBED & PAID UP:		
8,000,000 Equity Shares of Rs. 10/- each fully paid up	80,000.00	80,000.00
SCHEDULE '2'		
RESERVE & SURPLUS		
General Reserve	60,600.00	60,600.00
(As per Last Year)		
Balance in Profit & Loss Account	283,339.50	223,342.50
	<u>343,939.50</u>	<u>283,942.50</u>
SCHEDULE '3'		
SECURED LOANS		
Cash Credit from PNB, Fort Branch	65,267.91	84,361.48
Cash Credit from HDFC Bank	43,512.00	76,065.69
Cash Credit from Indian Overseas Bank, Fort Branch	56,472.71	61,624.49
Bill Discounting with Punjab National Bank	1,581.43	3,483.39
Packing Credit With Punjab National Bank	0.00	2,488.80
(See Note "e" to the Notes to Account)		
	<u>166,834.05</u>	<u>228,023.86</u>
SCHEDULE '4'		
UNSECURED LOANS		
Deposits from Agents	5,399.20	5,448.68
Sales tax Defferments	46,859.17	56,231.00
(Repayble in next one year Rs.93.72 lacs)		
	<u>52,258.36</u>	<u>61,679.68</u>

SCHEDULE '5'
DEPRECIATION CHART AS AT 31ST MARCH 2009
Rs. In '000

PARTICULARS	GROSS BLOCK			DEPRECIATION				NETBLOCK		
	AS ON 1/4/2008	ADDITION	SALES/ ADJ.	AS ON 31/03/09	AS ON 31/03/2008	FOR THE YEAR	WBACK/ ADJ.	AS ON 31/03/2009	AS ON 31-03-2009	AS ON 31-03-2008
Leasehold Land	3,571.23	-	-	3,571.23	-	-	-	-	3,571.23	3,571.23
Building	49,499.65	5,872.14	-	55,371.79	10,010.75	1,723.74	-	11,734.49	43,637.30	39,488.90
Computers	2,456.49	321.00	-	2,777.49	1,904.77	426.32	-	2,331.09	446.40	551.73
Plant & Machinery	249,973.49	55,007.14	-	304,980.62	80,568.25	14,667.91	-	95,236.15	209,744.47	169,405.24
Office Equipments	9,734.32	793.70	-	10,528.02	3,567.23	560.90	-	4,128.13	6,399.89	6,167.09
Electrical fittings	22,087.57	2,249.35	-	24,336.92	8,672.92	1,670.53	-	10,343.45	13,993.47	13,414.65
Furniture & Fixtures	5,833.68	142.36	-	5,976.05	2,013.40	373.67	-	2,387.07	3,588.98	3,820.29
Veheical	7,233.63	-	-	7,233.63	3,219.99	685.31	-	3,905.30	3,328.33	4,013.64
Total	350,390.06	64,385.69	-	414,775.75	109,957.29	20,108.39	-	130,065.68	284,710.07	240,432.77
Previous Year	270,506.63	79,883.44	-	350,390.06	95,590.37	14,366.93	-	109,957.29	240,432.77	174,916.26

Schedule forming part of the accounts

PARTICULARS	CURRENT	PREVIOUS
	YEAR	YEAR
	31ST MARCH 2009	31ST MARCH 2008
	Rs. In '000	Rs. In '000
SCHEDULE '6'		
INVESTMENTS		
(At Cost, unless otherwise stated)		
In Unquoted Shares		
Rabbi Finance & Leasing Co. P. Ltd.	46.40	46.40
4640 Equity Shares of Rs.10/- each		
Bharuch Eco Aqua Infra Ltd.	1,185.09	1,185.09
118,509 (P.Y.118,509) Equity Shares of Rs.10/- each fully paid up (P.Y.Rs.10/- paid up)		
Bharuch Enviro Infra Ltd.	3.50	3.50
350 (P.Y.350) Equity Shares of Rs.10/- each		
	1,234.99	1,234.99
Less: Provision for diminution	46.40	46.40
	<u>1,188.59</u>	<u>1,188.59</u>
SCHEDULE '7'		
INVENTORIES		
(As per inventory taken, valued and certified by the Management of the Company)		
Raw Materials	67,755.95	101,450.10
Stock in Process	65,489.70	67,110.40
Finished Goods	-	3,364.15
Packing Material	6,242.89	6,645.19
Stores & Spares	656.41	618.32
Stock in Transit	6,997.78	29,579.41
	<u>147,142.72</u>	<u>208,767.57</u>
SCHEDULE '8'		
SUNDRY DEBTORS		
(Unsecured Considered Good)		
Over Six Months	4,991.87	3,238.39
Less than six months	330,149.53	364,024.97
	<u>335,141.40</u>	<u>367,263.35</u>
SCHEDULE '9'		
CASH & BANK BALANCES		
Cash in Hand	297.71	95.24
Balance with Scheduled Banks		
In Current Accounts	8,037.42	4,908.46
In Margin Money	105.83	105.83
	<u>8,440.96</u>	<u>5,109.54</u>

Schedule forming part of the accounts

PARTICULARS	CURRENT YEAR 31ST MARCH 2009 Rs. In '000	PREVIOUS YEAR 31ST MARCH 2008 Rs. In '000
SCHEDULE '10'		
LOANS & ADVANCES		
(Unsecured Considered Good)		
Advance recoverable in cash or in kind or for value to be recd.	34,306.48	36,120.54
Deposits	37,436.87	33,332.71
Advance Income Tax including TDS (Net of Provision)	1,426.16	655.52
	73,169.51	70,108.78
SCHEDULE '11'		
CURRENT LIABILITIES		
Sundry Creditors for goods (See Note No.n to the Notes to Account)	125,342.31	167,407.21
Sundry Creditors for Expenses	28,798.05	26,272.20
Sundry Creditors for Capital Goods	9,428.38	7,930.04
Other Liabilities	6,107.41	6,200.08
	169,676.15	207,809.54
SCHEDULE '12'		
PROVISIONS		
Provisions for Expenses	2,616.56	1,354.58
Provision for Wealth Tax	0.44	0.00
	2,617.00	1,354.58
SCHEDULE '13'		
OTHER INCOME		
Interest Received (Gross) TDS Rs.22092	110.69	83.47
Bad Debts Recovered	240.46	0.00
Miscellaneous Income	8,037.17	1,791.72
Processing Charges	9,309.18	2,037.44
Export Benefit Recd./Receivable	6,924.48	4,608.08
Dividend Recd	-	0.70
	24,621.98	8,521.41
SCHEDULE '14'		
INCREASE/(DECREASE) IN STOCK		
Closing Stock of Finished Goods	-	3,364.15
Closing Stock of WIP	65,489.70	67,110.40
Opening Stock of Finished Goods	3,364.15	3,691.60
Opening Stock of WIP	67,110.40	31,685.85
	(4,984.85)	35,097.10

Schedule forming part of the accounts

PARTICULARS	CURRENT	PREVIOUS
	YEAR	YEAR
	31ST MARCH 2009	31ST MARCH 2008
	Rs. In '000	Rs. In '000
SCHEDULE '15'		
PURCHASE AND MANUFACTURING EXPENSES		
Opening Stock of Raw Material	131,029.51	61,273.21
Add: Purchases Raw Material	1,322,080.36	1,490,837.42
Less: Closing Stock of Raw Material	67,755.95	101,450.10
Less: Closing Stock of Raw Material-in Transits	6,997.78	29,579.41
Raw Material Consumed	1,378,356.15	1,421,081.12
Opening Stock of Packing Material	6,645.19	2,644.86
Add: Purchases Packing Material	52,963.53	63,267.54
Less: Closing Stock of Packing Material	6,242.89	6,645.19
Packing Material Consumed	53,365.83	59,267.21
Opening Stock of Stores & Spares	618.32	286.22
Add: Stores & Spares	4,909.41	3,753.60
Less: Closing Stock of Stores & Spares	656.41	618.32
Stores Consumed	4,871.32	3,421.50
Power & Fuel	101,885.72	69,887.88
Clearing & Forwarding Charges	8,585.45	9,786.87
Service Charges	1,219.06	1,308.37
Pollution Control Expenses	1,141.48	1,425.55
Laboratory Expenses	1,935.87	1,261.83
Labour Charges	9,080.65	10,412.25
Water Charges	3,133.36	1,839.73
Octroi & Other Expenses	9,097.52	12,402.55
	<u>1,572,672.42</u>	<u>1,592,094.86</u>
SCHEDULE '16'		
PAYMENT TO & PROVISION FOR EMPLOYEES		
Salaries & Wages	21,828.55	16,810.12
Contribution to PF and Other Funds	700.21	482.69
Gratuity	288.56	230.50
Staff Welfare Exp.	1,515.98	1,483.36
	<u>24,333.30</u>	<u>19,006.66</u>

Schedule forming part of the accounts

PARTICULARS	CURRENT	PREVIOUS
	YEAR	YEAR
	31ST MARCH 2009	31ST MARCH 2008
	Rs. In '000	Rs. In '000
SCHEDULE '17'		
OFFICE , ADMINISTRATION & SELLING EXPENSES		
Advertisement Expenses	244.44	334.95
Auditors' Remuneration	200.00	162.36
Bad debts	8,585.29	0.00
Carriage Outward	11,519.06	18,042.32
Commission & Brokerage	4,949.19	2,285.68
Directors' Remuneration	1,313.10	925.46
Drainage Charges	194.01	175.47
Electricity Expenses	782.77	844.43
Entertainment Expenses	180.53	219.30
Insurance Charges	917.84	492.96
Exhibition Charges	222.58	235.35
Clearing & Forwarding Exports	5,590.86	8,751.58
Legal & Professional Charges	1,649.85	1,994.34
Motor Car Expenses	958.39	813.81
Insurance Car FBT	105.53	112.48
Insurance Exports	82.07	102.41
Liquidated Damage Charges	493.43	0.00
Freight & Forwarding Exports	7,350.21	6,082.04
Other Expenses	2,313.21	1,865.22
Postage, Telephone & Telegraph Expenses	2,393.10	2,043.08
Printing & Stationery	1,150.21	1,416.97
Rent, Rates & Taxes	1,407.16	3,002.16
Repairs & Maintenance	8,479.83	7,136.69
Sales Pramotion Exp.	324.69	226.40
Travelling & Conveyance	3,238.19	1,729.50
	<u>64,745.53</u>	<u>58,994.98</u>
SCHEDULE '18'		
FINANCE CHARGES		
Bank Charges	12,437.99	7,169.07
Interetst Paid	28,168.26	27,684.32
	<u>40,606.25</u>	<u>34,853.40</u>
SCHEDULE "19"		
DEPRECIATION		
Depreciation	20,108.39	14,366.93
	<u>20,108.39</u>	<u>14,366.93</u>

SCHEDULE : 20

NOTES OF THE FINANCIAL STATEMENT AS AT 31st MARCH 2009

1. SIGNIFICANT ACCOUNTING POLICIES

- a) Basis of Accounting:
- i) Financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.
 - ii) The Company adopts the accrual concept in the preparation of accounts unless otherwise stated.
- b) Use of Estimates:
- The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/ materialized.
- c) Fixed Assets
- Fixed Assets are stated at cost of acquisition less depreciation and impairment of asset. The Company Capitalizes all costs relating to acquisitions and installations of fixed assets till the date of Commissioning and starting of commercial production.
- d) Depreciation:
- Depreciation on fixed assets is being provided on straight Line Method at the rates prescribed under Schedule XIV of the Companies Act, 1956.
- e) Inventories:
- Components are valued at cost. Raw Materials, Consumable and Packing materials are valued at lower of cost and net realizable value at first in first out basis. Semi Finished goods are valued at cost of materials and labour together with relevant factory overhead. Finished goods are valued at the lower of cost and net realizable value; cost includes material cost, direct labour and allocable overheads.
- f) Revenue Recognition:
- i. The revenue is recognized on dispatch of material to customers or on completion of Job.
 - ii. Other income is recognized on accrual basis.
- g) Sales:
- Sale comprises amounts invoiced for goods sold net of excise duty, sales tax, returns and rebates.
- h) Excise Duty:
- Liability of Excise duty on finished goods accounted as and when they are cleared from the factory premises. No provision is made in the accounts for goods manufactured and lying in factory premises. However the effect of the same in Profit & Loss account is Nil.
- i) Modvat Benefit:
- Modvat benefit is accounted on accrual basis on purchase of materials and appropriated against payments of excise duty on clearance of the finished goods.
- j) Investments:
- Current Investments are valued at cost or market value whichever is lower.
- Long-term investments are valued at cost. However provision for diminution is made, if the same is permanent in nature.
- k) Foreign Currency Transaction:
- The foreign currency transaction involving foreign exchange on revenue accounts are accounted at the exchange rates prevailing on the date of transaction. Foreign currency remained unsettled at the year-end are translated at the year-end rate and the difference is charged to profit & loss account.
- l) Retirement Benefit Scheme:
- Employer's Contribution to P.F. has been charged to P & L A/c. and deposited with concerned authority.
- Gratuity is accounted for on estimate basis and charged to P & L account on accrual basis. However as per AS-15 issued by Institute of Chartered Accountant of India, Retirement benefit to be provided on the basis of actuarial valuation but the same is not implemented by the company.
- m) Borrowing Cost:
- Borrowing cost incurred in relation to the acquisition, construction of assets are capitalized as the part of the cost of such assets up to the date when such assets are ready for intended use. Other borrowings cost are charged as an expense in the year in which these are incurred.
- n) Taxes on Income:
- Current tax is determined as the amount of tax payable in respect of taxable income for the financial year ending 31st March, Deferred tax is recognized, subject to consideration of prudence in respect of deferred tax assets, on timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more periods.

- o) Export benefits:
Duty free imports of raw materials under advance license for import and export policy are matched with the exports made against the said licenses and the net benefit / obligation has been accounted by making suitable adjustments in raw material consumption.
- p) Impairment of Assets:
An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged for when an assets is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2. NOTES TO ACCOUNTS:
a) Contingent Liability :

- i) Excise Duty Rs. 75,000/- (P.Y. 75,000/-) for which appeal is pending
- ii) Letter of Credit Rs.3,67,31,801/- (P.Y.10,65,32,471/-) and Letter of Guarantee Rs.7,91,88,169/- (P.Y.66,68,614/-)

- b) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.Nil (P.Y. 55,37,270/-).

c) Auditors remuneration

Audit Fees	60,000	60,000
Tax Audit Fees	40,000	(40,000)
Other matters	225,000	(50,000)
Service Tax	33,475	(12,360)
	3,58,475	(1,62,360)

d) Directors Remuneration:

Salary & Benefits	13,30,362	(9,84,800)
Commission NIL	NIL	NIL
Contribution to Provident Fund	NIL	NIL
Perquisites	2,44,837	(2,14,345)
	15,75,199	(11,99,145)

e) Working Capital from Indian Overseas Bank, HDFC Bank and Punjab National Bank.

- i) Secured against hypothecation of stocks of raw materials, packing materials, in process goods, finished goods, consumables, stores and spares, Book debts and other current assets to the extent of Rs.2500 lacs as fund based and non fund based Rs 2450 lacs secured against document of title of goods and counter indemnity of the company.

- ii) Personal Guarantee of Managing Director.

- iii) Collateral Security by way of second charge on the fixed assets of the company.

f) Sales Tax Deferment Loan Account: Outstanding as on 31.03.2009 Rs. 468.59 Lacs Under Sales Tax Diversification Scheme.

Payable in equal annual installments of Rs. 93.72 Lacs each.

Payable in Next one Year Rs.93.72 Lacs on 31.05.2009.

Secured by personal guarantee of the Managing Director.

g) LICENSED AND INSTALLED CAPACITIES AND PRODUCTION:

	Installed Capacity PA-MTs.	Licensed Capacity	Actual Production
Ethoxylate & Glycol Ethers / Speciality Chemicals	31000 MT	31000 MT	25,575.252 MT
Previous Year	31000 MT	31000 MT	26,772.648 MT

INVENTORIES AND SALES (SPECIALITY CHEMICALS/OTHER CHEMICALS)

(Licensed Capacity is based on a single product ,actual production varies with each Combination)

	Opening Stock		Closing Stock		Sales	
	Qty MT	Value Lacs	Qty MT	Value Lacs	Qty MT	Value Lacs
Ethoxylates & Glycol Ethers/ Speciality Chemicals	64.705	33.64	0.000	0.00	25,232.365	18,067.62
W.I.P	1019.924	671.10	1020.010	654.90		
Previous Year						
Ethoxylates & Glycol Ethers/ Speciality Chemicals	45.927	36.92	64.705	33.64	26,753.870	17,215.82
W.I.P	418.854	316.86	1019.924	671.10		

RAW MATERIALS CONSUMED (E.O/N.P/SDS/CASTOR OIL/METHANOL/ BUTANOL AND OTHERS)

	MT.	RS.
Industrial Chemical s	25,234.780	13,783.56
Previous Year		
Industrial Chemical s	26,591.153	14,210.81

h) IMPORTED AND INDEGENIOUS RAW MATERIALS CONSUMED.

	% OF TOTAL (Rs. In Lacs)	VALUE
Raw material Consumption		
Imported	17.19 (16.64)	2239.48 (2365.21)
Indigenous	82.81 (83.36)	11544.08 (11845.60)
Total	100.00 (100.00)	13783.56 (14210.81)
Stores & Spares		
Imported	NIL (Nil)	NIL (Nil)
Indigenous	100.00 (100.00)	48.71 (34.22)
Total	100.00 (100.00)	48.71 (34.22)

i) VALUE OF IMPORTS ON CIF BASIS Rs in Lacs

Capital Goods	0.00 (0.00)
Stores & Spares	0.00 (0.00)
Raw material	2256.64 (2923.64)
j) Expenditure in foreign Currency	(Rs in lacs)
Commission	18.46 (1.40)
Fees & Subscription	1.16 (Nil)
Foreign Traveling	2.13 (Nil)

k) Earning in foreign currency (Rs in lacs)

F.O.B Value of exports	1,915.55 (1,837.71)
------------------------	---------------------

l) Sundry Debtors, Sundry Creditors & advances are subject to confirmation by the respective parties. Necessary Adjustments in account will be made in the year in which discrepancy, if any, may be noticed.

m) Sundry Loan & Advances and other assets are, in the opinion of management stated at the amount realizable in the ordinary course of business and provision for all known and determined liabilities are adequate and not in excess of the amounts reasonably required.

n) There are no delays in payments to Micro, Small and Medium enterprises as required to be disclosed under Micro, Small & Medium enterprises Act 2006. The total amount of Rs.55,82,883 payable to Micro & Small enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the Auditors.

o) The Company has during the year in accordance with Accounting Standard AS-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, recognized in the profit & Loss account a difference of Rs. 44,07,743/- between net , deferred tax liabilities of Rs.3,44,68,191/- as on 31st March 2009 and on the deferred tax liabilities of Rs.3,00,60,448/- as on 31st March 2008.

Deferred tax Liabilities and assets are on account of the following timing differences

Deferred Tax Liability	
Depreciation	4,07,49,529/-
Total	4,07,49,529/-
Deferred Tax Assets	
Employee Benefits	7,50,585/-
Excise Duty	55,30,753/-
Total	62,81,338/-
Deferred Tax Liability (Net)	<u>3,44,68,191/-</u>

p) Earnings per Share.	
Net Profit available for equity share holders	Rs. 5,99,97,008
Weighted Average No. equity Shares	80,00,000
Basic & Diluted Earning per Share (Rs.)	7.50
(Equity Share of face value of Rs. 10 each)	

q) Related Parties Disclosures:

List of related parties with whom transaction have been taken place and Relationships:

Name of the related party	Relationship
Laffans India Ltd.	Associate Companies
Sandeep Seth	Key Management Personnel
Prem Seth	Relative of Director
Jaideep Seth	Relative of Director
P.P.Joshi	Director

Transactions during the year with related parties:

Name of Transaction	Associates	key Mang	Personnel
Expenditure			
Payment to and provisions			
Sandeep Seth	Directors Remuneration	Rs.11,19,311	(7,73,520)
P.P. Joshi	Directors Remuneration	Rs. 4,55,888	(4,25,625)
Jaideep Seth	Commission	Rs 1,80,000	(1,80,000)
Income		Nil	(Nil)
Deposit taken			
Laffans India Limited			
Opening Balance		3,40,832	(3,40,832)
Taken during the year		0	(0)
Repaid during the year		49,487	(0)
Closing Balance		Rs. <u>2,91,345</u>	<u>(3,40,832)</u>
Deposit Granted			
		Sandeep Seth	P P Joshi
Opening Balance		800/-	1,50,006/-
Granted during the year		8,25,000/-	0/-
Recovered during the year		8,25,700/-	99,996/-
Closing Balance		588/-	50,010/-

r) Current Taxation (Net Of Provision) represent (Rs.)	
Taxes Paid	2,95,38,662/- (1,44,42,523)
Less: Provision for Taxation	<u>2,81,12,500/-</u> (1,37,87,000)
	<u>14,26,162/-</u> (6,55,523)
s) The Company has made provision for gratuity on estimate basis which is not in accordance with Accounting Standard 15 "Retirement Benefits". As per AS 15, Gratuity should have been provided on the basis of actuarial valuation.	
t) Previous year figures have been regrouped/ reclassified wherever necessary.	
u) Since the Company is dealing in one segment, No separate Segment reporting is given.	
v) Figures into bracket pertains to previous year.	

As per our report of even date

For **S.M.KAPOOR & CO.**

Chartered Accountants

SHEKHAR GUPTA

Partner

Dated: 08th July 2009

Place: Mumbai

For and on behalf of the Board

Sandeep Seth

Managing Director

Sanjay Seth

Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1.	Registration Details	
	Registration No	: 04-18626 / TA
	State Code	: 04
	Balance Sheet date	: 31.03.2009
2.	Capital raised during the year (Amounts in thousand)	
	Public Issue	: NIL
	Rights Issue	: NIL
	Bonus Issue	: NIL
	Private Placement	: NIL
3.	Position of Mobilisation and deployment of Funds (Amount in thousand)	
	Total Liabilities	: 677500
	Total Assets	: 677500
	Sources of funds	
	Paid up Capital	: 80000
	Reserves & Surplus	: 343940
	Secured Loans	: 166834
	Unsecured Loans	: 52258
	Deferred Tax Liability	: 34468
	Application of Funds	
	Net Fixed Assets	: 284710
	Investments	: 1189
	Net Current Assets	: 391601
	Misc Expenditure	: 0
4.	Performance of the Company (Amount in thousand)	
	Turnover	: 1831384
	Total Expenditure	: 1738867
	Profit before tax	: 92517
	Profit after tax	: 59997
	Earning per share	: Rs.7.50
5.	Genetic name of Principal Products/Item Code No.(ITC Code) :	
	Item Code No. (ITC Code)	: 290944
	Product Description	: Ethoxylates
	Item Code No. (ITC Code)	: 290943
	Product Description	: Glycol Ether
	Item Code No. (ITC Code)	: 290950
	Product Description	: Ether Phenols

As per our report of even date

For **S.M.KAPOOR & CO.**
Chartered Accountants**SHEKHAR GUPTA**
Partner

For and on behalf of the Board

Sandeep Seth
Managing Director**Sanjay Seth**
DirectorDated: 08th July 2009
Place: Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

	Rs. 31st March 2009	Rs. 31st March 2008
A. Cash Flow from Operating Activities		
Net Profit before Tax	92,516,518	45,008,380
Adjustments for:		
Depreciation	20,108,388	14,366,925
Interest (Net)	40,495,559	34,769,932
Dividend	-	(700)
Operating Profit before Working Capital Changes	153,120,465	94,144,537
Adjustments for:		
Trade & Other receivables	29,831,860	(31,880,478)
Inventories	61,624,848	(109,185,826)
Trade Payables	(36,871,411)	84,192,833
Cash generated from Operations	207,705,763	37,271,066
Interest paid	40,495,559	34,769,932
Taxes Paid	28,881,966	13,664,700
Net Cash from Operating activities	138,328,237	(11,163,566)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	64,385,688	79,883,437
Dividends	-	(700)
Net Cash used in Investing Activities	64,385,688	79,882,737
C. Cash Flow from Financing Activities		
Proceeds from Long /Short term borrowings	(79,985,960)	75,232,255
Repayment of long term borrowings	9,374,834	12,553,000
Net Cash used in Financing Activities	70,611,126	(87,785,255)
Net Increase in Cash & equivalents	3,331,423	(3,261,047)
Opening Balance of Cash & Cash equivalents	5,109,536	8,370,584
Closing Balance of Cash & Cash equivalents	8,440,959	5,109,536
	3,331,423	(3,261,048)

For & on behalf of the Board

Place : Mumbai
Date : 8th July, 2009

Sandeep Seth **Sanjay Seth**
Managing Director Director

AUDITORS CERTIFICATE

We have verified the above Cash Flow Statement of M/S. Laffans Petrochemicals Limited, derived from Audited Financial Statements for the period ended 31st March, 2009 and found the same to be drawn in accordance herewith and also with the requirements of clause 32 of the listing agreements with Stock Exchanges.

For **S.M. Kapoor & Co**
Chartered Accountants

Place : Mumbai
Dated : 8th July, 2009

Shekhar Gupta
Partner.



LAFFANS PETROCHEMICALS LIMITED
 (Regd. Office : Plot No. 321, G.I.D.C., Panoli, Tal. Ankleshwar, Dist. Bharuch)

ATTENDANCE SLIP

Folio No. : _____ No. Shares hold _____

Name of the Member/Proxy Attending the meeting _____

Address : _____

Full Name of the sole / First-Joint Shareholder _____

Address : _____

I hereby record my presence at the **SIXTEENTH ANNUAL GENERAL MEETING** of the Company held on Saturday the 26th day of September 2009 at 3.00 P.M. at the registered office of the company situated at Plot No.321 G.I.D.C. Panoli, Tal. Ankleshwar, Dist. Bharuch, Gujarat.

Shareholder's / Proxy Signature _____

Proxy's Full Name:: _____
 (in Block Capitals)

NOTES : Please fill in this Attendance slip and hand it over at the entrance of the Hall.

TEAR HERE

TEAR HERE



LAFFANS PETROCHEMICALS LIMITED
 (Regd. Office : Plot No. 321, G.I.D.C., Panoli, Tal. Ankleshwar, Dist. Bharuch)

FORM OF PROXY

I/We _____ of _____

Being a Member/Members of **LAFFANS**

PETROCHEMICALS LTD. do hereby appoint Mr./Mrs. /Miss. _____

_____ of _____ or failing him/her Mr./Mrs./

Miss _____ of _____ as my/our

proxy to vote for me/us on my/our behalf at the **SIXTEENTH ANNUAL GENERAL MEETING** of the Company to be held on Saturday the 26th day of September 2009 at 3.00 P.M. and at any adjournment thereof.

Signed this _____ day of _____ 2009.

Reg. Folio No. _____

No. of Shares _____

**Affix
a Re 1/-
Revenue
Stamp**

Signature of the member across the stamp

NOTE :

Proxies must be deposited at the Registered Office of the Company not less than 48 Hours before the Meeting.

BOOK - POST

TO,



PETROCHEMICALS LIMITED

10, Luthra Industrial Premiese,
Ground Floor, Andhrei, - Kurla Road,
Safeed Pool, Mumbai - 400 072

Crystal (022) 6614 0900/918