

# 19<sup>th</sup> Annual Report



*Laffans*

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**PETROCHEMICALS LIMITED**

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**(AN ISO 9001:2000 COMPANY)**

**2011 - 2012**

**BOARD OF DIRECTORS**

Shri Sandeep Seth	Managing Director
Shri Sanjay Seth	Director (upto 08.06.12)
Shri Ambalal C. Patel	Director
Shri Nivedan Bharadwaj	Director(upto 15.05.12)
Shri Jaideep Seth	Director (from 08.06.12)
Shri Rajesh Sharma	Director (from 08.06.12)

**AUDITORS**

S.M. Kapoor & CO.

**COMPANY SECRETARY**

Mr. S. R. Narayanan

**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**

Shed No.C1B/316, 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 the nineteenth Annual General Meeting of the members of Laffans Petrochemicals Limited will be held on Friday the 28th September 2012 at 12.30 P.M. at Shalimar Hotel, Ankleshwar, 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 2012, the Balance Sheet as on that date and Report of the Directors and Auditors thereon.
2. To appoint Mr. Ambalal C. Patel, Director, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to pass the following resolution.

RESOLVED THAT M/s.S.M. Kapoor & CO., Chartered Accountants, Mumbai be and is hereby re-appointed as auditors of the company to hold office from the conclusion of this annual general meeting till the conclusion of the next annual general meeting of the Company on such remuneration as may be fixed in this behalf by the Board of Directors of the Company.

### SPECIAL BUSINESS:

4. Appointment of Mr. Sandeep Seth as Chairman and Managing Director:

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

RESOLVED THAT in accordance with Section 198, 269, 309, 310 with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification(s) thereof and subject to permissions and approvals as may be required from the Financial Institutions and/or Banks who have lent term loans to the Company, the Company hereby appoint Mr. Sandeep Seth as Chairman & Managing Director not liable to retirement by rotation, of the Company, with effect from 1st July, 2012 for a period of 5 years on the terms and conditions as set out here under:

Salary : In the time scale of Rs.100000-12000-160000 per month.

### PERQUISITE:

- a) Housing I – The expenditure by the Company of hiring unfurnished accommodation for the appointee subject to ceiling of 50% of salary.
- b) Housing II - In case the accommodation is owned by the Company, ten percent of the salary of the appointee shall be deducted by the Company.
- c) Housing III - In case no accommodation is provided by the Company, the appointee shall be entitled to House Rent Allowance subject to the ceiling laid down in House 1.

### EXPLANATION:

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income tax Rules, 1962. This shall however be subject to a ceiling of ten percentage of the salary.

- i) Medical Reimbursement – Expenses incurred by self and his family, subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- ii) Leaves Travel – For self and family, once in a year incurred in accordance with the rules of the Company.

- iii) Club Fees – Fees of club subject to a maximum of two clubs. This will not include admission and life membership fees.
  - iv) Personal accident insurance – Premium not to exceed Rs.1000 per annum.
  - v) Contribution to Provident Fund, Superannuation fund or Annuity Fund to the extent these singly or put together are not taxable under the IncomeTax Act, Gratuity payable should not exceed 15 days for each completed year or service without any ceiling.
  - vi) Encashment of leave at the end of the tenure as per the rules of the Company.
  - vii) Provision of car for use on Company's business and telephone at residence.
5. Appointment of Mr. Jaideep Seth as Director:

RESOLVED THAT Mr. Jaideep Seth, who was appointed as a Director by the Board of Directors at their meeting held on 15th June, 2012 and whose office expires at the commencement of this meeting and in respect of whom notice under section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose Mr. Jaideep Seth as a candidate for the office of the Director of the Company together with necessary deposits, be and is hereby appointed as Director of the Company.

6. Appointment of Mr. Rajesh Sharma as Director:

RESOLVED THAT Mr. Rajesh Sharma, who was appointed as a Director by the Board of Directors at their meeting held on 15th June, 2012 and whose office expires at the commencement of this meeting and in respect of whom notice under section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose Mr. Rajesh Sharma as a candidate for the office of the Director of the Company together with necessary deposits, be and is hereby appointed as Director of the Company.

By order of the Board  
For Laffans Petrochemicals Ltd.

Sandeep Seth  
Managing Director

**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 25.09.2012 to 28.09. 2012 (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.

**Registered Office:**

Shed No.C1B/316, G.I.D.C. Panoli

Tal. Ankleshwar, Dist. Bharuch, Gujarat

Place: Mumbai

Date: 6th September, 2012

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item 4.**

The Board of Directors at their meeting held on 29th June 2007, appointed Mr. Sandeep Seth as Managing Director of the Company for a period of 5 years commencing from 1st June 2007. The terms and conditions of his appointment was partially altered by the Board at their meeting held on 30th January 2009, and approved by the members at their meeting held on 26th September 2009. The Board is of the opinion that in the interest of the company, Mr. Sandeep Seth should continue as Managing Director with additional responsibility as Chairman for a period of five years commencing from 1st July 2012.

The proposal is in the interest of the company and the Board recommend passing of the resolution as an ordinary resolution.

None of the Directors other than Mr. Sandeep Seth, the appointee, and Mr. Jaideep Seth, brother of the appointee is deemed to be interested or concerned in the resolution.

This may be treated as an extract of the draft Agreement between the Company and Mr. Sandeep Seth pursuant to the provisions of Section 302 of the Companies Act, 1956.

**Item 5 & 6**

The Board of Directors at their meeting held on 15th June, 2012 appointed Mr. Jaideep Seth and Mr. Rajesh Sharma as additional directors of the company pursuant to the provisions of section 260 of the Companies Act, 1956. Their terms comes to an end at the commencement of this Annual General Meeting but are eligible for reappointment as Directors. Notices under Section 257 of the Companies Act 1956 have been received from some members proposing the appointment of Mr. Jaideep Seth and Mr. Rajesh Sharma as Directors of the Company.

The Board therefore commend the resolutions at item No.5 & 6. Mr. Sandeep Seth, Managing Director, being brother of Mr. Jaideep Seth is deemed to be interested or concerned in the resolution at item No.4.

None of the Directors other than Mr. Rajesh Sharma is interested or concerned in the resolution at item No.6.

By order of the Board  
For Laffans Petrochemicals Ltd.

Sandeep Seth  
Managing Director

Registered Office:  
Shed No.C1B/316, G.I.D.C. Panoli  
Tal. Ankleshwar, Dist. Bharuch, Gujarat

Place: Mumbai  
Date: 6th September, 2012

**DIRECTORS' REPORT**

Dear fellow members,

Your Directors have pleasure in presenting the 19th Annual Report of the Company along with the Audited Accounts for the year ended 31st March, 2012.

**FINANCIAL RESULTS:**

PARTICULARS	31.03.2012	31.03.2011
	(Rs. In lacs)	
Sales and other income	211.58	28199.95
Profit/Loss before depreciation, Tax and interest	(482.84)	1250.79
Interest	0.87	415.08
Profit/Loss before depreciation and tax	(483.72)	835.71
Depreciation for the year	11.69	244.56
Profit/Loss before tax	(495.40)	591.15
Provision for tax	(205.12)	164.00
Provision for Wealth Tax	0.00	0.00
Provision for FBT	0.00	0.00
Deferred tax liability	411.28	24.01
Profit after tax	(289.24)	399.20
Prior Year Tax adjustment	0.00	(3.94)
Balance in P & L Account	3562.10	3162.90
Balance available for appropriation	3272.86	3562.10
Transfer to General Reserve	Nil	Nil
Balance carried to Balance Sheet	3272.86	3562.10

Previous years figures are not comparable as the company had no manufacturing activities during the year under review.

**OPERATIONS:**

Your company has generated gross income of Rs.211.58 lacs as compared to Rs.28199.95 lacs for previous year. The Company had sold its manufacturing division with effect from 1st April 2011 and hence figures are not comparable.

**FIXED ASSETS:**

The Company's fixed assets consisting of manufacturing division at Panoli has been sold and from 01.04.2011 the company has no manufacturing activities. As on 31st March 2012 Net fixed asset consisting of godown/Shed, office equipment etc. stood at Rs.144.41 lacs.

**IN HOUSE RESEARCH AND DEVELOPMENT:**

The Company has sold its manufacturing operations and hence this is not relevant/applicable.

**DIVIDEND:**

The Board, after a careful review of the performance of the company has not recommended any dividend.

**DIRECTORS:**

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

During the year under review Mr. Nivedan Bharadwaj and Mr. Sanjay Seth, Directors of the Company, resigned.

The Board at their meeting held on 8th June, 2012, appointed Mr. Jaideep Seth and Mr. Rajesh Sharma as additional Directors of the Company.

The Company has received notices from some members along with necessary fee proposing their names for appointment as Directors.

**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 2012, - 7183040 equity shares representing 89.79% 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.

**PERSONNEL:**

Industrial relations was 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, Suppliers etc. for effective working of the Company.

For & on behalf of the Board of Directors

Place: Mumbai  
Date :6th September, 2012

Sandeep Seth  
Managing Director

Jaideep 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 transferred its manufacturing facility to Huntsman India and at present do not have any manufacturing operations. The energy is used only for office purpose.

**FORM A**

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

	2011-12	2010-11
<b>1. ELECTRICITY</b>		
Units (in thousands)		5884.05
Total amount (Rs. in lacs)	6.46	328.84
Rate/Unit		5.58
<b>2. OIL/DIESEL</b>		
Consumed Unit		6264
Total amount (Rs. in lacs)		2.22
Average rate (per liter)		36.50
<b>3. GAS</b>		
Consumed Units (in thousand kgs)		5041.81
Internal Generation		Nil
Total amount		668.33

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

The company has sold its manufacturing operations and related activities and therefore this is not relevant/applicable.

**III Foreign exchange earnings and outgoings:**

Foreign Exchange Earnings were Rs. Nil lacs (previous year Rs.2998.57lacs)

Foreign Exchange Outgoings were Rs. nil lacs (previous year Rs.2056.39 lac)

**For & on behalf of the Board of Directors**

Place: Mumbai

Dated: 6th September, 2012

**Sandeep Seth**

Managing Director

**Jaideep Seth**

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 their 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) They accept the responsibility of establishing and maintaining internal controls for the financial report and that they have evaluated the effectiveness, disclosing the deficiencies to the Auditors and the Audit Committee and take steps or proposed to take steps to rectify these deficiencies.
- d) They 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 they 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.

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## MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review the company had no manufacturing operations and other income was generated through earning of commission and interest on investment.

**on this**

The Company has achieved gross income of Rs. 211.58 lacs, during the year 2011.12 by way commission and return on investment as compared to Rs. 28199.95 lacs for the previous year. The company has sold its manufacturing operations and hence figures are not comparable. The company during the year incurred loss of rupees (289.24) lacs. Foreign exchange worth Rs. Nil during the year as compared to Rs.2998.57 lacs for the previous year.

Your company will strive to improve upon the profitability in the coming years.

## 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 facets 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. At present the strength of Board is 4 with 3 non-executive including 2 independent directors. Thus 75% 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	None
Mr. Ambalal Chhitabhai Patel	Independent	Eight
Mr. Sanjay Seth	Non – executive	One
Mr. Nivedan Bharadwaj	Independent	Five
Mr. Jaidep Seth	Non Executive	
Mr. Rajesh Sharma	Independent	

##### Board Meeting:

The Board of the Company met 4 times during the year i.e. on 14.05.11, 13.08.11, 15.11.11 and 15.02.12. 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:.

Directors:	No. of meetings		Attendance at the last AGM
	Held	Attended	
Mr. Sandeep Seth	7	4	Yes
Mr. Sanjay Seth	7	4	Yes
Mr. Ambalal Chhitabhai Patel	7	1	No
Mr. Nivedan Bharadwaj	7	3	No

##### Details of Directors being appointed/re-appointed.

Mr. Ambalal C. Patel is due to retire by rotation, being eligible, seek reappointment. Mr. Ambalal C. Patel is B.Sc., B.E Met was Dy. General Manager in GIDC and was well experienced in Industrial Finance. He also hold directorship in a number of Companies. His continuous association with the company is in the best interest of the company.

Mr. Jaideep Seth, was associated with the Company from the inception and was a director for a few years. His rejoining on the Board is in the interest of the company.

Mr. Rajesh Sharma is an industrialist and

### 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 15.02.11, 14.05.11, 13.08.11, and 15.02.12 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	1
Mr. Nivedan Bharadwaj	3

#### 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 reconstituted making Mr. Jaideep Seth, as Chairman. 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 as may be required to take on record share transfer received from shareholders in physical mode. The Share Transfer committee reconstituted with Mr. Jaideep Seth replacing Mr. Sanjay Seth, who resigned from the Board.

### 4. DIRECTORS INTEREST IN THE COMPANY;

Details of remuneration to all Directors for the year ended 31st March, 2012.

Director	Sitting fees	Salary	Perks	Commission	Total
		Rs	Rs	Rs	Rs.
Mr. Sandeep Seth	nil	1800000	496957	nil	2296957
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. Jaideep Seth				180000	180000

Mr. Sandeep to state basis for payment of commission.

SHARES HELD BY THE DIRECTORS: 31.03.2012

Name of Director	No. of shares held	% of holding
Mr. Sandeep Seth	3812668	47.66
Mr. Sanjay Seth	99000	1.23

### 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
2008-09	Plot No.321, G.I.D.C Panoli Ankleshwar, Dist.Bharuch, Gujarat	26.09.2009	3.00 p.m.
2009-10	Plot No.321, G.I.D.C Panoli Ankleshwar, Dist.Bharuch, Gujarat	30.09.2010	3.00 p.m.
2010-11	Shalimar Hotel, Ankleshwar, Dist.Bharuch, Gujarat	30.09.2011	12.30 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 30.06.2011	13.08.11
Financial report for the quarter ending 30.09.2011	15.11.11
Financial report for the quarter ending 31.12.2011	15.02.12
Financial report for the quarter ending 31.03.2012	15.05.12

**Listing of Equity Shares on Stock Exchanges at :** Vadodara, Delhi & Bombay Stock Exchanges. Necessary resolution has been passed for delisting from Delhi & Ahmedabad Stock Exchanges. Delisted from Ahmedabad.

**Status of listing fee**

Paid for Bombay and Vadodara Stock Exchanges

**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  
Phiroze Jeebhoo 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)

**Stock Code:**

Bombay Stock Exchange Ltd

Share Transfer system

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

BSE Code-524522

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 2011 to 31st March 2012 were 19900.

**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 2012, Shares representing % were held in dematerialized form

Complaints received during the period	Received	Cleared
a) Complaints from investors	2	2
b) Letters received from Stock Exchange/SEBI	3	3

**Distribution of Shareholding as on 31st March 2012.**

No. of shares	No. of shareholders	% of shareholders	No. of share held	% of total
Upto 5000	3730	79.31	920724	11.51
5001 – 10000	534	11.35	447970	5.10
10001 – 20000	195	4.15	308700	3.86
20001 – 30000	61	1.30	159196	1.99
30001 – 40000	33	0.70	120847	1.51
40001 – 50000	44	0.93	210180	2.63
50001 – 100000	56	1.20	425987	4.79
100001 & above	50	1.06	5406396	67.58

**Categories of shareholders as on 31st March 2012**

Category	No. of shares	Voting strength (%)
Promoter, Relatives & Associates	4140868	51.76
Public	3424077	42.81
NRI/FII/OCBs	19406	0.24
FIs/MFs	10600	0.13
Body Corporates	404785	5.06
Other Clearing Member	264	00
<b>Total</b>	<b>8000000</b>	<b>100.00</b>

**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.

**Remuneration Committee**

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. Since formation of remuneration Committee is non mandatory under Clause 49 of the listing agreement The company has not formed a Remuneration Committee.

**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 share- Holders 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, 2012 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  
 Shekar Gupta  
 Partner.

Place: Mumbai

Date: 6th September, 2012

## 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, 2012 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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 "O" 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, 2012;
  - (ii) in the case of Profit & Loss Account of the Loss 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: 6th September, 2012

**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 sold its Panoli unit.*
- (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 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, except a transaction of sale of asset made as per the agreement entered between the parties.
- (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.
- The company does not have any disputed amount in respect of income tax, sales tax, custom duty etc., except (i) Income Tax liabilities of Rs. 2,15,817 for A. Y. 2009-10 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 incurred cash losses in the current year however no cash losses in the 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.
- (xix) 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: 6th September, 2012

## BALANCE SHEET AS AT 31ST MARCH ,2012

PARTICULARS	NOTE NO.	AS AT 31ST MARCH 2012		AS AT 31ST MARCH 2011	
		Rs.		Rs.	
<b>I EQUITY AND LIABILITIES</b>					
1) <b>SHAREHOLDERS FUNDS</b>					
a) Share Capital	1	80,000,000		80,000,000	
b) Reserves & Surplus	2	387,885,810	467,885,810	416,810,200	496,810,200
2) <b>NON-CURRENT LIABILITIES</b>					
a) Deferred Tax Liabilities (Net)		2,153,087		43,281,045	
b) Other Long Term Liabilities	3	-		20,343,664	
c) Long Term Provisions	4	127,010	2,280,097	2,530,927	66,155,636
3) <b>CURRENT LIABILITIES</b>					
a) Short Term Borrowings	5	-		227,345,855	
b) Trade Payables	6	4,234,061		134,565,206	
Other Current Liabilities	7	84,835,008		9,884,628	
Short Term Provisions	8	-	89,069,069	9,184,115	380,979,804
<b>TOTAL</b>			<b>559,234,976</b>		<b>943,945,640</b>
<b>II ASSETS</b>					
1) <b>NON-CURRENT ASSETS</b>					
a) Fixed Assets					
i) Tangible Assets	9	14,440,804		327,761,570	
b) Non-Current Investments	10	455,551,078		1,288,480	
c) Long Term Loans and Advances	11	19,449,046	489,440,928	75,397,645	404,447,695
2) <b>CURRENT ASSETS</b>					
a) Inventories	12	-		102,974,496	
b) Trade Receivables	13	200,417		415,250,961	
c) Cash and cash equivalents	14	68,391,031		3,585,200	
d) Short Term Loans and Advances	15	1,202,600		8,818,005	
e) Other Current Assets	16	-	69,794,048	8,869,283	539,497,945
<b>TOTAL</b>			<b>559,234,976</b>		<b>943,945,640</b>
Significant Accounting Policies	24				
Notes to the financial statements	1 to 25				

As per our report of even date

For S. M. Kapoor &amp; Co.

Chartered Accountants

Shekhar Gupta  
PartnerS. R. Narayanan  
Company SecretarySandeep Seth  
DirectorJaideep Seth  
Director

Place : Mumbai

Date : 6th September, 2012

For and on Behalf of the Board

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2012**

PARTICULARS		NOTE NOS.	2011-12 Rs.	2010-11 Rs.
<b>I</b>	<b>INCOME</b>			
1	Revenue from Operations	17	8,620,998	2,490,419,612
2	Other Income:	18	12,536,856	29,082,766
	Total Revenue		21,157,854	2,519,502,378
<b>II</b>	<b>EXPENSES:</b>			
3	Cost of material consumed	19	-	2,054,211,620
4	Change in inventories of Finished Goods Stock in Process and Stock in trade	20	-	66,336,185
5	Employee Benefits Expense	21	858,337	28,803,056
6	Finance Costs	22	86,634	43,993,237
7	Depreciation and Amortization Expense		1,168,833	24,456,420
8	Loss on sale of Unit at Panoli		43,531,087	-
9	Other Expenses	23	25,053,311	242,586,751
	Total Expenses		70,698,202	2,460,387,269
	Profit Before Tax		(49,540,348)	59,115,109
	Tax Expenses			
	Current		(20,512,000)	(16,794,195)
	Deffered		41,127,958	(2,400,918)
	Profit for the year		(28,924,390)	39,919,996
	Earning per equity share of face value of Rs.10/- each		(3.62)	4.99
	Basic and Diluted (In Rs.)			
	Significant Accounting Policies	24		
	Notes to the financial statements	1 to 25		

As per our report of even date

For S. M. Kapoor &amp; Co.

Chartered Accountants

Shekhar Gupta  
PartnerS. R. Narayanan  
Company SecretarySandeep Seth  
DirectorJaideep Seth  
Director

Place : Mumbai

Date : 6th September, 2012

For and on Behalf of the Board

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

PARTICULARS		Rs. 31st March 2012	Rs. 31st March 2011
A.	<b>Cash Flow from Operating Activities</b>		
	Net Profit before Tax	(49,540,348)	59,115,109
	Adjustments for:		
	Depreciation	1,168,833	24,456,420
	Interest (Net)	(5,648,796)	41,495,676
	Loss on Sale of Assets	1,770,036	-
	Loss on Sale of Unit	43,531,087	-
	Profit from Investments	(1,998,625)	-
	Dividend	(4,752,355)	(350)
	Operating Profit before Working Capital Changes	(15,470,168)	125,066,855
	Adjustments for:		
	Trade & Other receivables	497,765,226	(13,140,158)
	Inventories	102,974,496	73,713,333
	Trade Payables	(57,596,963)	(60,465,436)
	Cash generated from Operations	527,672,590	125,174,594
	Interest paid	(5,648,796)	41,495,676
	Taxes Paid	30,793,394	20,360,524
	Net Cash from Operating activities	502,527,992	63,318,394
B.	<b>Cash Flow from Investing Activities</b>		
	Purchase of Fixed Assets	2,983,699	43,527,230
	Sale of fixed Assets	(269,834,509)	-
	Purchase of Investments	455,551,078	99,890
	Sale of Investments	(3,287,105)	-
	Dividends	(4,752,355)	(350)
	Net Cash used in Investing Activities	180,660,807	43,626,770
C.	<b>Cash Flow from Financing Activities</b>		
	Proceeds from Long /Short term borrowings	-	(10,457,595)
	Repayment of long term borrowings	(257,061,353)	(9,371,834)
	Net Cash used in Financing Activities	257,061,353	19,829,429
	Net Increase in Cash & equivalents	64,805,832	(137,805)
	Opening Balance of Cash & Cash equivalents	3,585,200	3,723,005
	Closing Balance of Cash & Cash equivalents	68,391,031	3,585,200
		64,805,831	(137,805)

As per our report of even date  
For S. M. Kapoor & Co.  
Chartered Accountants

Shekhar Gupta  
Partner

S. R. Narayanan  
Company Secretary

Sandeep Seth  
Director

Jaideep Seth  
Director

Place : Mumbai

Date : 6th September, 2012

For and on Behalf of the Board

		AS AT 31ST MARCH 2012 Rs.		AS AT 31ST MARCH 2011 Rs.	
<b>NOTE NO.-</b>					
1	<b>SHARE CAPITAL</b> <b>AUTHORISED</b> 8,000,000 Equity Shares (P.Y. 8,000,000) of Rs. 10 each		80,000,000		80,000,000
	<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b> 8,000,000 (P.Y. 8,000,000) Equity Shares of Rs. 10 each fully paid up		80,000,000 80,000,000		80,000,000 80,000,000
	The Detail of Shareholders holding more than 5% shares: Sandeep Seth	No. of Shares	3,812,668	No. of Shares	3,812,668
2	<b>RESERVES AND SURPLUS</b> <b>General Reserve</b> As per Last Balance Sheet	60,600,000	60,600,000	60,600,000	60,600,000
	Balance in Profit and Loss Statement As per Last Balance Sheet Add: Profit for the year	356,210,200 (28,924,390)	327,285,810	316,290,204 39,919,996	356,210,200
			387,885,810		416,810,200
3	<b>OTHER LONG TERM LIABILITIES</b> Deposit from Agents Sales Tax Deferments		-	-	1,600,000 18,743,664 20,343,664
4	<b>LONG TERM PROVISIONS</b> Provisions for Gratuity		127,010		2,530,927
			127,010		2,530,927
5	<b>SHORT TERM BORROWINGS</b> <b>SECURED</b> Cash Credit from PNB Cash Credit from HDFC Bank Cash Credit from Indian Overseas Bank Bill Discounting with PNB		-		101,281,964 50,709,795 75,155,385 198,711 227,345,855
5.1	Secured against hypothecation of stock of raw materials, packing material, in process goods, finished goods, consumables stores and spares, book debts and other current assets to the extent of 3000 lacs as fund based and non fund based Rs.2500 lacs secured against document of title of goods and counter indemnity of the Company.				
5.2	Personal Guarantee of Managing Director				
5.3	Collateral security by way of second charge on the fixed assets of the Company				

6	TRADE PAYABLES				
	For Goods				
	Micro, Small & Medium Enterprise		-		410,868
	Others		-		113,104,968
	For Expenses		4,234,061		16,699,535
	For Capital Goods		-		4,349,835
			4,234,061		134,565,206

The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is 410,868

7	OTHER CURRENT LIABILITIES				
	Current maturity of Long term Liabilities			-	9,371,834
	Other Payables		84,835,008		512,794
			84,835,008		9,884,628

8	SHORT TERM PROVISIONS				
	Other Provisions			-	9,184,115
	Tax Provisions net of Taxes Paid			-	
				-	9,184,115

## NOTE NO. 9

## DEPRECIATION CHART AS AT 31 MARCH 2012

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	OPENING	ADDI-TION	SALES/	TOTAL	OPENING	FOR THE	W/BACK/	TOTAL	AS ON	AS ON
	BALANCE		ADJ.			YEAR	ADJ.		3/31/2012	3/31/2011
Leasehold Land	3,571,228	-	3,571,228	0	-	-	-	-	0	3,571,228
Building	58,698,519	-	43,698,519	15,000,000	14,802,471	501,000	11,102,471	4,201,000	10,799,000	43,896,048
Computers	3,232,361	37,990	3,232,361	37,990	3,199,150	4,370	3,199,150	4,370	33,620	33,211
Plant & Machinery	385,915,723	-	385,915,723	-	131,058,055	-	131,058,055	-	-	254,857,668
Office Equipments	12,336,656	134,345	12,336,656	134,345	5,305,860	605	5,305,860	605	133,740	7,030,796
Electrical fittings	26,765,775	-	26,765,775	-	13,984,986	-	13,984,986	-	-	12,780,789
Furniture & Fixtures	6,188,908	100,427	6,188,908	100,427	3,159,027	2,419	3,159,027	2,419	98,008	3,029,881
Veical	7,952,149	2,710,937	6,376,442	4,286,644	5,390,200	660,439	5,140,432	910,207	3,376,436	2,561,949
Total	504,661,319	2,983,699	488,085,612	19,559,406	176,899,749	1,168,833	172,949,981	5,118,601	14,440,804	327,761,570
Previous Year	461,134,088	43,527,230	-	504,661,318	152,443,328	24,456,420	-	176,899,748	327,761,570	308,690,760

	AS AT 31ST MARCH 2012 Rs.		AS AT 31ST MARCH 2011 Rs.	
10	<b>NON CURRENT INVESTMENTS</b> (Unquoted unless otherwise stated)			
	<b>NON TRADE AT COST</b>			
	Nil (P.Y. 118,509) Equity Shares of Rs.10/- each fully paid up in Bharuch Eco Aqua Infra Limited	-		1,185,090
	Nil (P.Y. 350) Equity Shares of Rs.10/- each fully paid up in Bharuch Enviro Infra Limited	-		3,500
	Nil (P.Y. 9989) Equity Shares of Rs.10/- each fully paid up in Laffans Fine Chemicals Private Limited	-		99,890
	1,258,500 (P.Y. Nil) Equity Shares in California Infotech.com Private Limited of Rs.10/- each	12,585,000		-
	<b>IN MUTUAL FUNDS</b>			
	5,000,000 (P.Y. Nil) units in DSP Blackrock FMP 12M Series 20 Growth NAV as on March 31st Rs.53,968,500	50,000,000		-
	2,154,154.500 (P.Y. Nil) units in DSP Blackrock Short Term Fund Growth NAV as on March 31st Rs.39,164,252	38,334,338		-
	15,000,000 (P.Y. Nil) units in ICICI Prudential FMP Series 54-1 Year Plan D Cumm. NAV as on March 31st Rs.163,497,000	150,000,000		-
	2,000,000 (P.Y. Nil) units in ICICI Prudential FMP Series 56-1 Year Plan E Cumm. NAV as on March 31st Rs.21,755,600	20,000,000		-
	3,000,000 (P.Y. Nil) units in ICICI Prudential FMP Series 57-1 Year Plan B Cumm. NAV as on March 31st Rs.32,250,300	30,000,000		-
	9,313,174 (P.Y. Nil) units in Kotak FMP Series 44- Growth NAV as on March 31st Rs.101,501,489	93,131,740		-
	5,000,000 (P.Y. Nil) units in Kotak FMP Series 46 Growth NAV as on March 31st Rs.54,117,000	50,000,000		-
	5,707.0250 (P.Y. Nil) units in Templeton India Short Term Income Retail Plan Growth NAV as on March 31st Rs.12,171,589	11,500,000		-
		455,551,078		1,288,480

		AS AT 31ST MARCH 2012 Rs.		AS AT 31ST MARCH 2011 Rs.	
11	LONG TERM LOANS AND ADVANCES				
	Security Deposits with Authorities		-		16,541,458
	Taxes Paid (net of Provisions)		9,167,652		9,167,652
	Balance with Govt. Authorities				49,688,535
			9,167,652		75,397,645
12	INVENTORIES (As per inventory taken, valued and certified by the Director of the Company)				
	Raw Materials		-		29,533,785
	Stock in Process		-		65,513,133
	Finished Goods		-		-
	Packing Material		-		3,609,449
	Stores & Spares		-		4,318,129
			-		102,974,496
13	TRADE RECEIVABLES (Unsecured considered good)				
	Over six months		-		236,514
	Others		200,417		415,014,447
			200,417		415,250,961
14	CASH AND CASH EQUIVALENTS				
	Cash on hand		-		-
	Balance with Bank		1,767,270		3,480,088
	Fixed Deposit with Banks as Guarantee		66,623,762		105,112
			68,391,031		3,585,200
15	SHORT TERM LOANS AND AD- VANCES				
	Balance with Excise authorities		-		7,017,499
	Others		1,202,600		1,800,506
			1,202,600		8,818,005
16	OTHER CURRENT ASSETS				
	Others		-		8,869,283
			-		8,869,283
17	REVENUE FROM OPERATIONS				
	Sale of Chemicals	-		2,790,866,100	
	Less Excise Duty	-		(240,804,544)	
	Vat	-		(59,641,944)	2,490,419,612
	Income from Services		8,620,998		-
			8,620,998		2,490,419,612
	Chemical Includes Ethoxylates and Glycol Ethers and Speciality Chemicals				



		AS AT 31ST MARCH 2012 Rs.		AS AT 31ST MARCH 2011 Rs.	
18	<b>OTHER INCOME</b>				
	Export Benefits Recd./Receivable		-		23,844,064
	Interest Recd. Gross		5,735,429		11,941
	Dividend Recd.		4,752,355		350
	Profit on Sale of Investments		1,998,625		-
	Other non operating income		50,446		5,226,411
			12,536,856		29,082,766
19	<b>COST OF MATERIAL CONSUMED</b>				
	Opening Stock of Raw Material	-	-	42,047,069	-
	Purchase of Raw Material	-	-	1,974,553,627	-
	Closing Stock of Raw Material	-	-	(29,533,785)	-
	Raw Material Consumed				1,987,066,911
	Opening Stock of Packing Material	-	-	2,099,295	-
	Purchase of Packing Materials	-	-	68,654,863	-
	Closing Stock of Packing Materials	-	-	(3,609,449)	-
	Packing Material Consumed				67,144,709
					2,054,211,620
	Raw Material Consumed		<b>% of Con- sumption</b>		<b>% of Con- sumption</b>
	Imported	-	-	13.02%	258,642,000
	Indigenous	100%	-	86.98%	1,728,424,911
		100%	-	100%	1,987,066,911
20	<b>CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS AND STOCK IN TRADE</b>				
	Closing Stock of Finished Goods	-	-	-	-
	Closing Stock of WIP	-	-	(65,513,133)	-
	Opening Stock of Finished Goods	-	-	1,418,806	-
	Opening Stock of WIP	-	-	130,430,512	66,336,185
					66,336,185
21	<b>EMPLOYEE BENEFITS EXPENSE</b>				
	Salaries and Wages		693,097		25,211,547
	Contribution to PF and Other Funds		19,037		1,023,692
	Gratuity		127,010		664,123
	Staff Welfare Expenses		19,193		1,903,694
			858,337		28,803,056

Gratuity has been provided on estimated 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.

		AS AT 31ST MARCH 2012 Rs.		AS AT 31ST MARCH 2011 Rs.	
22	<b>FINANCE COSTS</b>				
	Interest Expenses		29,856		33,605,044
	Cash Discount Allowed		-		1,722,183
	Foreign Currency Rate Difference		-		2,485,620
	Bank Charges & Commission		56,778		6,180,390
			86,634		43,993,237
23	<b>OTHER EXPENSES</b>				
	Manufacturing Expenses				
	Stores & Spares Consumed			2,742,430	
	Labour Charges	520,446		8,596,343	
	Power & Fuel	-		112,664,085	
	Clearing & Forwarding Charges	-		15,977,420	
	Service Charges	-		2,035,294	
	Pollution Control Expenses	-		1,715,449	
	Repairs & Maintenance Machine	-		846,378	
	Laboratory Expenses	-		739,347	
	Water Charges	-		1,385,172	
	Carriage Inward	2,681,440		19,091,084	
	Other Manufacturing Expenses	-	3,201,886	1,092,263	166,885,265
	Other Expenses				
	Advertisement Expenses	122,100		205,594	
	Commission and Brokerage Expense	319,757		4,764,167	
	Rates & Taxes	147,290		1,867,722	
	Rent	2,400,000		2,647,064	
	General Expenses	66,880		1,722,422	
	Telephone and Other Communication Expenses	369,376		1,759,874	
	Motor car Expenses	411,910		1,121,118	
	Repairs & Maintenance Others	9,411,574		919,494	
	Clearing & Forwarding Expense	-		10,361,963	
	Drainage Charges	-		250,910	
	Exhibition Expenses	-		293,507	
	Freight & Forwarding Expenses	-		11,103,267	
	Festival Expenses	10,000		27,250	
	Sales Promotion Expenses	195,902		262,494	
	Travelling Expenses	1,562,099		1,565,878	
	Electricity Expenses	646,277		773,516	
	Entertainment Expenses	476,836		433,065	
	Printing & Stationery	87,080		1,746,708	
	Carriage Outward	-		26,558,824	
	Conveyance Expenses	44,984		1,428,029	
	Auditor's Remuneration	224,720		200,000	
	Directors Remunerations	1,800,000		2,654,537	
	Insurance Expenses	70,561		688,340	
	Legal & Professional Expenses	1,714,044		2,345,743	
	Loss on Sale of Car	1,770,036		-	
	Sundry Balances W/off	-	21,851,425	-	75,701,486
			25,053,311		242,586,751
	Stores Consumed		% of Consumption		% of Consumption
	Imported		-		8.39%
	Indigenous	100%	-		91.61%
		100%	-		2,742,430

**NOTE NO. : 24****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.

**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) 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.

## p) 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. Contingent Assets are neither recognized nor disclosed in the financial statements.

## NOTE NO. : 25

## NOTES TO ACCOUNTS:

## a) Contingent Liability :

- i) Excise Duty Rs. Nil(P.Y. 75,000/-) for which appeal is pending.
- ii) Letter of Credit Rs.Nil(P.Y.8,80,404/-) and Letter of Guarantee Rs.Nil(P.Y. 88,46,858/-).
- iii) Service Tax liability of Rs. Nil (P.Y. Rs. 57,29,279/-) against which appeal is pending
- iv) Sales Tax Liability of Rs. Nil (P.Y. Rs.7,47,201/-) against which appeal is pending
- v) Income Tax Liabilities for A.Y. 2009-10 Rs.2,15,817/- (P.Y. AY 2008-09 of Rs. 71,17,100/-) Against which appeal is pending.

b) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.Nil (P.Y. Nil).

## c) Auditors remuneration

Audit Fees	1,00,000	(60,000)
Tax Audit Fees	40,000	(40,000)
Other matters	60,000	(1,90,000)
Service Tax	24,720	(20,600)
	<u>2,24,720</u>	<u>(3,10,600)</u>

## d) IMPORTED AND INDEGENIOUS RAW MATERIALS CONSUMED.

	% OF TOTAL		VALUE (Rs. In Lacs)	
Raw material Consumption				
Imported	0.00	(13.02)	0.00	(2,586.42)
Indigenous	0.00	(86.98)	0.00	(17,284.25)
Total	0.00	(100.00)	0.00	(19,870.67)
Stores & Spares Imported	0.00	(8.39)	0.00	(2.30)
Indigenous		(91.61)	0.00	(25.12)
Total	0.00	(100.00)	0.00	(27.42)

## e) VALUE OF IMPORTS ON CIF BASIS

	Rs in Lacs	
Raw material	0.00	(2,039.92)

## f) Expenditure in foreign Currency

	Rs in Lacs	
Commission	1.55	(15.35)
Foreign Traveling	6.65	(1.12)

## g) Earning in foreign currency (Rs in lacs)

F.O.B Value of exports	0.00	(2,998.57)
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h) 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.

i) 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.

j) 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. 4,11,27,958/- between net , deferred tax liabilities of Rs.21,53,087/- as on 31st March 2012 and on the deferred tax liabilities of Rs.4,32,81,045/- as on 31st March 2011.

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

Deferred Tax Liability	
Depreciation	21,92,333/-
Total	21,92,333/-
Deferred Tax Assets	
Employee Benefits	39,246/-
Total	39,246/-
Deferred Tax Liability (Net)	21,53,087/-

## k) Earnings per Share.

Net Profit available for equity share holders Rs.	-2,89,24,390
Weighted Average No. equity Shares	80,00,000
Basic & Diluted Earning per Share (Rs.)	-3.62
( Equity Share of face value of Rs. 10 each)	

## l) 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
Jaideep Seth	Relative of Director
P.P.Joshi	Director

Transactions during the year with related parties:

## Expenditure

Payment to and provisions

Key Management Personnel	Directors Remuneration	Rs.	22,96,957	(21,40,151)
	Rent	Rs.	24,00,000	(24,00,000)
Director	Directors Remuneration	Rs.	0	(8,31,088)
Relative of director	Commission.	Rs.	1,80,000	(1,80,000)
Deposit taken		Rs.		Rs.
Associate Companies				
Opening Balance			0	(2,91,345)
Taken during the year			0	(0)
Repaid during the year			0	(2,91,719)
Closing Balance			0	(0)

## Deposit Granted

	Key Management Personnel	Director
Opening Balance	0	(- 3,85,202) (0)
Granted during the year	0	(35,97,580) 0 (55,049)
Recovered during the year	0	(32,12,378) 0 (55,049)
Closing Balance	0	(0) 0 (0)

## m) Current Taxation (Net Of Provision ) represent (Rs.)

Taxes Paid	3,07,81,394	(3,77,18,652)
Less: Provision for Taxation	3,26,00,000	(2,85,51,000)
	- 18,18,606	(91,67,652)

- n) 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.
- o) The Company has sold its manufacturing unit at Panoli to M/s Huntsman Performance Products (India) Pvt. Ltd, on 1st April, 2011 as per the Hon. High Court order dated 11th March 2011 and hence the Company has discontinued its operation since then.
- p) Previous year figures have been regrouped/ reclassified wherever necessary.
- q) Since the Company is dealing in one segment, No separate Segment reporting is given.
- r) Figures into bracket pertains to previous year.

As per our report of even date	For and on Behalf of the Board		
For S. M. Kapoor & Co.			
Chartered Accountants			
Shekhar Gupta	S. R. Narayanan	Sandeep Seth	Jaideep Seth
Partner	Company Secretary	Director	Director
Place : Mumbai			
Date : 6th September, 2012			



**LAFFANS PETROCHEMICALS LIMITED**  
 (Regd. Office : Shed No. C1B/316, GIDC Panoli, Tal. Ankleshwar,  
 Dist. Bharuch, Gujarat Pin.394116.)

**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 **19<sup>th</sup> ANNUAL GENERAL MEETING** of the Company held on Friday the 28<sup>th</sup> day of September 2012 at 12.30 P.M. at Shalimar Hotel, Tal. Ankleshwar, Dist. Bharuch, Gujarat Pin.394116

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 : Shed No. C1B/316, GIDC Panoli, Tal. Ankleshwar,  
 Dist. Bharuch, Gujarat Pin.394116 )

**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 **19<sup>th</sup> ANNUAL GENERAL MEETING** of the Company to be held on Friday the 28<sup>th</sup> day of September 2012 at 12.30 P.M. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

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,**



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**PETROCHEMICALS LIMITED**

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10, Luthra Industrial Premiese,  
Ground Floor, Andheri - Kurla Road,  
Safed Pool, Mumbai - 400 072

**CRYSTAL +91 6614 0900**