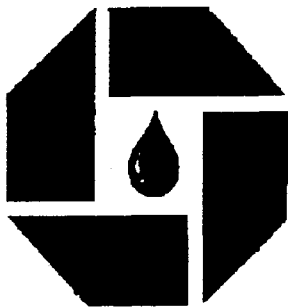


# **20<sup>th</sup>**

# **Annual Report**



**Laffans**

---

**PETROCHEMICALS LIMITED**

---

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

**2012 - 2013**

## **BOARD OF DIRECTORS**

Shri Sandeep Seth

Managing Director

Shri Ambalal C. Patel

Director

Shri Jaideep Seth

Director

Shri Rajesh Sharma

Director

## **AUDITORS**

S.M. Kapoor & CO.

## **COMPANY SECRETARY**

Mr. S. R. Narayanan

## **BANKERS**

Indian Overseas Bank

HDFC Bank Ltd

Axis Bank Ltd

## **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 Twentieth Annual General Meeting of the Members of LAFFANS PETRO-CHEMICALS LIMITED will be held on Monday, 30th day of September, 2013 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 Balance Sheet as at 31st March, 2013, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ambalal C. Patel, who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold Office from the conclusion of this Meeting until the conclusion of the Next Annual General Meeting and to fix their remuneration.

“RESOLVED THAT M/s. S. M. Kapoor & Co., Chartered Accountants, Mumbai be and is hereby reappointed as auditors of the Company to hold office from the conclusion of this annual general meeting till the conclusion of 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.”

Place: Mumbai  
Dated: 29th May, 2013

By Order of the Board of Directors  
**Sandeep Seth**  
Managing Director.

**Regd. Office:**

Shed No. C1B/316, GIDC Panoli,  
Tal. Ankleshwar, Dist, Bharuch,  
Gujarat- 394116.

**NOTES:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a Member of the Company.
2. A proxies in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, 20th day of September, 2013 to Monday, 30th day of September, 2013 (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.

**DIRECTORS' REPORT**

Dear fellow members,

Your Directors have pleasure in presenting the 20th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2013.

**FINANCIAL RESULTS**

PARTICULARS	Rs. in Lacs	
	31.03.2013	31.03.2012
Sales and other income	1082.75	211.58
Profit/Loss before depreciation, Tax and interest	864.53	(482.84)
Interest	0.71	0.87
Profit/Loss before depreciation and tax	863.82	(483.71)
Depreciation for the year	9.29	11.69
Profit/Loss before Tax	854.53	(495.40)
Provision for Tax	(178.00)	(205.12)
Deferred Tax Assets/(Liability)	42.99	411.28
Profit after tax	719.52	(289.24)
Prior year Tax adjustments	0.00	0.00
Balance in P & L Account	3272.86	3562.10
Balance available for appropriation	3992.38	3272.86
Transfer to General Reserve	Nil	Nil
Balance carried to Balance Sheet	3992.38	3272.86

**OPERATION:**

Your company has generated gross income of Rs. 1082.75 lacs as compared to Rs. 211.58 lacs for previous year. The income by way of trading during the year amounted to Rs.504.03 Lacs compared to Rs. Nil in the previous year. Income from services amounted to Rs.68.20 Lacs compared to Rs.86.21 Lacs in the previous year.

**DIVIDEND:**

The Board, after careful review of the performances of the Company has not recommended any dividend as it is in the initial stage of its new business model more focused on trading and toll production instead of manufacturing of commodity chemicals.

**DIRECTORS:**

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association Mr. Ambalal C. Patel 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 the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

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 for preventing and detecting fraud and other irregularities. The Directors had prepared the annual accounts on a 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 Securities & exchange Board of India (SEBI). As on 31st March, 2013, 7190240 equity shares representing 89.88% 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, Statements of particulars of the Employees do not form part of the Report.

#### **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:**

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

#### **PERSONNEL:**

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

#### **ACKNOWLEDGEMENTS:**

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

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

Place: Mumbai  
Date: 29th May, 2013

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.**

	2012-13	2011-12
<b>1. ELECTRICITY</b>		
Units (in thousands)		
Total amount (Rs. in lacs)		--
Rate/Unit	Na	6.46
<b>2. OIL/DIESEL</b>		
Consumed Unit		
Total Amount (Rs. in lacs)	Na	Na
Average rate ( litre )		
<b>3. GAS</b>		
Consumed Units (in thousand kgs)	Na	Na
Internal Generation		
Total Amount		

**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. Nil Lacs)

Foreign Exchange Outgoings were Rs. Nil Lacs (Previous year Rs. 8.20 Lacs)

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

Place: Mumbai

**Sandeep Seth**

**Jaideep Seth**

Dated: 29th May, 2013

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 Companies Act, 1956, certifies to the Board that:

- a) The Financial Statements and the Cash Flow Statements for the period have been reviewed and to the best of knowledge and belief are true and fair view of 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 Audit Committee shall provide the necessary superintendence and control over the Managing Director.

---

**MANAGEMENT DISCUSSION AND ANALYSIS**

During the year under review the Company had trading activities and other income was generated through earning of interest on investment, dividend income, profit on sale of investments etc

**On this**

The Company has achieved gross income of Rs. 1082.75 Lacs, during the year 2012-13 by way of Sales, Commission and return on investment as compared to Rs. 211.58 Lacs for the previous year. The Company during the year commenced trading activities and earned profit of Rs. 719.52 Lacs. Such profitability may not be sustainable in the current year. Your company will however strive to explore other sustainable product lines after having divested its interest in low margin manufacturing. The year has witnessed tremendous uncertainties with exceptional increase in rawmaterial prices and currency fluctuations in respect of trading of products. The commodity chemicals have been deeply impacted due to cheap imports from new plants set up in the middle east resulting in several closures of local plants. The year ahead is going to be extremely challenging with the risks and uncertainties associated with the present business environment.

## REPORT ON CORPORATE GOVERNANCE

(Pursuant to the provisions of Listing Agreement 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 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	One
Mr. Ambalal Chhitabhai Patel	Independent	Twelve
Mr. Jaidep Seth	Non Executive	One
Mr. Rajesh Sharma	Independent	None

##### Board Meeting:

The Board of the Company met 7 times during the year i.e. on 15.05.2012, 08.06.2012, 14.08.2012, 24.08.2012, 06.09.2012, 15.11.2012 and 15.02.2013. The maximum interval between any two Board Meeting was not more than 4 months and at least one meeting was held in every quarter of the financial year. The Board meeting are generally held at 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	7	Yes
Mr. Ambalal Chhitabhai Patel	7	1	Yes
Mr. Sanjay Seth	2	0	No
Mr. Nivedan Bharadwaj	1	0	No
Mr. Jaideep Seth	6	6	Yes
Mr. Rajesh Sharma	6	6	Yes

##### 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 holds directorships in a number of Companies. His continuous 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 Agreement with the Stock Exchange. 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 15.05.2012, 14.08.2012, 12.11.2012 and 15.02.2013 and the attendance of each member is as given below:

Name of Director	No. of meetings attended
Mr. Sanjay Seth	0
Mr. Ambalal C. Patel	1
Mr. Nivedan Bharadwaj	0
Mr. Rajesh Sharma	3
Mr. Jaideep Seth	3

#### B. Shareholders' Grievance Committee:

The Share holders' grievance committee comprises of Mr. Jaideep 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. Jaideep Seth. Committee meet every 15 days as may be required to take on record share transfer forms received from shareholders in physical mode.

### 4. DIRECTORS INTEREST IN THE COMPANY;

Details of remuneration to all Directors for the year ended 31st March, 2013.

Director	Sitting fees	Salary	Perks	Commission	Total
		Rs.	Rs.	Rs.	Rs.
Mr. Sandeep Seth	Nil	1,800,000	397,096	Nil	2,197,096
Mr. Ambalal C. Patel	Nil	Nil	Nil	Nil	Nil
Mr. Jaideep Seth	Nil	330,000	Nil	Nil	330,000

SHARES HELD BY THE DIRECTORS: 31.03.2013

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

### 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 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 Meeting were held as under:

Year	Location	Date	Time
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.
2011-12	Shalimar Hotel, Ankleshwar, Dist. Bharuch, Gujarat	28.09.2012	12.30 p.m.

No Special Resolution is being put through postal as there is no such business that statutorily required voting through postal ballot in ensuing 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 whenever 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 30.06.2012	15.08.2012
Financial report for the quarter ending 30.09.2012	12.11.2012
Financial report for the quarter ending 31.12.2012	15.02.2013
Financial report for the quarter ending 31.03.2013	29.05.2013

**Listing of Equity Shares on Stock Exchange at:**

Vadodara, Delhi & Bombay Stock Exchanges.  
Necessary resolution has been passed for delisting from Delhi & Ahmadabad Stock Exchanges.  
Delisted from Ahmadabad.

**Status of listing fee**

Paid for Bombay, Delhi and Vadodara 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: 91-22-22722061/41/39

ii) Central Depository Services (India) Limited

Phiroze Jeejeebhoy 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, dividend  
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, 2012 to 31st March, 2013 were 7200.

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 2013, Shares representing 89.88% were held in dematerialized form.

**Dematerialization****Complaints received during the period**

a) Complaints from investors

**Received**

4

**Cleared**

4

b) Letters received from Stock Exchange/SEBI

----

----

**Distribution of Shareholding as on 31st March, 2013.**

No. of shares	No. of shareholders	% of shareholders	No. of share held	% of total
Upto 5000	3606	79.04	885955	11.08
5001-10000	534	11.71	445144	5.56
10001-20000	189	4.14	295454	3.69
20001-30000	56	1.23	147580	1.85
30001-40000	33	0.72	121098	1.51
40001-50000	39	0.86	188236	2.35
50001-100000	53	1.16	388134	4.85
100001 & above	52	1.14	5528399	69.11

**Categories of Shareholders as on 31st March, 2013**

Category	No. of shares	Voting strength (%)
Promoter, Relatives & Associates	4040868	50.51
Public	3621585	45.27
NRI/FII/OCBs	19035	0.24
FIs/MFs	10600	0.13
Bodies Corporate	306506	3.83
Other Clearing Member	1406	0.02
<b>Total</b>	<b>8000000</b>	<b>100</b>

**Stock Market Price Data for the period**

	BSE			BSE	
	HIGH (Rs.)	LOW (Rs.)		HIGH (Rs.)	LOW (Rs.)
April,2012	13.80	9.60	October, 2012	10.50	8.50
May,2012	12.79	9.40	November, 2012	12.53	8.40
June,2012	11.57	9.30	December, 2012	12.40	9.86
July,2012	11.75	8.90	January, 2013	12.00	9.81
August, 2012	10.19	8.66	February, 2013	10.95	8.60
September, 2012	11.14	8.50	March, 2013	9.54	8.00

**Compliance Officer**

Mr. Sandeep Seth  
 Managing Director  
 Laffans Petrochemicals Ltd  
 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

**Shareholders Right**

The half year declaration of financial Performance including the summary of Significant events in last six months0 Should be sent to each shareholder

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

**CERTIFICATE**

To:

The Members of Laffans Petrochemicals Ltd.

We have examined the compliance of conditions of corporate governance of Laffans Petrochemicals Ltd. for the period ended 31st March, 2013 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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information, and according to the explanations given to us, we certify that the Company has complied with the conditions of the 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  
Shekhar Gupta  
Partner

Place: Mumbai  
Date: 29th May, 2013

## AUDITORS' REPORT

To the Members of Laffans Petrochemicals Ltd.

### Report on the Financial Statements

We have audited the accompanying financial statements of Laffans Petrochemicals Ltd. ('the Company') which comprise the Balance Sheet as on 31st March 2013, the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

### Opinion

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

Note No. (m) to the notes to the accounts regarding provision for Gratuity on estimated basis.

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (ii) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors Report) Order, 2003 ('the Order') as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that :
- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
  - e. On the basis of written representation received from the Directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March, 2013, from being
  - f. appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

for S.M. Kapoor & Co.  
Chartered Accountants

**(Shekhar Gupta)**  
Partner  
Membership No. 15622  
Firm Regn No.- 104809W

Place: Mumbai  
Date : 29th May, 2013

**Annexure to the Auditor's Report**

The Annexure referred to in our report to the members of Laffans Petrochemicals Limited ('the Company') for the year ended 31st March, 2013. We report that:

- (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, since the Company does not possess any inventory except inventories of commodities arbitrage which is not in physical form, the said clause is not applicable to the Company for the period ended.
- (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 commodities and fixed assets and for the sale of commodities/ services. 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.
- (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 not been prescribed by the Central Government under clause (d) of sub section (1) of section 209.
- (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 (i) Income Tax liability of Rs.80,26,328 for A. Y. 2009-10 against which appeal is pending, (ii) Income Tax liability of Rs.7,69,746 for A. Y. 2008-09 against which appeal is pending, (iii) Sales Tax liability of Rs.1,32,33,201 for A. Y. 2006-07 against which appeal is pending and (iv) Sales Tax liability of Rs.1,01,13,369 for A. Y. 2008-09 against which appeal is pending.
- (xi) According to the information and explanations given to us, the company does not have accumulated loses at the end of the financial year. Further, the company has not incurred cash losses in the current year however, incurred cash losses in the preceding financial year.
- (xii) Since the Company has not borrowed any funds from Banks or Financial institutions, the clause related to default in the repayment of dues to financial institutions and banks is not applicable.
- (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, Since the investments have been made in mutual funds, which are outside the preview of Section 372A of the Companies Act, and hence clause relating to maintenance of register and other records is not applicable.
- (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) Since the Company has not availed any Term loan during the period, the clause relating to utilisation of the said term loan is not applicable.
- (xvii) Since the Company has not raised any funds during the period whether short term or long term, the clause relating to utilisation of same for the purpose for which it was raised, is not applicable.
- (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

Place: Mumbai  
Date : 29-05-2013

**(Shekhar Gupta)**  
Partner  
Membership No. 15622  
Firm Regn No.- 104809W

## BALANCE SHEET AS AT 31ST MARCH, 2013

PARTICULARS	NOTE NO.	AS AT 31ST MARCH 2013		AS AT 31ST MARCH 2012	
		Rs.		Rs.	
<b>I EQUITY AND LIABILITIES</b>					
<b>1) SHAREHOLDERS FUNDS</b>					
a) Share Capital	1	80,000,000		80,000,000	
b) Reserves & Surplus	2	459,838,128	539,838,128	387,885,810	467,885,810
<b>2) NON-CURRENT LIABILITIES</b>					
a) Deferred Tax Liabilities (Net)		-		2,153,087	
b) Long Term Provisions	3	151,586	151,586	127,010	2,280,097
<b>3) CURRENT LIABILITIES</b>					
a) Trade Payables	4	1,569,814		4,234,061	
b) Other Current Liabilities	5	13,709,678	15,279,492	84,835,008	89,069,069
<b>TOTAL</b>			<b>555,269,205</b>		<b>559,234,976</b>
<b>II ASSETS</b>					
<b>1) NON-CURRENT ASSETS</b>					
a) Fixed Assets					
i) Tangible Assets	6	13,667,122		14,440,805	
b) Non-Current Investments	7	269,243,273		62,419,338	
c) Deferred Tax Assets (Net)		2,146,205			
d) Long Term Loans and Advances	8	55,106,954	340,163,553	19,449,046	96,309,188
<b>2) CURRENT ASSETS</b>					
a) Inventories	9	37,382,225			
b) Trade Receivables	10	224,922		200,417	
c) Current Investments	11	177,000,000		393,131,740	
d) Cash and cash equivalents	12	68,329		68,391,031	
e) Short Term Loans and Advances	13	430,176	215,105,651	1,202,600	462,925,788
<b>TOTAL</b>			<b>555,269,205</b>		<b>559,234,976</b>
<b>Significant Accounting Policies</b>	21				
<b>Notes to the financial statements</b>	1 to 22				

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

For and on Behalf of the Board

Shekhar Gupta  
Partner  
Membership No. 15622  
Firm Regn. No. 104809W

S.R. Narayanan  
Company Secretary

Sandeep Seth  
Director

Jaideep Seth  
Director

Place : Mumbai  
Date : 29th May, 2013

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2013**

PARTICULARS		NOTE NOS.	2012-13 Rs.	2011-12 Rs.
<b>I</b>	<b>INCOME</b>			
1	Revenue from Operations	14	57,222,609	8,620,998
2	Other Income:	15	51,052,567	12,536,856
	<b>Total Revenue</b>		108,275,177	21,157,854
<b>II</b>	<b>EXPENSES:</b>			
3	Purchase of Trading items	16	87,180,118	-
4	Change in inventories of Finished Goods Stock in Process and Stock in trade	17	(37,382,225)	-
5	Employee Benefits Expense	18	1,086,453	858,337
6	Finance Costs	19	70,977	86,634
7	Depreciation and Amortization Expense		928,666	1,168,833
8	Loss on Sale of Unit at Panoli		(49,633,258)	43,531,087
9	Other Expenses	20	20,971,421	25,053,311
	<b>Total Expenses</b>		22,822,152	70,698,202
	Profit Before Tax		85,453,024	(49,540,348)
	Tax Expenses			
	Current		(17,800,000)	(20,512,000)
	Deffered		4,299,293	41,127,958
	<b>Profit for the year</b>		71,952,317	(28,924,390)
	Earning per equity-share of face value of Rs.10/- each Basic and Diluted (In Rs.)		8.99	(3.62)
	<b>Significant Accounting Policies</b>	21		
	<b>Notes to the financial statements</b>	1 to 22		

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

For and on Behalf of the Board

Shekhar Gupta  
Partner  
Membership No. 15622  
Firm Regn. No. 104809W

S.R. Narayanan  
Company Secretary

Sandeep Seth  
Director

Jaideep Seth  
Director

Place : Mumbai  
Date : 29th May, 2013

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

PARTICULARS		Rs. 31st March 2013	Rs. 31st March 2012
<b>A.</b>	<b>Cash Flow from Operating Activities</b>		
	Net Profit before Tax	85,453,024	(49,540,348)
	Adjustments for:		
	Depreciation	928,666	1,168,833
	Interest (Net)	(4,568,921)	(5,648,796)
	Loss on Sale of Assets	-	1,770,036
	Loss on Sale of Unit	49,633,258	43,531,087
	Profit from Investments	(44,130,441)	(1,998,625)
	Dividend	(28,737)	(4,752,355)
	Operating Profit before Working Capital Changes	87,286,849	(15,470,168)
	Adjustments for:		
	Trade & Other receivables	(34,209,832)	497,765,226
	Inventories	(37,382,225)	102,974,496
	Trade Payables	(73,765,001)	(57,596,963)
	Cash generated from Operations	(58,070,209)	527,672,591
	Interest paid	(4,568,921)	(5,648,796)
	Taxes Paid	18,500,157	30,793,394
	Net Cash from Operating activities	(72,001,444)	502,527,993
<b>B.</b>	<b>Cash Flow from Investing Activities</b>		
	Purchase of Fixed Assets	154,983	2,983,699
	Sale of fixed Assets	49,633,258	(269,834,509)
	Purchase of Investments net of sale	(53,438,246)	452,263,973
	Dividends	(28,737)	(4,752,355)
	Net Cash used in Investing Activities	(3,678,742)	180,660,808
<b>C.</b>	<b>Cash Flow from Financing Activities</b>		
	Proceeds from Long /Short term borrowings	2170	-
	Repayment of long term borrowings	-	(257,061,353)
	Net Cash used in Financing Activities	-	257,061,353
	Net Increase in Cash & equivalents	(68,322,702)	64,805,832
	Opening Balance of Cash & Cash equivalents	68,391,031	3,585,200
	Closing Balance of Cash & Cash equivalents	68,322,702	68,391,031

## 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, 2013 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.

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

For and on Behalf of the Board

Shekhar Gupta  
Partner  
Membership No. 15622  
Firm Regn. No. 104809W

S.R. Narayanan  
Company Secretary

Sandeep Seth  
Director

Jaideep Seth  
Director

Place : Mumbai  
Date : 29th May, 2013

	AS AT 31ST MARCH 2013 Rs.	AS AT 31ST MARCH 2012 Rs.
--	---------------------------------	---------------------------------

**NOTE NO.-**

<b>1</b>	<b>SHARE CAPITAL AUTHORISED</b> 11,000,000 Equity Shares (P.Y. 11,000,000) of Rs. 10 each				
			110,000,000		110,000,000
	<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:		No. of Shares		No. of Shares
	Sandeep Seth		3,812,668		3,812,668

**Note:** There is no Change in Issued, Subscribed and Paid up Capital, Hence reconciliation of the same has not been given.

<b>2</b>	<b>RESERVES AND SURPLUS</b> General Reserve As per Last Balance Sheet	60,600,000	60,600,000	60,600,000	60,600,000
	Balance in Profit ans Loss Statement As per Last Balance Sheet	327,285,810		356,210,200	
	Add: Profit for the year	71,952,317	399,238,128	(28,924,390)	327,285,810
			459,838,128		387,885,810

<b>3</b>	<b>LONG TERM PROVISIONS</b> Provisions for Gratuity		151,586		127,010
			151,586		127,010

<b>4</b>	<b>TRADE PAYABLES:</b> For Goods (50,558,800) Micro, Small & Medium Enterprise Others		-		-
	For Expenses		1,569,814		4,234,061
			1,569,814		4,234,061

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

<b>5</b>	<b>OTHER CURRENT LIABILITIES</b> Current maturity of Long term Liabilities Other Payables		-		-
			13,709,678		84,835,008
			13,709,678		84,835,008

**Note:** Other Payable includes Sales Tax Liability of Rs.132.33 Lacs (Previous Year Sales Tax Liability Rs.132.33 Lacs and Rs.712.55 to the buyer of manufacturing Unit)

## NOTE NO. 6

## DEPRECIATION CHART AS AT 31 MARCH 2013

PARTICULARS	GROSSBLOCK				DEPRECIATION				NETBLOCK	
	OPENING BALANCE	ADDITION	SALES/ADJ.	TOTAL	OPENING	FOR THE YEAR	W/BACK/ADJ.	TOTAL	AS ON 3/31/2013	AS ON 3/31/2012
Building	15,000,000	-	-	15,000,000	4,201,000	501,000	-	4,702,000	10,298,000	10,799,000
Computers	37,990	-	-	37,990	4,370	6,158	-	10,528	27,462	33,620
Office Equipments	134,345	2,200	-	136,545	605	6,440	-	7,045	129,500	133,740
Furniture & Fixtures	100,427	152,783	-	253,210	2,419	7,837	-	10,256	242,954	98,008
Vehical	4,286,644	-	-	4,286,644	910,207	407,231	-	1,317,438	2,969,206	3,376,437
<b>Total</b>	<b>19,559,406</b>	<b>154,983</b>	<b>-</b>	<b>19,714,389</b>	<b>5,118,601</b>	<b>928,666</b>	<b>-</b>	<b>6,047,267</b>	<b>13,667,122</b>	<b>14,440,805</b>
Previous Year	504,661,319	2,983,699	488,085,612	19,559,406	176,899,749	1,168,833	172,949,981	5,118,601	14,440,805	327,761,570

		AS AT 31ST MARCH 2013 Rs.	AS AT 31ST MARCH 2012 Rs.
7	<b>NON CURRENT INVESTMENTS</b> (Unquoted unless otherwise stated) <b>NON TRADE AT COST</b> Nil (P.Y. 1,258,500) Equity Shares in California Infotech.com Private Limited of Rs.10/- each	-	12,585,000
	<b>IN MUTUAL FUNDS</b> 2,877,762.136 (P.Y. Nil) units in Birla Sun Life Dynamic Bond Fund NAV as on March 31st Rs.57,093,362	52,500,000	-
	2,205,874.243 (P.Y. Nil) units in Birla Sun Life Dynamic Bond Fund NAV as on March 31st Rs.43,763,442	40,000,000	-
	202,875.421 (P.Y. Nil) units in ICICI Prudential Income Regular Plan Growth NAV as on March 31st Rs.7,528,605	7,500,000	-
	1,082,902.587 (P.Y. Nil) units in IDFC Dynamic Bond Fund Growth (Regular Plan) NAV as on March 31st Rs.15,242,720	15,000,000	-
	3,379,524.059 (P.Y. Nil) units in IDFC SSIF Short Term Growth NAV as on March 31st Rs.81,100,805	75,000,000	-
	7,045.4952 (P.Y. Nil) units in J P Morgan India Treasury Fund Super INST Growth NAV as on March 31st Rs.108,302	106,085	-
	147,734.928 (P.Y. Nil) units in Kotak Bonds Scheme Plan A Growth NAV as on March 31st Rs.5,004,698	5,000,000	-
	61,408.917 (P.Y. Nil) units in Kotak Gilt Investment Regular Growth NAV as on March 31st Rs.2,493,386	2,500,000	-

	AS AT 31ST MARCH 2013 Rs.	AS AT 31ST MARCH 2012 Rs.
194,710.116 (P.Y.Nil) units in Reliance Income Fund Growth Plan Growth Option NAV as on March 31st Rs.7,516,122	7,500,000	-
300 (P.Y.Nil) units in Religare NDPMS Series XXIV-C NAV as on March 31st Rs.30,000,000	30,000,000	-
851,858.414 (P.Y.Nil) units in SBI Dynamic Bond Fund Regular Plan Growth NAV as on March 31st Rs.12,545,916	12,500,000	-
713,918.876 (P.Y.Nil) units in SBI Dynamic Bond Fund Growth NAV as on March 31st Rs.10,522,879	10,000,000	-
690.353 (P.Y.Nil) units in Templeton India Short Term Income Retail Plan Growth NAV as on March 31st Rs.1,625,391	1,600,000	-
546,467.577 (P.Y. 2,154,154.500) units in DSP Blackrock Short Term Fund Growth NAV as on March 31st Rs.10,899,842	10,037,188	38,334,338
Nil (P.Y. 5,707,025) units in Templeton India Short Term Income Retail Plan Growth NAV as on March 31st Rs.Nil	-	11,500,000
	269,243,273	62,419,338
<b>Note:</b> Investments in the form of FMP's maturing in less than one year from the end of the financial year has been considered as current Investment.		
<b>8 LONG TERM LOANS AND ADVANCES</b>		
Taxes Paid (net of Provisions)	20,149,203	19,449,046
Other Advances	34,957,751	-
	55,106,954	19,449,046
<b>Note:</b> Other Advances includes amount paid towards Advance for premises.		
<b>9 INVENTORIES</b> (As per inventory taken, valued and certified by the Director of the Company)		
Trading Goods of Commodity Arbitrage	37,382,225	-
	37,382,225	-
<b>10 TRADE RECEIVABLES</b> (Unsecured considered good)		
Over six months	-	-
Others	224,922	200,417
	224,922	200,417

		AS AT 31ST MARCH 2013 Rs.		AS AT 31ST MARCH 2012 Rs.	
<b>11</b>	<b>CURRENT INVESTMENTS</b> (Unquoted unless otherwise stated)				
	IN MUTUAL FUNDS				
	Nil (P.Y. 5,000,000) units in DSP Blackrock FMP 12M Series 20 Growth NAV as on March 31st Rs.Nil		-		50,000,000
	13,680,000 (P.Y. Nil) units in DSP Blackrock FMP 12M Series 47 Growth NAV as on March 31st Rs.148,909,536		136,800,000		-
	530,000 (P.Y. Nil) units in IDFC Fixed Maturity Plan 366 Days Series 78 Growth NAV as on March 31st Rs.5,718,117		5,300,000		-
	3,490,000 (P.Y.Nil) units in Kotak FMP Series 88- Growth NAV as on March 31st Rs.37,760,404		34,900,000		-
	Nil (P.Y. 15,000,000) units in ICICI Prudential FMP Series 54-1 Year Plan D Cumm. NAV as on March 31st Rs.Nil		-		150,000,000
	Nil (P.Y. 2,000,000) units in ICICI Prudential FMP Series 56-1 Year Plan E Cumm. NAV as on March 31st Rs.Nil		-		20,000,000
	Nil (P.Y. 3,000,000) units in ICICI Prudential FMP Series 57-1 Year Plan B Cumm. NAV as on March 31st Rs.Nil		-		30,000,000
	Nil (P.Y. 9,313,174) units in Kotak FMP Series 44- Growth NAV as on March 31st Rs.Nil		-		93,131,740
	Nil (P.Y. 5,000,000) units in Kotak FMP Series 46 Growth NAV as on March 31st Rs.Nil		-		50,000,000
			177,000,000		393,131,740
	Note: Investments maturing in less than one year from the end of the financial year has been considered as current Investment.				
<b>12</b>	<b>CASH AND CASH EQUIVALENTS</b>				
	Cash on hand		-		-
	Balance with Bank		68,329		1,767,270
	Fixed Deposit with Banks as Guarantee		-		66,623,762
			68,329		68,391,031
<b>13</b>	<b>SHORT TERM LOANS AND ADVANCES</b>				
	Balance in Service Tax Credit		386,526		-
	Others		43,650		1,202,600
			430,176		1,202,600



		AS AT 31ST MARCH 2013 Rs.		AS AT 31ST MARCH 2012 Rs.	
<b>14</b>	<b>REVENUE FROM OPERATIONS</b>				
	Sale of Commodities- Arbitrage		50,402,772		-
	Income from Services		6,819,837		8,620,998
			57,222,609		8,620,998
	Chemical Includes Speciality Chemicals				
<b>15</b>	<b>OTHER INCOME</b>				
	Interest Recd. Gross		4,639,898		5,735,429
	Dividend Recd.		28,737		4,752,355
	Profit on Sale of Investments		44,130,441		1,998,625
	Other non operating income		2,253,491		50,446
			51,052,567		12,536,856
<b>16</b>	<b>PURCHASE OF TRADING GOODS</b>				
	Purchase of Commodities- Arbitrage		87,180,118		-
			87,180,118		-
<b>17</b>	<b>CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS AND STOCK IN TRADE</b>				
	Closing Stock of Trading Goods- Commodity Arbitrage	37,382,225			-
	Opening Stock of Trading Goods- Commodity Arbitrage	-			-
			(37,382,225)		-
<b>18</b>	<b>EMPLOYEE BENEFITS EXPENSE</b>				
	Salaries and Wages		991,289		693,097
	Contribution to PF and Other Funds		21,852		19,037
	Gratuity		24,576		127,010
	Staff Welfare Expenses		48,736		19,193
			1,086,453		858,337
	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.				
<b>19</b>	<b>FINANCE COSTS</b>				
	Interest Expenses		9,288		29,856
	Bank Charges & Commission		61,689		56,778
			70,977		86,634

	AS AT 31ST MARCH 2013 Rs.		AS AT 31ST MARCH 2012 Rs.	
	<b>20 OTHER EXPENSES</b>			
Direct Expenses				
Labour Charges	503,422		520,446	
Carriage Inward	228,000		2,681,440	
		731,422		3,201,886
Other Expenses				
Advertisement Expenses	101,271		122,100	
Commission and Brokerage Expense	-		319,757	
Rates & Taxes	652,479		147,290	
Rent	2,400,000		2,400,000	
General Expenses	219,703		66,880	
Telephone and Other Communication Expenses	258,611		369,376	
Motor car Expenses	365,997		411,910	
Repairs & Maintenance Others	3,554,346		9,411,574	
Donation	40,500		-	
Prior period Expenses	2,501,000		-	
Festival Expenses	8,800		10,000	
Sales Promotion Expenses	-		195,902	
Travelling Expenses	377,585		1,562,099	
Electricity Expenses	476,137		646,277	
Entertainment Expenses	466,392		476,836	
Printing & Stationery	177,873		87,080	
Conveyance Expenses	237,612		44,984	
Auditor's Remuneration	200,000		224,720	
Directors Remunerations	2,130,000		1,800,000	
Insurance Expenses	55,515		70,561	
Legal & Professional Expenses	5,616,178		1,714,044	
Loss on Sale of Car	-	19,839,999	1,770,036	21,851,425
		20,571,421		25,053,311

**NOTE NO. : 21****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:**

Inventories of Commodity Arbitrage is valued at Cost.

**f) Revenue Recognition:**

- I. The revenue is recognized as per contract note of sale of Arbitrage and in case of sale of services on completion of Job.
- II. Other income is recognized on accrual basis.
- III. In conformity with generally accepted accounting principles, Income from Growth FMP Investments are recognized on redemption.

**g) Sales:**

Sale comprises of the trading in Commodities Arbitrage.

**h) 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.

**i) 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. However there is no such transaction during the year.

**j) 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.

k) 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.

l) 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.

m) 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.

n) 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. : 22**

**NOTES TO ACCOUNTS:**

a) Contingent Liability :

- i) Sales Tax Liability of Rs. 1,01,13,369 for the year 2008-09 (P.Y. Rs.Nil) against which appeal is pending
- ii) Income Tax Liability for A.Y. 2009-10 Rs.78,60,520/- (P.Y. Nil) Against which appeal is pending.
- iii) Income Tax Liability for A.Y. 2008-09 Rs.7,69,746/- (P.Y. Nil) Against which appeal is pending.
- iv) Income Tax Liability for A.Y. 2009-10 Rs.1,65,808/- (P.Y. Nil) 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	(1,00,000)
Tax Audit Fees	40,000	( 40,000)
Other matters	1,10,000	( 60,000)
Service Tax	30,900	( 24,720)
	<u>2,80,900</u>	<u>(2,24,720)</u>

e) VALUE OF IMPORTS ON CIF BASIS		Rs in Lacs
Raw material	0.00	(0.00)
f) Expenditure, in foreign Currency		(Rs in lacs )
Commission	0.00	(1.55)
Foreign Traveling	0.00	(6.65)
g) Earning in foreign currency (Rs in lacs)		
F.O.B Value of exports	0.00	(0.00)
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. 42,99,293/- between net , deferred tax asset of Rs.21,46,204/- as on 31st March 2013 and on the deferred tax liabilities of Rs.21,53,087/- as on 31st March 2012.		

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

Deferred Tax Liability

Depreciation	23,04,482/-
Total	23,04,482/-

Deferred Tax Assets

Employee Benefits	49,182/-
Mat Credit	44,01,504/-
Total	<u>44,50,686/-</u>

Deferred Tax Asset (Net)	21,46,204/-
--------------------------	-------------

k) Earnings per Share.	
Net Profit available for equity share holders Rs.	7,19,52,317
Weighted Average No. equity Shares	80,00,000
Basic & Diluted Earning per Share (Rs.)	8.99
( 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
Sandeep Seth	Key Management Personnel
Jaideep Seth	Director

Transactions during the year with related parties:

Expenditure

Payment to and provisions

Key Management Personnel	Directors Remuneration	Rs.	21,97,096	(22,96,957)
	Rent	Rs.	24,00,000	(24,00,000)
Director	Directors Remuneration	Rs.	3,30,000	(0)
	Commission	Rs.	0	(1,80,000)

- m) 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.
- n) 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 of Gujarat's order dated 11th March 2011 and hence the Company has discontinued its manufacturing operation since then. During the year the Company has received an additional amount on final settlement which is shown as Profit on sale of unit at Panoli in the Profit and Loss Account.
- o) Previous year figures have been regrouped/ reclassified wherever necessary.
- p) After discontinuing its manufacturing activity due to sale of manufacturing unit to M/s Huntsman Performance Products (India) Pvt Ltd., the Company is now dealing in only one segment i.e. logistic business, hence no separate Segment reporting is given. The Investment activity has not been treated as separate segment as the same is temporary deployment of funds.
- q) Figures in to bracket pertains to previous year.

As per our report of even date

For S. M. Kapoor & Co.

Chartered Accountants

For and on Behalf of the Board

Shekhar Gupta  
Partner

S.R. Narayanan  
Company Secretary

Sandeep Seth  
Director

Jaideep Seth  
Director

Membership No. 15622

Firm Regn. No. 104809W

Place : Mumbai

Date : 29th May, 2013



---

**PETROCHEMICALS LIMITED**

---

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