

21st ANNUAL REPORT

2011 - 2012



CONTENTS

Company Information	1
Notice	2
Director's Report	6
Management Discussion And Analysis Report	11
Report on Corporate Government	14
CEO / CFO Certificate	26
Compliance Certificate on corporate Governance	27
Auditor's Report	28
Balance Sheet	32
Statement of Profit And Loss	33
Cash Flow Statement	34
Notes Forming Part of the Accounts	35
Attendance Slip And Proxy Form	57

VHCL INDUSTRIES LIMITED**BOARD OF DIRECTORS**

Mr. Pankaj H. Valia	-	CHAIRMAN (w.e.f. 17/11/2011)
Mr. Jayesh Prafull Jhaveri	-	Director
Mr. Atul Anantrai Mehta	-	Director
Mr. Nimesh S. Joshi	-	Director
Mr. Harshadrai Bosmia	-	Director (w.e.f 17/11/2011)
Mr. Mandar Subhash Palav	-	Director
Mr. Mitesh H. Dani	-	Director
Mr. Ashish S. Pandare	-	Director (w.e.f 02/06/2011)
Mr. Gaurav A. Sheth	-	Director (up to 02/06/2011)
Mr. Pankaj P. Jhaveri	-	Director (up to 02/06/2011)
Mr. Pradeep Soni	-	Company Secretary (w.e.f. 24/08/2012)
BANKERS	:	State Bank of India
AUDITORS	:	HiteshKumar P. Shah (Chartered Accountants)
REGISTERED OFFICE	:	306, Commodity Exchange Building, Plot No. 2, 3 & 4, Sector - 19, Vashi Navi Mumbai - 400 705
CORPORATE OFFICE	:	601/602, Casablanca, Plot No. 130, CTS-3A/5 Gulmohar Cross Road No. 10, Juhu, Vile Parle (W), Mumbai - 400 049
REGISTRARS & TRANSFER AGENTS	:	LINK INTIME INDIA PRIVATE LIMITED C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 21st ANNUAL GENERAL MEETING OF THE MEMBERS OF M/S VHCL INDUSTRIES LIMITED (FORMERLY KNOWN AS JHAVERI WELDFLUX LIMITED) WILL BE HELD AT THE HOTEL SHELTER PALACE AT PLOT NO. 179A, SECTOR – 19C, BEHIND STATE BANK OF INDIA, DANA BUNDER, VASHI, NAVI MUMBAI – 400 705 ON FRIDAY, 28TH SEPTEMBER 2012, AT 10.00 A.M. TO TRANSACT THE FOLLOWING BUSINESS.

ORDINARY BUSINESS :

- 1.) To receive, consider and adopt the Statement of Profit and Loss of the Company for the year ended 31st March, 2012 and Balance Sheet as at that date, Cash Flow statement for the year ended 31st March, 2012 and Report of the Directors and Auditors thereon.
- 2.) To declare Dividend.
- 3.) To appoint a Director in place of Mr. Atul Anantrai Mehta who retires by rotation and being eligible, offers himself for re – appointment.
- 4.) To appoint a Director in place of Mr. Nimesh S. Joshi who retires by rotation and being eligible, offers himself for re – appointment.

SPECIAL BUSINESS

- 5.) **“To consider and if thought fit, to pass with or without modification, the following resolution as ordinary Resolution”:**

Appointment of Mr. Pankaj H. Valia as a Director

"RESOLVED THAT Mr. Pankaj H. Valia who was appointed as an Additional Director of the Company by the Board of Directors, pursuant to the Section 260 of the Companies Act, 1956, and who holds office up to the date of this Annual General Meeting, and who is eligible for reappointment under the relevant provisions of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation".

- 6.) **“To consider and if thought fit, to pass with or without modification, the following resolution as ordinary Resolution”:**

Appointment of Mr. Harshadrai P. Bosmia as a Director

"RESOLVED THAT Mr. Harshadrai P. Bosmia who was appointed as an Additional Director of the Company by the Board of Directors, pursuant to the Section 260 of the Companies Act, 1956, and who holds office up to the date of this Annual General Meeting, and who is eligible for reappointment under the relevant provisions of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation".

- 7.) **“To consider and if thought fit, to pass with or without modification, the following resolution as ordinary Resolution”:**

Appointment of M/s. Sarda Soni Associates, Chartered Accountants, as Statutory Auditor

RESOLVED THAT pursuant to provision of Section 224 and other applicable provision if any of the Companies Act, 1956 and further subject to such approval as may be necessary, consent and approval of the Company be and is hereby accorded for the appointment of M/s. Sarda Soni Associates, Chartered Accountants, as Statutory Auditor of the Company, to fill the casual vacancy arising on account of the resignation received from the existing Auditor M/s Hiteshkumar P. Shah Chartered accountant, until 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 in consultation with the Auditor and Audit Committee thereof.

Dated : 24th August, 2012

By order of the Board of Directors

Registered Office :

306, Commodity Exchange Building,
Plot No. 2, 3 & 4, Sector – 19, Vashi,
Navi Mumbai, Mumbai – 400 705

Sd/-
Pradeep Soni
Company Secretary

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and to vote on a poll instead of himself and such proxy need not be a member of the company. Proxies in order to be effective must be received by the company not later 48 hours before the meeting.
2. Members are requested to notify immediately any change in their address.
3. The Register of Members and the Share Transfer Book of the Company will remain closed from 24th September, 2012 to 28th September, 2012 (both days inclusive).
4. Members desiring to submit mandates, to lodge transfer deed for shares are requested to forward the same so as to reach the Company's Registrars, LINK INTIME INDIA PRIVATE LIMITED C-13, Pannalal Silk Mills Compound, L.B.S. Marg Bhandup (West), Mumbai – 400 078.
5. In accordance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges the particulars of Directors who are proposed to be re-appointed are given in the Corporate Governance Section.
6. Members are requested to send their queries to the Company, if any on Accounts at least 10 days before the Meeting.
7. In case of physical shares, the instrument of Share Transfer complete in all respect should be sent so as to reach to the Registered Office of the Company or at the office of R & T Agent prior to closure of the Register of Members as stated above.
8. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
9. Members/Proxies should bring the attendance slip duly filled in, for attending the Meeting. The Attendance slip is sent with this Annual Report.
10. Recently, the Ministry of Corporate Affairs (MCA), Government of India, through its Circular Nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send official documents to their shareholders electronically as part of its green initiatives in corporate Governance.

Recognizing the spirit of the circular issued by the MCA, we henceforth propose to send Documents like the Notice convening the general meetings, Financial Statements, Directors' Report, Auditors' Report, etc to the email address provided by you with your depositories.

We request you to update your email address with your depository participant to ensure that the annual report and other documents reach you on your preferred email.

11. Members can avail of the Nomination facility by filing Form 2B with the Company or its Registrar. Blank forms will be supplied on request. In case of shares held in demat form, the nomination has to be lodged with their DP.
12. Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository Participants with whom they are maintaining their demat accounts(s). Members holding shares in physical form can submit their PAN details to LINK INTIME INDIA PRIVATE LIMITED C-13, Pannalal Silk Mills Compound, L.B.S. Marg Bhandup (West), Mumbai – 400 078.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice :

Item No 5.

Mr. Pankaj H. Valia was co-opted as an Additional Director of the Company with effect from 17th November, 2011 pursuant to Section 260 of the Companies Act, 1956 read with the Article 86 of the Articles of Association of the Company. Mr. Pankaj H. Valia holds the office upto the Date of the Annual General Meeting.

The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Mr. Pankaj H. Valia for the office of the Director.

None of the Directors of the Company other than Mr. Pankaj H. Valia are interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Mr. Pankaj H. Valia, it would be in the interest of the Company to appoint him as the Director of the Company.

The Board recommends the resolution set forth in the Item No. 5 for the approval of the members.

Item No 6.

Mr. Harshadrai P. Bosmia was co-opted as an Additional Director of the Company with effect from 17th November, 2011 pursuant to Section 260 of the Companies Act, 1956 read with the Article 86 of the Articles of Association of the Company. Mr. Harshadrai P. Bosmia holds the office upto the Date of the Annual General Meeting.

The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Mr. Harshadrai P. Bosmia for the office of the Director.

None of the Directors of the Company other than Mr. Harshadrai P. Bosmia are interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Mr. Harshadrai P. Bosmia, it would be in the interest of the Company to appoint him as the Director of the Company.

The Board recommends the resolution set forth in the Item No. 6 for the approval of the members.

Item No 7.

M/s Hiteshkumar P. Shah Chartered accountant were appointed as Auditor of the Company at the last Annual General Meeting held on September 29, 2011 to hold the office till the conclusion of the forthcoming Annual General Meeting. The company has received a letter dated 16th August, 2012 submitting their resignation as auditor of the Company, therefore creating casual vacancy in the office of Auditor.

In the terms of proviso of Section 224(6)(A) of the Companies Act, 1956 the casual vacancy caused by resignation of Auditors, shall only filled by the company in general Meeting therefore the Board of Directors of the Company recommended to pass necessary resolution by way of ordinary resolution to appoint M/s. Sarda Soni Associates, Chartered Accountants, as Statutory Auditor of the Company, to fill the casual vacancy caused by the aforesaid resignation and to hold office 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 in constitution with the Audit Committee thereof.

A certificate has been received from M/s. Sarda Soni Associates, Chartered Accountants, to the effect date that they are qualified for appointment as auditor of the Company and the proposed appointment if made by the company will be within the limits specified u/s 224,(1B) of the Companies Act, 1956.

A copy of the resignation tendered by the Auditors and eligibility letter as referred elsewhere are available at registered of Company for inspection of the member till the date of the meeting during business hours.

None of the directors are in any way consent or interested in the said resolution.

The Board recommends the resolution set forth in the Item No. 7 for the approval of the members.

Dated : 24th August, 2012

Registered Office :

306, Commodity Exchange Building,
Plot No. 2, 3 & 4, Sector – 19, Vashi,
Navi Mumbai, Mumbai – 400 705

By order of the Board of Directors

Sd/-
Pradeep Soni
Company Secretary

DIRECTORS REPORT

Dear Members'

Your Directors have pleasure in presenting their 21st Annual Report on the business and operations of the Company for the year ended 31st March, 2012.

1. FINANCIAL RESULTS:

(Rs. In Lacs)

Particulars	31st March, 2012	31st March, 2011
Sales	22816.59	6.98
Other Income	73.56	0.03
Profit (Loss) before Depreciation	1207.32	(2.16)
Less : Depreciation	165.44	0.00
Net Profit/ (Loss) before Tax	741.95	(2.16)
Less : Provision for Tax (MAT)	57.44	0.00
Less: Deferred Tax Liability	0.00	0.00
Profit/ (Loss) after Tax	694.52	(2.16)
<u>Appropriations</u>		
Less: Proposed Dividend (10%)	63.30	0.00
Tax on proposed dividend	10.27	0.00
Amount Available for appropriation	620.95	(2.16)
Provision For Income of Tax earlier written back	0.00	0.00
Balance Transferred to Profit & Loss A/c	620.95	(2.16)

2. DIVIDEND :

The Board of Directors of the Company recommends Dividend at the rate of 0.20 paisa per share (10%) on 31651970 Equity Shares of Rs. 2/- per share amounting to Rs. 6330394/- to the shareholders, whose name appears in the Register of Members of the Company as on the record date i.e. 24th September, 2012.

3. SANCTION OF THE COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION

The Hon'ble Bombay High Court by Order dated 13th April 2012 has sanctioned the Composite Scheme of Arrangement and Amalgamation of VHCL Industries Ltd with the Jhaveri Weldflux Limited w.e.f from 1st April 2011. In terms of the said Sanctioned Scheme the name of the Jhaveri Weldflux Limited has also changed to VHCL Industries Ltd. Note No 25 of the Notes forming part of the Financial Statements give the salient features of the said Sanctioned Scheme. Since the figures of the previous year of both Companies cannot be merged for the purpose of comparison due to the effect of the Amalgamation of the two Companies given in the Financial Statements for the year ended 31.03.2012, the previous year figures for the year ended 31.03.2011 have been given on standalone basis of Jhaveri Weldflux Limited only.

4. DIRECTORS :

Shri Pankaj H. valia and Harshadrai Bosmia were appointed as Directors of the Company with effect from 17th November, 2011.

Mr. Gaurav A. Sheth and Mr. Pankaj P. Jhaveri have resigned from the Board with effect from 2nd June, 2011. The Board places on record their appreciation for valuable service rendered by them to the Company during their tenure as Director of the Company.

5. AUDITORS :

Mr. Hiteshkumar P. Shah, Chartered Accountant has expressed their unwillingness to be re-appointed as Statutory Auditors of the Company for the year 2012-13 in the forth coming Annual General Meeting. The Company has received consent letter from Sarda Soni Associates as chartered Accountant for their appointment as Statutory Auditor of the Company provided their appointment is approved by the Shareholders at the forth coming Annual General Meeting. M/s Sarda Soni Associates have also confirmed that their appointment, if made, will be within the limits prescribe u/s 224 of the Companies Act, 1956

AUDITOR'S REPORT :

The observations made in the Auditor's Report as regards accounting treatment for retirement benefits on cash basis, the Directors state that the Company has been consistently following cash basis for payment of retirement benefits to its employees.

AUDIT COMMITTEE :

The composition of Audit Committee is as given in the Report on Corporate Governance.

SHAREHOLDERS' / INVESTOR GRIEVANCE COMMITTEE :

The composition of Shareholders'/Investor Grievance Committee is as given in the Report on Corporate Governance.

REPORT ON CORPORATE GOVERNANCE :

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report and a Corporate Governance Report are made as a part of this Annual Report.

A Certificate from the M/s. Hiteshkumar P. Shah, Chartered Accountants, regarding Compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the Listing Agreement is attached to this report.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

- a) In the presentation of the Annual Accounts, the applicable Accounting Standards has been followed and no material departures except to the extent disclosed have been made from the same.
- b) the Directors had selected such Accounting policies and applied them consistently and 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 or loss of the Company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- d) The Directors had prepared the Annual Accounts on a going concern basis.

STATEMENTS OF PARTICULARS UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

Information in accordance with the provisions of Section 217(1) (e) of the Act read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given in Annexure "A".

PUBLIC DEPOSITS

The Company has not accepted any Public Deposits during the year under report.

INSURANCE :

The properties, stock, assets of your Company are adequately insured.

PARTICULARS OF EMPLOYEES :

The Company has no employee in the category specified under Section 217(2A) of the Companies Act, 1956.

For and on behalf of the Board

Sd/-

Pankaj H. Valia
(CHAIRMAN)

PLACE : Mumbai

DATE : 24th August, 2012

ANNEXURE 'A' TO DIRECTORS' REPORT

As required under Section 217(1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are as under :

TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM – A IS GIVEN HEREUNDER :

A. POWER AND FUEL CONSUMPTION		2011- 12	2010- 11
1. ELECTRICITY (FOR MANUFACTURING)			
(a) Purchased			
Unit	KWH	1664160	2232435
Total Amount	Rs.	6841118	7160455
Rate/Unit (average)	Rs./ KWH	4.11	3.21
(b) Own generation (Through Diesel Generator)			
Through HSD (Unit) in ltrs		84432	10860
Total Amount	Rs.	3836431	561138
Rate per Liter of Diesel Oil	Rs/liter.	45.44	51.67
Through Steam/ Turbine Generator		Nil	Nil
2. Coal		Nil	Nil
3. Furnace Oil			
Quantity	MT	Nil	Nil
Total Cost	Rs. Lakh	Nil	Nil
Average rate	Rs./MT	Nil	Nil
4. Other/ internal generation			
(a) Low Sulphur Heavy Stock (LSHS)			
Quantity	MT	Nil	Nil
Total Cost	Rs. Lakh	Nil	Nil
Average Rate	Rs. /MT	Nil	Nil
(b) Internally Generated Fuel		Nil	Nil
B. Consumption per unit of Production			
Product	Unit	Per Tonne	Per Tonne
Plastic Granules	KWH	89.13	142.96

RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**1. Future plan of action**

We will focus on constant upgradation of Technology for recycling of plastic waste.

B. Technology absorption :**1. Efforts in brief made towards technology absorption, adaption and innovation.**

No new technology was introduced during the Year ended 2011-2012

2. Benefits derived as a result of the above efforts: Nil**3. In case of imported technology technology (imported during the last 5 years reckoned from the beginning of the financial year): Nil****C. Foreign Exchange Earnings and Outgo****1. Earning- FOB value of Exports : Nil****2. Outgo- CIF Value of Imports;**

\$ 30,023,026.73 (equivalent in Rs. 1523227014.76)

For and on behalf of the Board

PLACE : Mumbai

DATE : 24/08/2012

Sd/-

Pankaj H. Valia

(CHAIRMAN)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

AMALGAMATION OF VHCL INDUSTRIES LIMITED WITH THE COMPANY

The Hon'ble Bombay High Court by Order dated 13th April, 2012 has Sanctioned the Composite Scheme of Arrangement and Amalgamation of VHCL Industries Ltd (Transferor Company) with the Jhaveri Weldflux Ltd (Transferee Company) w.e.f appointed date i.e. 1st April, 2011. In terms of the Sanctioned Scheme the name of the Company has also changed from Jhaveri Weldflux LTD to VHCL Industries Limited. The Financial Statement of the Company for the year 2011-2012 also includes the operations of VHCL Industries Ltd (Transferor Company).

FINANCIAL PERFORMANCE

In the Audited Financial Statements the figures of previous year ended 31st March, 2011 are on Standalone basis whereas for the financial year 2011-12 combined figures of earst while VHCL Industries Limited and the company have been given. However for the sake of comparison in the following previous year's figure of both the companies have been compared from their Audited Annual Account. (Rs. in Lacs)

Particular	31st March, 2012			31st March, 2011		
	JWL*	VHCL*	TOTAL	JWL*	VHCL*	TOTAL
Sales	4.11	22812.48	22816.59	6.98	15895.68	15902.66
Other Income	0.02	73.54	73.56	0.03	58.93	58.96
Profit (Loss) before Depreciation	(7.98)	1215.30	1207.32	(2.16)	898.27	896.11
Less : Depreciation	0.00	165.44	165.44	0.00	184.44	184.44
Net Profit/ (Loss) before Tax	(7.98)	749.93	741.95	(2.16)	713.83	711.67
Less : Provision for Tax	0.00	57.44	57.44	0.00	235.35	235.35
Profit/ (Loss) after Tax	(7.98)	747.92	694.52	(2.16)	477.02	474.86

[* (JWL) Jhaveri Weldflux Limited]

[* (VHCL) VHCL Industries Limited]

INDUSTRY OUTLOOK

The Company is engaged in recycling of plastic wastes. Plastics industry has developed considerably since the invention of various routes for the production of polymers from petrochemical sources. Plastics have substantial benefits in terms of their low weight, durability and lower cost relative to many other material types worldwide polymer production was estimated to be 260 million metric tonnes per annum for all polymers including thermoplastics, thermoset plastics, adhesives and coatings, but not synthetic fibres. This indicates a historical growth rate of about 9 per cent p.a. Thermoplastic resins constitute around two-thirds of this production and their usage is growing at about 5 per cent p.a. globally. The Indian plastic industry is on fast track of growth. Plastic consumption has grown at a tremendous rate over the past two decades.

THE COMPANY'S OUTLOOK

The Company is engaged in (i) manufacture of reprocessed* Plastic Granuels (ii) Power Generation. Company generates major revenue from sales of granuels which contributed 99.29% of total sales made by the Company during the year 2011-12.

REPROCESSED PLASTIC GRANUELS

There is a vast untapped demand in rural areas. The Industry is fragmented and there are large numbers of small units scattered at various places in the country. Moreover the range of recycled material produced varies as per the requirements of the customers. The potential to grow depends on procurement of plastic wastes and producing recycled products as per market demand. Most varieties of plastics are recyclable. As per general estimate, reprocessed material used by plastic industry accounts for about 10% to 15% of the virgin material processed. It takes 91 % less energy to recycle a kilo of plastic than it takes to recycle a kilo of paper. Recycling of plastic bags generate 80% less waste as compared to paper bags. Many other advantages of recycling highlight its importance and the need to develop and support Plastics Recycling Program nationally as a modern solid waste management practice. The Company had made substantial growth in the last few years which are reflected in his financial performance.

WIND POWER

During the Year 2011-12, the sales from Wind Power were Rs. 161.43 lacs as against Rs. 142.88 lacs in the year 2010-11.

There is a huge gap between demand and supply of power in India which is likely to continue for many years to come. The government has taken various initiatives to increase public as well as private investment in this Sector to enhance generation capacity. This Sector provides ample opportunities for growth and there are no perceived threats.

METAL PLANT AT SANJAN (GUJRAT)

During the year 2011-2012 the company has acquired land at sanjan at the total cost of Rs. 1.45 crore for setting up metal plant. The company has also purchased machinery at a total cost of Rs. 14.64 crore which is under the process of installation.

OPPORTUNITIES AND THREATS

Recycling is one of the most important actions currently available to reduce these impact and represent one of the most dynamic areas in the plastics industries today. Recycling provides opportunities to reduce oil usage, carbon dioxide emission and the quantities of waste requiring disposal. The advantage is the ability to recycle a larger proportion of the plastic waste stream by expanding post-consumer collection of plastic packaging to cover a wider variety of materials and pack types. Product design for recycling has strong potential to assist in such recycling efforts. Most current material recovery facilities have difficulty handling flexible plastic packaging because of the different handling characteristics of rigid packaging. Plastic carry bags are an extremely resource-efficient disposable bag choice. There is a big opportunity in this industry in view of rapid growth in the economy and consumerism growing at fast pace. However, the growth is constrained by the factors like environment concerns and uncertain regulatory framework. Plastic bags can be made into dozens of useful new recycled products such as sheetings, garbage bags, liners, industrial packing, shoe soles building and construction products, low maintenance fencing and decking. There is high demand for plastic waste, and in most areas, demand exceeds available supply. We can also get material saving by recycling clean waste and also energy saving in our national interest. Plastic waste industry is at point of fierce competition the industry may encounter difficulties and in future the survival will be of the fittest. It is therefore necessary for the industry to evolving profitability and competitiveness focusing on improving the technical content, improve business strategies increase specialization and its transformation equipped with latest Technology.

RISKS AND CONCERNS

In summary, recycling is one strategy for end-of-life waste management of plastic products. It makes increasing sense economically as well as environmentally and recent trends demonstrate a substantial increase in the rate of recovery and recycling of plastic wastes. These trends are likely to continue, but some significant challenges still exist from both technological factors and from economic or social behaviour issues relating to the collection of recyclable wastes, and substitution for virgin material. Recycling of a wider range of plastic packaging, together with plastics from consumer goods and ELVs will further enable improvement in recovery rates of plastic waste and diversion from landfills. Coupled with efforts to increase the use and specification of recycled grades as replacement of virgin plastic, recycling of waste plastics is an effective way to improve the environmental performance of the polymer industry.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on these forward looking statements that speak only as of their dates.

For and on behalf of the Board

PLACE : Mumbai

Sd/-

DATE : 14/08/2012

Pankaj H. Valia

(CHAIRMAN)

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance:

Your Company is fully committed to the principles of transparency, integrity and accountability in all spheres of its operations and has been practicing the principles of good corporate governance over the years. In keeping with this commitment, your Company has been upholding fair and ethical business and corporate practices and transparency in its dealings and continuously endeavours to review, strengthen and upgrade its systems and procedures so as to bring in transparency and efficiency in its various business segments.

Your Board of Directors present the Corporate Governance Report for the year 2011-12 based on the disclosure requirements under Clause 49 of the Listing Agreement existing as on 31st March, 2012.

2. Board of Directors :

The Board of Directors of the company is composed of committed persons with considerable experience in varied fields and comprises a majority of Non-Executive Directors. The Board is properly constituted as per Clause 49 of the Listing Agreement. The Chairman of the Board is Non Executive Promoter Director and 1/2 of the Directors are Independent Directors.

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the Companies in which he is a Director. Necessary Disclosures regarding Committee positions in other Public Companies as on March 31, 2012 have been made by the Directors.

During the financial year ended 31st March, 2012, 12 Meetings of the Board of Directors were held as on 16/04/2011, 02/06/2011, 10/06/2011, 14/07/2011, 04/08/2011, 24/08/2011, 22/09/2011, 20/10/2011, 17/11/2011, 28/11/2011, 11/01/2012 and 31/01/2012.

Name of Directors	Category of Directors	No. of Board Meeting attended during 2011-12	Whether attended last AGM	Number of Directorship in order Public Limited Companies.	No of membership of audit committee and Share Holders & Investors Grievance Committee in other Companies	Chairmanship of audit committee and Share Holders & Investors Grievance Committee in other Companies
Mr.Jayesh Praful Jhaveri	Executive Promoter Director	12	Yes	Nil	Nil	Nil
Mr.Pankaj H. Valia (From 17/11/2011)	Chairman Non Executive Director	04	No	1	Nil	Nil
Mr. Atul Anantrai Mehta	Non Executive Promoter Director	12	Yes	Nil	Nil	Nil

Mr. Nimesh Shambhulal Joshi	Non - Executive Promoter Director	12	Yes	Nil	Nil	Nil
Mr. Harshadrai Bosmia (From 17/11/2011)	Non - Executive Independent Director	04	No	Nil	Nil	Nil
Mr. Mandar Subhash Palav	Non - Executive Independent Director	12	Yes	02	01	01
Mr. Mitesh Hasmukhlal Dani	Non - Executive Independent Director	12	Yes	Nil	Nil	Nil
Mr. Ashish S. Pandare (From 02/06/2011)	Non - Executive Independent Director	11	Yes	01	01	01
Mr. Gaurav Sheth (up to 02/06/2011)	Non - Executive Director	01	No	Nil	Nil	Nil
Mr. Pankaj P. Jhaveri (up to 02/06/2011)	Executive Director	01	No	Nil	Nil	Nil

- Excludes alternate directorships and directorships in foreign companies and private companies which are neither a subsidiary nor a holding company of a public company.
- Excludes Committees other than Audit Committee and Shareholders'/ Investors' Grievance Committee and Companies other than public limited companies.

The Board periodically reviews compliance reports of all the laws applicable to the Company and has put in place procedures to review steps to be taken by the Company to rectify instances of non-compliance, if any.

Details of Directors being appointed and re-appointed :

- (1) Mr. Atul A. Mehta who retires by rotation is proposed to be re-appointed as Director at the ensuing Annual General Meeting

(In pursuance of Clause 49 of the Listing Agreement)

Name	Shri Atul A. Mehta
Age	40 years
Date of Appointment	18/11/2010
Expertise in specific functional areas	Managerial & Finance
Qualifications	B.com
List of Companies in which outside Directorship held*	Nil

- (2) Mr. Nimesh S. Joshi who retires by rotation is proposed to be re-appointed as Director at the ensuing Annual General Meeting

(In pursuance of Clause 49 of the Listing Agreement)

Name	Shri Nimesh .S. Joshi
Age	47 years
Date of Appointment	18/11/2010
Expertise in specific functional areas	Managerial, Administrative and Legal area
Qualifications	B.com, FCS, LLB
List of Limited Companies in which outside Directorship held*	Nil

- (3) Mr. Pankaj H. Valia appointment as a Director at the ensuing Annual General Meeting

(In pursuance of Clause 49 of the Listing Agreement)

Name	Shri Pankaj H. Valia
Age	56 years
Date of Appointment	17/11/2011
Expertise in specific functional areas	Managerial, Administrative and Policy Decisions area
Qualifications	B.com
List of Limited Companies in which outside Directorship held*	Nil

- (4) Mr. Harshadrai Bosmia appointment as a Director at the ensuing Annual General Meeting

(In pursuance of Clause 49 of the Listing Agreement)

Name	Shri Harshadrai P. Bosmia
Age	58 years
Date of Appointment	17/11/2011
Expertise in specific functional areas	Account and Business Management area
Qualifications	B.com
List of Limited Companies in which outside Directorship held*	Nil

*Note: Directorship in Private Limited Companies not considered .

Board Committees

The Board has constituted the following Committees of Directors:

(A) Audit Committee :

i. Terms of Reference

The role and terms of reference of Audit Committee covers areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors.

ii. Composition

The Audit Committee was reconstituted by deletion of Mr. Gaurav A. Sheth, Chairman who had resigned as Director of the Company w.e.f 2nd June, 2011 after reconstituted Audit Committee comprises of Mr. Mandar S. Palav as the Chairman and Mr. Ashish S. Pandare and Mr. Nimesh S. Joshi as the members of the Audit Committee.

During the 2011-12 under review 4 meetings of the Audit Committee were held on 16/04/2011, 04/08/2011, 20/10/2011 and 11/01/2012. The attendances of members are as follows :

Name	Category	Meetings during the year 2011-12	
		Held	Attended
Mr. Mandar S. Palav (Chairman from 02/06/2011)	Non - Executive Independent Director	4	4
Mr. Jayesh Jhaveri Member	Executive Promoter Director	4	1
Mr. Ashish S. Pandare	Non - Executive Independent Director	4	3
Mr. Nimesh Joshi Member	Non- Executive Promotor Director	4	4
Mr. Gaurav .A. Sheth (Chairman up to 02/06/2011)	Non- Executive Director	4	1

The Composition of Audit Committee is in conformity with Clause 49 II (A) of the Listing Agreement. All the three members of the Audit Committee are financially literate and Mr. Mandar Palav and Mr. Ashish S. Pandare have accounting and management related expertise.

A brief description of the terms of reference of the Audit Committee is as follows :

To review Internal Audit Reports, Statutory Auditors' Report on the financial statements, to generally interact with the Internal Auditors and Statutory Auditors, to review the adequacy of internal control systems, to select and establish accounting policies, to review financial statements before submission to the Board, to recommend the appointment of Statutory Auditor and removal of external auditor and fixation of audit fees and other matters specified under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

(b) Share Transfer & Shareholders' / Investors' Grievance Committee:

(i) Terms of references

- a) To scrutinize and approve registration of transfer of shares / debentures / warrants issued / to be issued by the company.
- b) To exercise all powers conferred on the Board of Directors under Article 43 of the Article of Association.
- c) To decide all questions and matters that may arise in regard to transmission of shares / debentures / warrants issued / to be issued by the Company.
- d) To approve / disapprove duplicate shares / debentures / warrants certificates in lieu of those reported lost.
- e) To refer to the Board any proposal of refusal of registration of transfer of shares / debentures / warrants to their consideration.
- f) To look into and attend investors complaints like transfer of shares, non-receipt of declared dividend, etc. and
- g) To delegate all or any of its power of Officers / Authorized Signatories of the Company.

(ii) Composition

The Share Transfer & Shareholders' / Investors' Grievance Committee was reconstituted by defunct Mr. Ashish S. Pandare, Member who had resigned as Director of the Company w.e.f 2nd June, 2011. After re-constitution the committee comprises of Mr. Mandar S. Palav as the Chairman and Mr. Ashish S. Pandare and Mr. Nimesh S. Joshi as the members of the Audit Committee.

The Share Transfer & Shareholders' / Investors' Grievance Committee comprises following Members:

- 1. Mr. Mandar S. Palav Chairman
- 2. Mr. Ashish S. Pandare Member
- 3. Mr. Nimesh Joshi Member

The constitution and terms of reference of the Share Transfer & Shareholders' / Investors' Grievance Committee is in agreement with the guidelines prescribed under Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The Share Transfer & Shareholders' / Investors' Grievance Committee met 4 times during the 2011-12 on 16/04/2011, 04/08/2011, 20/10/2011 and 11/01/2012. The attendance of the members is as follows:

Name	Category	Meetings during the year 2011-12	
		Held	Attended
Mr. Mandar S. Palav (Chairman from 02/06/2011)	Non - Executive Independent Director	4	4
Mr. Jayesh Jhaveri Member	Executive Promoter Director	4	1
Mr. Ashish S. Pandare	Non - Executive Independent Director	4	3

Mr. Nimesh Joshi Member	Non- Executive Promotor Director	4	4
Mr. Gaurav .A. Sheth (Chairman up to 02/06/2011)	Non- Executive Director	4	1

Name of Compliance officer :

Mr. Nikhil Tendulkar (Upto 10/08/2012)

Mr. Pradeep Soni (w.e.f. 14/08/2012)

The functions of the committee include :

To specifically look into redressing investors' grievances pertaining to:

- Transfer of Shares
- Dividends
- De-materialization of Shares
- Replacement of lost/stolen/mutilated share certificates
- Non-receipt of right/bonus/split share certificates
- Any other related issues

COMPLAINTS :

Sr.No.	Nature of the complaint	Received	Replied	Pending
1	Non-receipt of shares certificates lodged for transfer	NIL	NIL	NIL
2	Non-receipt of dividend warrants	NIL	NIL	NIL
3	Non-receipt of dividend warrants after revalidation	NIL	NIL	NIL
4	Non-receipt of share certificates lodged for split/ Bonus shares	NIL	NIL	NIL
5	Non Receipt of duplicate shares certificates	NIL	NIL	NIL
6	Letters from SEBI / stock Exchange	01	01	NIL
7	Letters from Department of Company Affairs / Other Statutory Bodies	01	01	NIL
	Total	02	02	NIL

During the year NIL complaints regarding non-receipt of shares sent for transfer, demat queries were received from the shareholders. The Company had no transfers pending at the close of 31.03.2012.

REQUESTS

Sr. No.	Nature of the Requests	Received	Replied	Pending
1	Receipt of dividend warrants for revalidation	NIL	NIL	NIL
2	Request for Change of address	NIL	NIL	NIL
3	Request for duplicate Dividend warrant	NIL	NIL	NIL
4	Request for copy of Annual Report	01	01	NIL
5	Request for TDS Certificate	NIL	NIL	NIL
6	Request for exchange of split Share certificate	NIL	NIL	NIL
7	Endorsement of Share Certificate	NIL	NIL	NIL
8	Correction of name / Address	NIL	NIL	NIL
	Total	01	01	NIL

3. General Body Meetings :

(a) ANNUAL GENERAL MEETINGS

Details of Location and time where last three Annual General Meetings were held below

Financial Year	Date	Time	Location
2010-2011	29/09/2011	11.00 AM	Hotel Shelter Palace, 179/A, Sector 19C, Behind State Bank Of India Building, Dana Bunder, Vashi, Navi Mumbai-400705
2009-2010	25/09/2010	11.00 AM	Panchayat Samiti Hall, Khalapur, Maharashtra
2008-2009	29/08/2009	11.00 AM	Panchayat Samiti Hall, Khalapur, Maharashtra

(b) EXTRA ORDINARY GENERAL MEETING

An Extra-Ordinary General Meeting of the Members of the Company was held on 25/01/2012. The details are as under:

PARTICULARS	DATE	TIME	LOCATION	REMARKS
In pursuance of the High Court order, Share Holders Meeting was called for passing Special Resolution under Sections 391 to 394 read along with Section 100 to 104 of the Companies Act, 1956, Rules 67 to 87 of the Companies (Court) Rules, 1959 for approved the Composite Scheme of Arrangement and Amalgamation of VHCL Industries Limited, the Transfer Company and Jhaveri Weldflux Limited, the Transferee Company, subject to the requisite approval of the Statutory Authorities and subject to the sanction /confirmation by Hon'ble High Court of Bombay.	25th January, 2012	11.00 A.M.	Shelter Hotel, 4th Floor, Plot No. 179A, Sector - 19C, Behind State Bank of India Building, Dana Bunder, Vashi, Navi Mumbai - 400 705	The Special Resolution was duly passed with requisite majority.

4. Other disclosures :

(a) Related Party Transactions

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management or relatives etc. that may have potential conflict with the interests of Company at large:

The Details of Related Party Transactions are duly disclosed in the Notes to Account of the Company for the Year ended 31st March, 2012.

(b) Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed the Accounting Standards laid down by the Institute of Chartered Accountants of India.

(c) Disclosures on Risk Management

During the year under review, a detailed exercise on Business Risk Management was carried out covering the entire spectrum of business operations and the Board has been informed about the risk assessment and minimization procedures as required under Clause 49 of the Listing Agreement. The Company has framed the Risk Assessment and Minimization-Procedure which will be periodically reviewed by the Board.

(d) Code of Conduct

The Board of Directors has adopted the Code of Ethics and Business Principles for the Non-executive Directors as also for the employees including Executive Director. The said Code has been communicated to all the Directors.

(e) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: None

REMUNERATION OF DIRECTORS

Details of remuneration paid to Directors

- The Company has not paid any Remuneration of any nature to its Directors.

5. CEO/CFO Certification

A certificate from Shri Pankaj H. Valia, Chairman in his capacity as CEO on the financial statements of the Company was placed before the Board, as required by Clause 49(V) of the Listing Agreement.

Means of communication:

(a) Quarterly results :

The unaudited quarterly results are announced within 45 days from the end of the quarter and the audited annual results within statutory period from the end of the last quarter, as stipulated under the listing agreement with the Bombay Stock Exchange Limited and Ahmedabad Stock Exchange Limited.

(b) Newspapers wherein normally published :

Navshakti (Marathi)

The Free Press Journal (English)

Any Website, wherein displayed:

www.jhaveriweldflux.com

- (c) Whether Website also displays official news releases: **Yes**
- (d) Whether presentations made to institutional investors or to the analysts: **No**
- (e) Whether Management Discussion & Analysis Report is a part of Annual Report: **Yes**

6. General Shareholder information :

- (a) AGM date, time and venue: Next Annual General Meeting will be held on Friday, 28th September, 2012 at 10.00 A. M. at THE HOTEL SHELTER PALACE, PLOT NO. 179A, SECTOR – 19C, BEHIND STATE BANK OF INDIA, DANA BUNDER, VASHI, NAVI MUMBAI – 400 705
- (b) Tentative Financial Year: The Financial Year is from 1st April, 2012 to 31st March, 2013.
Tentative Schedule
 - Unaudited Results for quarter ending June 30, 2012 : 14th August, 2012
 - Unaudited Results for quarter ending September 30, 2012 : upto 14th November, 2012
 - Unaudited Results for quarter ending December 31, 2012 : upto 14th February, 2013
 - Audited Results for year ending March 31, 2013 : upto 30th May, 2013
 - AGM for year ending March 31, 2013 : End of September, 2013
- (c) Book Closure period: Monday, 24th September, 2012 to Friday, 28th September, 2012, both days inclusive.
- (d) Dividend payment date: The Board of Directors have proposed dividend at the rate of 0.20 paisa per share (10%). The dividend if approved by the shareholders will be paid within 30 days from the date of declaration of dividend i.e. on or before 27th October, 2012.
- (e) Stock Exchanges where securities are listed.
The Company's securities are listed at:
BSE Limited
Ahmedabad Stock Exchange Limited

STOCK MARKET DATA :

Stock Market Data relating to Equity Share listed in India:

Month (2011-12)	Price on BSE during each month		Volume traded In Rs.
	High	Low	
April **	00	00	00
May	9.75	5.05	2,10,779
June	6.18	2.96	96,477
July	3.67	2.95	20,676
August	3.71	2.86	67,511
September	3.66	2.97	9,278
October	3.13	2.66	1850
November	3.75	2.69	15,825
December	5.15	3.55	51,236
January	8.19	4.88	148102
February	13.66	6.69	262285
March	20.98	13.92	1108600

** Note: Suspension in trading of Equity Shares has been revoked w.e.f. Monday, 30th of May 2011. Hence Stock Market data relating to April 2011 is not available.

(a) Scrip Code: 522233- BSE Limited

(b) ISIN No. : INE674D01026 **

** Note: ISIN of the Company has been changed pursuant to merger and listing of new securities of the Company.

(c) Registrar and Transfer Agent:

M/s. Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400078

(d) Share transfer system with number of shares transferred:

Share transfers in physical form are registered and returned within a period of 15-20 days from the date of receipt, in case documents are complete in all respects.

(e) The Company's Shares are available for Dematerialization on both the depository i.e. National Security Depository Limited (NSDL) and central Depository Services India Limited (CDSL), 1737500 shares amounting to 57.92% of the capital have been Dematerialised by investor as on 31st March, 2012.

(f) Outstanding GDRs/ Warrants, Convertible Bonds, conversion date and its impact on equity: Nil

(g) Distribution of Shareholding and Shareholding Pattern as on 31st March, 2012.

(i) Distribution of Shareholding as on 31st March, 2012:

No. of Shares	No. of Shareholders	% of holding	No. of Shares	% of Shareholding
1-500	6354	92.6239	925975	30.8658
501-1000	267	3.8921	220300	7.3433
1001-2000	139	2.0262	208358	6.9453
2001-3000	32	0.4665	81697	2.7232
3001-4000	15	0.2187	52061	1.7354
4001-5000	10	0.1458	45813	1.5271
5001-10000	28	0.4082	219000	7.3000
10001-Above	15	0.2187	1246796	41.5599
Total	6860	100.00	3000000	100.00

(ii) Shareholding pattern as at 31st March, 2012:

	No. of Shares held	% to Total Shares
Promoter Group	1007000	33.57
Foreign Institutional Investors	3300	0.11
Bodies Corporate	101107	3.37
Individuals shareholders holding nominal share capital up to Rs. 1 Lakh	1611940	53.73
Individuals shareholders holding nominal share capital up to Rs. 1 Lakh	143440	4.78
NRI/Any other	133213	4.44
TOTAL	3000000	100.00

(h) Plant Location:

The Company's Plants for recycling of plastic wastes is located at:

VHCL Industries Limited

Survey No 285, Gala No II,
Main Khanvel Kherdi Road,
Village Kherdi Silvasa – 396230,
(U.T of Dadra Nagar Haveli)

Address for correspondence :

The Company's Registered Office is situated at:

**Commodity Exchange Building, 306,
Plot No.2, 3 & 4, Sector - 19,
Vashi, Navi Mumbai 400705**

Correspondence by the shareholders should be addressed either to Registered Office or Registrar Share Transfer Agents or its administrative Office at following address:-

VHCL Industries Limited

601/602, Casablanca Plot No 130,
CTS – 3A/5, Gulmohar Cross Road No 10,
JVPD Scheme, Vile parle (west)
Mumbai – 400 049.

Non-Mandatory Requirements :

The Company is not yet implementing the non – mandatory requirements under Clause 49 of the Listing Agreement. However, adoption of other non-mandatory requirements under Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

DECLARATION**ANNUAL DECLARATION BY CHIEF EXECUTIVE OFFICER (CEO) PURSUANT TO CLAUSE 49 (i) (d) (ii) OF THE LISTING AGREEMENT**

As the Chief Executive Officer of VHCL Industries Limited and as required by Clause 49 (i) (d) (ii) of the Listing Agreement, I hereby declare that all the Board Members and the Senior Management personnel of the Company have affirmed Compliance with the Company's Code of Business Conduct and Ethics, for the Financial Year 2011-12

FOR AND ON BEHALF OF THE BOARD,

Place; Mumbai

Date: 14/08/2012

Sd/-

Pankaj H. Valia

(CHAIRMAN)

CEO/ CFO CERTIFICATE

We (i) Pankaj H. Valia, in my capacity as CEO of VHCL Industries Limited ("the Company"), to the best of our knowledge and belief certify that:

We have reviewed the balance sheet and profit and loss account and all its schedules and notes to accounts, as well as the cash flow statement.

Based on our knowledge, information and belief, these statements do not contain any untrue statement of a material fact or omit to state a material fact that might be misleading with respect to the statements made.

Based on our knowledge, information and belief, the financial statements and other financial information included in this report present a true and fair view of the company's affairs for the period presented in this report and are in compliance with the existing accounting standards, applicable laws and regulations and full explanation has been given for any material departure in compliance of Accounting Standards.

To the best of our knowledge, information and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the Company's Code of Conduct.

We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting.

We have disclosed, based on their most recent evaluation, wherever applicable, to the Company's Auditors and the Audit Committee of the Company's Board of Directors all significant deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps taken or proposed to be to rectify the deficiencies;

We have indicated to the Auditors and the Audit Committee:

Significant changes in the Company's internal control over the financial reporting during the year;

All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;

FOR AND ON BEHALF OF THE BOARD,

Place; Mumbai

Date: 14/08/2012

Sd/-

**Pankaj H. Valia
(CHAIRMAN)**

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of:
VHCL Industries Limited
Commodity Exchange Building, 306,
Plot No.2, 3 & 4, Sector - 19,
Vashi, Navi Mumbai 400705.

We have examined the compliance of conditions of Corporate Governance by **VHCL INDUSTRIES LIMITED** for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with the Stock Exchange(s).

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 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 Corporate Governance as stipulated in the above mentioned listing Agreement(s).

We state that no investor grievance is pending for a period exceeding one month against the Company as per records maintained by the Company.

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 Hiteshkumar P. Shah
Chartered Accountants

Place; Mumbai

Date : 14/08/2012

Sd/-
(Hiteshkumar P. Shah)
Proprietor
M. No: 45782

AUDITORS REPORT

TO THE MEMBERS OF
VHCL INDUSTRIES LIMITED
 (Formerly : Jhaveri Weldflux Limited)

We have audited the attached Balance Sheet of the **M/s. VHCL INDUSTRIES LIMITED** as at 31st March 2012 and also Statement of Profit & Loss Account and the Cash Flow Statement of the Company for the year ended 31st March 2012 annexed hereto. 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.

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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks we considered appropriate and according to the information and explanation given to us during the course of audit, we enclose in Annexure hereto statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, 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 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 the books.
 - c) The Balance Sheet, Statement of Profit & Loss Account and Cash Flow Statement referred to in this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit & Loss Account and Cash Flow Statement dealt with by this report are in compliance with the mandatory Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956 to the extent applicable except reported separately.
 - e) On the basis of written representations received from the Directors/ Companies as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the Directors are 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.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the Significant Accounting Policies and other notes thereon, 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.

- 1) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March 2012.
- 2) In so far as it relates to the Statement of Profit & Loss Account, of the Profit of the Company for the year ended on that date.
- 3) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date

Sd/-

Hiteshkumar Shah
Chartered Accountant

Place : Mumbai

Date : August 14, 2012.

VHCL INDUSTRIES LIMITED

REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

1. Fixed Assets :
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As per the information and explanations given to us, the Company has a system of physical verification of all fixed assets and accordingly the management has physically verified the fixed assets. In our opinion the frequency of the verification is reasonable. No material discrepancies have been noticed on verification.
 - c) During the year, the Company has not disposed off a substantial part of fixed assets.
2. Inventory :
 - a) In our opinion, the procedures of physical verification of stocks followed by the Management at reasonable intervals is satisfactory.
 - b) The Company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of stocks as compared to book record in so far as appears from our examination of the books.
3. Loans and Advances
 - a) The Company has not granted any loans to Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. The other sub-clauses 3(b) to 3(d) of the Report are not applicable.
 - b) The Company has taken loans secured or unsecured from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. The terms and conditions of such loans are not prejudicial to the interest of the Company.
4. 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.
5.
 - (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that particulars of contracts and arrangements that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 5, 00,000/- (Rs. Five Lacs) or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and Rules framed there under. Accordingly, paragraph 4(vi) of the Order is not applicable.
7. In our opinion, and according to information and explanation given to us, the Company has an internal Audit system commensurate with its size and the nature of its business.
8. The Central Government has not prescribed maintenance of cost-records under Section 209 (1) (d) of the Companies Act, 1956. Accordingly, paragraph 4(vii) of the Order is not applicable.

9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of accounts in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty and other statutory dues have been generally regularly deposited during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales Tax, Cess, Excise duty and Investor Education and Protection Fund.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty, Cess and other statutory dues were in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us and books and records examined by us, there are no disputed and outstanding amounts payable in respect of Wealth Tax, Sales Tax, Income Tax, Excise duty, Customs duty, Service tax, Provident Fund and ESI outstanding as at 31st March, 2012 except the following:

Name of the Statute	Nature of dues	Forum where dispute is pending	Amount (Rs. In Lacs)
Income Tax Act, 1961	Income Tax (A.Y. 2009-10)	CIT (Appeal), Kolkata	16.22

10. The Company does not have accumulated losses at the end of the Financial Year. The Company has not incurred any cash loss during the Financial Year and in the Immediately preceding year.
11. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities. Accordingly, paragraph 4(xii) of the Order is not applicable.
12. In our opinion and according to the information and explanations given to us, the term loan outstanding at the end of the Financial Year was applied for the purpose for which the loans were raised.
13. The Company has not raised any money by public issue, therefore the requirement of disclosure by the Management on the end use of money raised by public issues and verification of the same is not applicable.
14. In our opinion and according to the information and explanations given to us, the Company has not used any funds raised on short term basis for long term investment and vice versa.
15. As per information given to us, special statutes regarding chit Fund, Nidhi or mutual benefit society are not applicable to the Company.
16. During the year covered by our Audit Report, the Company has invested in shares and proper records have been maintained for the transactions and contracts and timely entries have been made therein. The shares are held by the Company in its own name.
17. During the course of our examination of books of accounts and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have not come across any instance of fraud on or by the Company, noticed or reported during the year, that causes the financial statements to be materially misstated, nor have we been informed of such cases by the Management.
18. Other clauses of the Order are not applicable to Company for the year.

Sd/-

Place : Mumbai
Date : August 14, 2012.

Hiteshkumar Shah
Chartered Accountant

Balance Sheet as at 31 March, 2012

Particulars		Note No.	As at 31 March, 2012	As at 31 March, 2011
			AMOUNT	AMOUNT
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	63303940.00	30000000.00
	(b) Reserves and surplus	2	159554922.21	28009532.00
			222858862.21	1990468.00
2	Share application money pending allotment		70000000.00	0.00
3	Non-current liabilities			
	(a) Long-term borrowings	3	180175096.01	0.00
	(b) Deferred tax liabilities (net)		9762757.00	0.00
	(c) Other long-term liabilities	4	11832613.00	0.00
	(d) Long-term provisions	5	652928.00	0.00
			202423394.01	0.00
4	Current liabilities			
	(a) Short-term borrowings	6	83099311.35	3293552.00
	(b) Trade payables	7	830186984.31	0.00
	(c) Other current liabilities	8	9809138.03	604116.00
	(d) Short-term provisions	9	25671497.00	0.00
			948766930.69	3897668.00
	TOTAL		1444049186.91	5888136.00
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets	10		
	(i) Tangible assets		109327334.28	0.00
	(ii) Intangible assets		20101340.00	0.00
	(iii) Capital work-in-progress		146375091.00	0.00
	(iv) Intangible assets under development		0.00	0.00
	(v) Fixed assets held for sale		0.00	0.00
			275803765.28	0.00
	(b) Non-current investments	11	15205459.56	250212.00
	(c) Deferred tax assets (net)		0.00	0.00
	(d) Long-term loans and advances		0.00	0.00
	(e) Other non-current assets	11-A	2490063.00	2575218.00
			17695522.56	2825430.00
2	Current assets			
	(a) Current investments		0.00	0.00
	(b) Inventories	12	82568241.56	10244.00
	(c) Trade receivables	13	885639799.58	2894435.00
	(d) Cash and cash equivalents	14	69407504.71	16263.00
	(e) Short-term loans and advances	15	112934353.22	141764.00
	(f) Other current assets		0.00	0.00
			1150549899.07	3062706.00
	TOTAL		1444049186.91	5888136.00
	Significant Accounting Policies and Notes to Accounts	25		
<p>In terms of our report attached.</p> <p>Mr Hiteshkumar Shah Partnered Accountant Sd/- Hiteshkumar Shah Partner Membership No : 45782</p> <p>Date : 14/08/2012 Place : Mumbai</p>				
<p>and on behalf of the Board of Directors</p> <p>Sd/- DIRECTOR</p> <p>Sd/- DIRECTOR</p> <p>Sd/- COMPANY SECRETARY</p>				

statement of Profit and Loss for the year ended 31 March, 2012

Particulars		Note No.	For the year ended 31 March, 2012	For the year ended 31 March, 2011
A	CONTINUING OPERATIONS			
1	Revenue from operations (gross)	16	2281659387.00	698139.00
	Less: Excise duty		0.00	0.00
	Revenue from operations (net)		2281659387.00	698139.00
2	Other income	17	7355607.00	3255.00
3	Total revenue (1 + 2)		2289014994.00	701394.00
4	Expenses			
	(a) Cost of materials consumed	18	2061251210.33	442570.00
	(b) Purchases of stock-in-trade	19	1126856.00	0.00
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	(18541993.00)	0.00
	(d) Employee benefits expense	21	5047158.00	0.00
	(e) Finance costs	22	70681938.96	0.00
	(f) Depreciation and amortisation expense	10	16544486.78	0.00
	(g) Other expenses	23	48718114.11	475083.00
	Total expenses		2184827771.15	917653.00
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		104187222.85	-216259.00
6	Exceptional items (Foreign Exchange Fluctuation Loss)	24	29992406.77	0.00
7	Profit / (Loss) before extraordinary items and tax (5 + 6)		74194816.08	-216259.00
8	Extraordinary items		0.00	0.00
9	Profit / (Loss) before tax (7 + 8)		74194816.08	-216259.00
10	Tax expense :			
	(a) Current tax expense for current year		12409263.00	0.00
	(b) (Less): MAT credit (where applicable)		6664791.00	0.00
	(c) TDS of earlier year written off		200886.00	0.00
	(d) Current tax expense relating to prior years		0.00	0.00
	(d) Net current tax expense		5744472.00	0.00
	(e) Deferred tax		1202563.00	0.00
			4742795.00	0.00
11	Profit / (Loss) from continuing operations (9 + 10)		69452021.08	-216259.00
B	DISCONTINUING OPERATIONS			
12. i	Profit / (Loss) from discontinuing operations (before tax)		0.00	0.00
12. iii	Add / (less): Tax expense of discontinuing operations		0.00	0.00
13	Profit / (Loss) from discontinuing operations (12.i + 12.ii + 12.iii)		0.00	0.00
14	Profit / (Loss) for the year (11 + 13)		69452021.08	-216259.00
15. i	Earnings per share (F.V. Rs. 2/- each):			
	(a) Basic		2.19	0.00
	(b) Diluted		2.19	0.00
15. ii	Earnings per share (excluding extraordinary items) (F.V. Rs. 2/- each)			
	(a) Basic		3.14	0.00
	(b) Diluted		3.14	0.00
	Significant Accounting Policies and Notes to Accounts	25	25	
In terms of our report attached. For Hiteshkumar Shah Chartered Accountants Sd/- Hiteshkumar Shah Proprietor M. NO: 45782 Place: MUMBAI Date: 14/8/2012		For and on behalf of the Board of Directors Sd/- Director Sd/- Director Sd/- Company Secretary		

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

Particulars	For the year 31 March, 2012	For the year 31 March, 2011
Cash Flow from Operating Activities		
Net Profit / (Loss) before tax & extraordinary Items	10,41,87,222.85	-216259.00
Less/Add: Adjustment for extraordinary items		
Depreciation	16544486.78	0.00
Dividend Income	-	-
Interest on borrowings	70681938.06	0.00
Preliminary Expenses w/off	0.00	85155.00
(i) Operating Profit before working capital change	191413647.69	-131104.00
(ii) Adjustment for		
Trade & Other Receivables	-332192330.51	597647.00
Inventories	19915203.48	(4005.00)
Trade Payable & Other Liabilities	270761694.28	(815127.00)
	-41515432.75	(221485.00)
Cash Generated from operations	149898214.94	(352589.00)
Interest Paid	40681938.96	0.00
Direct Taxes Paid	13294747.00	0.00
Dividend Paid (including Dividend Distribution tax)	7357343.00	0.00
Cash Flow before Extra-ordinary items	58564185.98	0.00
Prior Period Adjustments	200886.00	0.00
Forex Loss	29992406.77	0.00
Net Cash Flow from Operating activities	28370893.21	(352589.00)
Cash Flow from Investing Activities		
Investments	4772810.21	0.00
Fixed Assests (Net)	162602593.00	0.00
Loan and Advances	35229314.07	451222.00
Eangible Assets	0.00	0.00
Capital Work in Progress	0.00	0.00
Net Cash Flow from Investing activities	202604717.28	451222.00
Cash Flow from Financial activities		
sue of Fresh shares	70000000.00	0.00
Borrowings (Net)	109390313.36	0.00
Net Cash Flow from Financing activities	179390913.36	(181141.00)
Net Increase / (Decrease) in cash and Cash Equivalent	5157089.29	(82508.00)
Cash & Cash Equivalent as at 1st April (Opening Balance)	64250415.42	98770.00
Cash & Cash Equivalent as at 31st March, 2012	69407504.71	16262.00
PER OUR REPORT OF EVEN DATE ANNEXED		
Mr Hiteshkumar Shah	For VHCL INDUSTRIES LIMITED	
Partered Accountant		
Sd/-	Sd/-	Sd/-
Hiteshkumar Shah	DIRECTOR	DIRECTOR
Partner		
Membership No : 45782		
Date : 14/08/2012		
Place : Mumbai		Sd/-
		COMPANY SECRETARY

Notes forming part of the financial statements

Notes 1 : Share capital

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of share	Amount	Number of shares	Amount
(a) Authorised Equity Shares of F.V. Rs. 2/- each (Previous Year: Equity Shares of F.V. Rs. 10/- each)	100,000,000	200,000,000.00	5,000,000	50,000,000.00
(b) Issued/ Subscribed & Paid up : Equity shares of F.V. Rs. 2/- each (Previous Year: Equity Shares of F.V. Rs. 10/- each)	1,500,020	3,000,040.00	3,000,000	30,000,000.00
(c) Equity Share Suspense	30,151,950	60,303,900.00	-	-
Total	31,651,970	63,303,940.00	3,000,000	30,000,000.00

a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	Number of shares	Amount
Equity shares with voting rights		
Equity shares at the beginning of the year (F.V. 10/-)	3000000	30,000,000.00
Equity shares at the Capital as per the Composite Scheme of Arrangement duly sanctioned by the Hon'ble Mumbai High Court.	3000000	3,000,000.00
Additional Shares to be issued against fractions (Note - I)	20	40.00
Total Shareholding of the Shareholders of Jhaveri Weldflux Limited	1500020	3,000,040.00
Equity Share Suspense (Note - II)	30151950	60,303,900.00
Equity Shares at the end of the year (F.V. 2/-)	31651970	63,303,940.00

Note - I) To give effect to the Capital Restructuring sanctioned by the Hon'ble Mumbai High Court, 20 additional share are to be issued to the shareholders of Jhaveri Weldflux Limited against their fractional entitlements.

Note - II) 3,01,51,950 shares are pending allotment to the shareholders of the Transferor Company M/s. VHCL Industries Limited in the ratio of 3 shares of Jhaveri Weldflux Limited for every 2 share of M/s. VHCL Industries Limited as per Composite Scheme of Amalgamation duly sanctioned by the Hon'ble High Court of Judicature at Mumbai.

(b) Details of shares held by each shareholder holding more than 5% shares :

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
LALITA PRAFUL JHAVERI	0	0	506345	16.88
ATUL MEHTA	0	0	221000	7.37
NIMESH JOSHI	0	0	220000	7.33
API INDUSTRIES PRIVATE LIMITED	15000000	49.39	0	0
PANORAMA CAPITAL MARKET LIMITED	2380326	7.52	0	0
PANKAJ H. VALIA	4050000	12.8	0	0
BHARAT H. VALIA	3150000	9.95	0	0

Note 2 Reserves and surplus

Particulars	As at 31 March, 2012	As at 31 March, 2011
(i) Surplus (Deficit) in Statement of Profit and Loss		
Opening balance	98,469,778.13	(27,793,274.00)
Add: Profit / (Loss) for the year	69,452,021.08	(216,258.00)
Amounts transferred from:	-	-
General reserve	-	-
Other reserves (give details)	-	-
Less: Interim dividend	-	-
Dividends proposed to be distributed to equity shareholders (2 per share)	6,330,394.00	-
Dividends proposed to be distributed to preference shareholders (' ___ per	-	-
Tax on dividend	1,026,949.00	-
Transferred to:	-	-
General reserve	-	-
Capital redemption reserve	-	-
Debenture redemption reserve	-	-
Other reserves (give details)	-	-
Closing balance	160,564,456.21	(28,009,532.00)
less: Debit Balance Jhaveri Weldflux Ltd	1,009,534.00	-
Total	159,554,922.21	(28,009,532.00)

Notes forming part of the financial statements
Note 3 : Long - term borrowings

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Term loans		
From banks		
Secured (SBI Term Loan)	65404831.00	0.00
Unsecured	0.00	0.00
From other parties		
Secured	0.00	0.00
Unsecured	0.00	0.00
Total	65,404,831.00	0.00

(iii) Details of terms of repayment for the other long - term borrowings and security provided in respect of the secured other long - term borrowings:

Particulars	Terms of repayment & security	As at 31 March, 2012		As at 31 March, 2011	
		Secured	Unsecured	Secured	Unsecured
Term loans from banks:	Secured against hypothecation of Windmill Plant at Jodhpur Corporate Guarantee of API Industries Pvt. Ltd.	65404831.00	0.00	0.00	0.00
Total - Term loans from banks		65404831.00	0.00	0.00	0.00
Deposits :					
Public deposits					
API INDUSTRIES PVT. LTD		0.00	60000000.00	0.00	0.00
Total - Deposits		0.00	60000000.00	0.00	0.00
Loans and advances from related parties:					
API INDUSTRIES PVT. LTD		0.00	53778542.05	0.00	0.00
Total - Loans and advances from related parties		0.00	53778542.05	0.00	0.00
Other loans and advances:					
TATA CAPITAL LIMITED	(Secured against hypothecation of vehicles)	991722.96		0.00	
Total - Other loans and advances		0.00	0.00	0.00	0.00
		991722.96		0.00	
	TOTAL	66396553.96	13778542.05	0.00	0.00

Note 4 Other Long - term Liabilities

Particulars	As at 31 March, 2012	As at 31 March, 2011
Secured Deposits	11,832,613.00	0.00

Note 5 Long-term provisions

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Provision for employee benefits:		
(i) Provision for compensated absences		
(ii) Provision for gratuity (net) (Refer Note 30.4 b)	652,928.00	0.00
(iii) Provision for post employment medical benefits (Refer Note 30.4 b)		
(iv) Provision for other defined benefit plans (net) (give details) (Refer Note 30.4 b)		
(v) Provision for other employee benefits (give details)		
Total	652,928.00	0.00

Notes forming part of the financial statements

Note 3 : Long-term borrowings (contd.)

(iii) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings :

Particulars	Terms of repayment and security	As at 31 March, 2012		As at March, 2011	
		Secured	Unsecured	Secured	Unsecured
Terms loans from banks: SBI	Secured against hypothecation of Windmill Plant of Jodhpur Corporate Guarantee of API Industries Pvt. Ltd.	65404831.00	0.00	0.00	0.00
Total - Term loans from banks		65404831.00	0.00	0.00	0.00
Deposits: Public deposits API INDUSTRIES PVT. LTD Unsecured Deposits		0.00	60000000.00	0.00	0.00
Total - Deposits		0.00	60000000.00	0.00	0.00
Loans and advances from related parties: API INDUSTRIES PVT. LTD		0.00	53778542.05	0.00	0.00
Total - Loans and advances from related parties		0.00	53778542.05	0.00	0.00
Long-term maturities of finance lease obligations :					
Finance lease Co. 1		0.00	0.00	0.00	0.00
Finance lease Co. 2		0.00	0.00	0.00	0.00
Total - Long-term maturities of finance lease obligations		0.00	0.00	0.00	0.00
Other loans and advances: TATA CAPITAL LIMITED	(Secured against hypothecation of vehicles)	991722.96	0.00	0.00	0.00
Total - Other loans and advances		0.00	0.00	0.00	0.00
		991722.96		0.00	
	TOTAL	66396553.96	113778542.05	0.00	0.00

(iv) Details of long-term borrowing guaranteed by some of the directors or others:

Particulars	As at 31 March, 2012	As at 31 March, 2011
Bonds / debentures		
Term loans from banks	Personal Guarantee of Directors	Personal Guarantee of Directors
Term loans from other parties		
preferred payment liabilities		
deposits		
Loans and advances from related parties		
Long-term maturities of finance base obligations		

Notes forming part of the financial statements

Note 6 : Short-term borrowings

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Loans repayable on demand		
From banks		
Secured (SBI) Cash Credit)		
Secured against stock and Book	81584640.35	0
Debts both present and future	0	0
Personal Guarantees of the		
Directors		
Unsecured	0	0
From other parties		
Secured	0	0
Unsecured	0	0
(b) Loan and advances from related parties		
Secured	0	0
Unsecured Loans from Directors & Ex - Directors	1514671.00	3293552.00
(c) Deposits		
Secured	0	0
Unsecured	0	0
(d) Other loans and advances (specify nature)		
Secured	0	0
Unsecured	0	0
TOTAL	83,099,311.35	3,293,552.00

Notes forming of the financial statements

Notes 7 : Trade payables

Particulars	As at 31 March, 2012	As at 31 March, 2011
Trade payables:		
Acceptances	830,164,098.31	-
Other than acceptances	-	-
Sundry Creditors (JWL)	22,886.00	-
Total	830,186,984.31	-

Note 8 : Other current liabilities

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Unpaid dividends	429,040.00	-
(b) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	5,169,152.00	-
(ii) Provision for Gratuity	25,124.00	-
(iii) Contractually reimbursable expenses	390,109.00	-
(iv) Advances from customers (including Rs. 1,30,000/- of Jhaveri Weldflux Ltd)	3,475,131.03	-
(v) Others (specify nature) (Staff Deposit)	80,500.00	-
(vi) Other current liabilities (JWL)	240,082.00	604,116.00
Total	9,809,138.03	604,116.00

Note 9 : Short-term provisions

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Provision - Others:		
(i) Provision for tax (2011 - 12)	12,569,682.00	-
(ii) Provision for tax (2012 - 13)	5,744,472.00	-
(iii) Provision for proposed equity dividend	6,330,394.00	-
(iv) Provision for tax on proposed	1,026,949.00	-
Total	25,671,497.00	-

Notes forming part of the financial statements

Note 10 : Fixed assets

A.	Tangible assets	Gross block									
		Balance as at 1 April, 2011	Additions	Disposals	Acquisitions through combinations business	Reclassified as heldfor sale	Revaluation increase	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2012
	(a) Land										
	Freehold	0.00	14531250.00								14531250.00
	Leasehold *	2000000.00									2000000.00
	(b) Plant and Equipment										
	Owned	53569661.75	163160.00								53732821.75
	Taken under finance lease *										
	Given under operating lease *										
	(c) Furniture and Fixtures										
	Owned	195508.00	602922.00								798430.00
	Taken under finance lease *										
	Given under operating lease *										
	(d) Vehicles										
	Owned	2386236.00	0.00								2386236.00
	Taken under finance lease *										
	Given under operating lease *										
	(e) Office equipment										
	Owned	360468.00	776970.00								1137438.00
	Taken under finance lease *										
	Given under operating lease *										
	(f) Others (specify nature):-										
	Wind Mill										
	Owned	106995560.00	0.00								106995560.00
	Taken under finance lease *										
	Given under operating lease *										
	(i) Computer										
	Owned	125850.00	153200.00								279050.00
	Taken under finance lease *										
	Taken under operating lease										
	Total	165,633,283.75	16227502.00								181860785.75
	Previous year	0.00	0.00								0.00

Note 10 Fixed assets (contd.)

A	Tangible assets	Accumulated depreciation and impairment							Net block		
		Balance as at 1 April, 2011	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Eliminated on reclassification as held for sale	Impairment losses recognised in statement of profit and loss	Reversal of impairment losses recognised in Statement of Profit and Loss	Other adjustments	Balance as at 31 March, 2012	Balance as at 31 March, 2012	Balance as at 31 March, 2011
	(a) Land										
	Freehold	0	0.00					0.00	14531250.00	0.00	
	Leasehold *		0.00					0.00	2000000.00	0.00	
	(b) Plant and Equipment										
	Owned	35530536.83	2525157.32					38055694.15	15677127.62	0.00	
	Taken under finance lease *										
	Given under operating lease *										
	(c) Furniture and Fixtures										
	Owned	176844.87	20169.22					197014.09	601415.91	0.00	
	Taken under finance lease *										
	Given under operating lease *										
	(d) Vehicles										
	Owned	318597.25	535311.67					853908.92	1532327.08	0.00	
	Taken under finance lease *										
	Given under operating lease *										
	(e) Office equipment										
	Owned	217325.3	44411.02					261736.32	875701.68	0.00	
	Taken under finance lease *										
	Given under operating lease *										
	(f) Others (specify nature):-										
	Wind Mill										
	Owned	19668795.98	13387192.92					33055988.90	73939571.10	0.00	
	Taken under finance lease *										
	Given under operating lease *										
	(i) Computer										
	Owned	76864.46	32244.65					109109.11	169940.89	0.00	
	Taken under finance lease *										
	Taken under operating lease *										
	Total	55,988,964.69	16,544,486.80					72533451.49	109327334.28	0.00	
	Previous year	0.00	0.00					0.00	0.00	0.00	

Notes forming part of the financial statements

Note 11 : Non-current investments

Particulars	As at 31 March, 2012			As at 31 March, 2011		
	Quoted #	Unquoted #	Total	Quoted	Unquoted	Total
Investments (At cost):						
A. Trade @						
(a) Investment in equity instruments (give details separately for fully / partly paid up instruments)						
(i) of associates (Share Application Money of Hardik Industrial Corporation Pvt. Ltd)		2,000,000.00	2,000,000.00			
(ii) of joint venture companies						
(iii) of controlled special purpose entities						
(iv) of other entities (UNITECH INTERNATIONAL LIMITED)	13,205,459.56		13,205,459.56			
(v) of other suspended equity shares listed on BSE	0		0	250,212.00		250,212.00
(b) Investment in preference shares (give details separately for fully / partly paid up shares)						
(i) of subsidiaries						
(ii) of associates						
(iii) of joint venture companies						
(iv) of controlled special purpose entities						
(v) of other entities (give details)						
(c) Investment in debentures or bonds (give details separately for fully / partly paid up debentures / bonds)						
(i) of subsidiaries						
(ii) of associates						
(iii) of joint venture companies						
(iv) of controlled special purpose entities						
(v) of other entities (give details)						
(d) Investment in partnership firms (Refer Note below)						
(e) Other non-current investments (specify nature)						
Total - Trade (A)	13,205,459.56	2,000,000.00	15,205,459.56	250,212.00		250,212.00

Note 11-A : Other Non-current Assets	As at 31.03.2012	As at 31.03.2011
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Preliminary Expenses	162,694.00	168,076.00
Less : 1/10th Written Off	5,382.00	5,382.00
A	157,312.00	162,694.00
Public Issue Expenses	2,412,524.00	2,492,297.00
Less : Proportionate Expenses Written Off	79,773.00	79,773.00
B	2,332,751.00	2,412,524.00
(A + B)	2,490,063.00	2,575,218.00

Note forming part of the financial statements
Note 12 : Inventories

(At lower of cost and net realisable value)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Raw materials Goods-in-transit	34485194.54	10244
(b) Finished goods (other than those acquired for trading) Goods-in-transit	48083047.02	0
Total	82,568,241.56	10,244.00

Notes 13 : Trade Receivables

Particulars	As at 31 March, 2012	As at 31 March, 2011
Trade receivables outstanding for a period exceeding six months from the date they were due for payment # Secured, considered good Unsecured, considered good Doubtful	54,437,481.00	2,828,727.00
Less: Provision for doubtful trade receivables		
Other Trade receivables Secured, considered good Unsecured, considered good Doubtful	830,618,089.58 584,229.00	65,708.00 0.00
Less: Provision for doubtful trade receivables	0	0
Total	885,639,799.58	2,894,435.00

Note: Trade receivables include debts due from:

Particulars	As at 31 March, 2012	As at 31 March, 2011
Directors* Other officers of the Company* Firms in which any director is a partner (give details per firm) Private companies in which any director is a director or member (UNITECH INTERNATIONAL LIMITED)	13,401,528.00	0
	13,401,528.00	-

Notes forming part of the financial statements

Note 14 : Cash and cash equivalents

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Cash on hand	737,578.29	6,660.00
(b) Balances with banks		
(i) In current accounts	926,474.42	9,603.00
(ii) In EEFC accounts		
(iii) In deposit accounts (Refer Note (i) below)		
(iv) In earmarked accounts		
- Unpaid matured accounts		
- Unpaid matured deposits		
- Unpaid matured debentures		
- Share application money received for allotment of securities and due for refund		
- Balances held as margin money or security against borrowings, guarantees and other commitments (Refer Note (i) below)	64743452	0
- Other earmarked accounts (specify) (Refer Note (ii) below)		
(c) Others (specify nature) : Fixed deposit (Collateral to SBI)	3,000,000.00	
Total	69,407,504.71	16,263.00

Note forming part of the financial statements

Note 15 : Short-term loans and advances

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Loans and advances to related parties (give details @) (Refer Note 30.7)		
Secured, considered good		
Unsecured, considered good		
Doubtful		
Less : Provision for doubtful loans and advances		
(b) Loans and advances to employees		
Secured, considered good		
Unsecured, considered good	73,000.00	0.00
Doubtful		
Total	73,000.00	0.00
Less : Provision for doubtful loans and advances		
(c) Prepaid expenses - Unsecured, considered good (For e.g. Insurence premium, Annual maintenance contracts. etc.)	396,591.00	0.00
(d) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	3,163,122.00	0.00
(ii) VAT credit receivable	108,000.00	0.00
(iii) Service Tax credit receivable		
(iv) TDS And Advance tax : TDS 2011-12	382,917.00	0.00
TDS 2010 - 11	349,059.79	0.00
TDS (JWL)	-	135,764.00
Advance Tax 2012 - 13	3,000,000.00	0.00
Income Tax 2010 - 11	12,700,000.00	0.00
Tax Deducted at Source	-	0.00
(e) Inter-corporate deposits		
Secured, considered good		
Unsecured, considered good	0	0.00
Doubtful		
Total	20,099,690.00	135,764.00
Less : Provision for doubtful inter-corporate deposits		
(f) Other (specify nature)		
Secured, considered good		
Unsecured, considered good: Advances to creditors	61,899,624.43	0.00
Lease Rent	2,718,000.00	0.00
Deposit for power	500,000.00	0.00
Accrued interest on FDR	2,193,612.00	0.00
Solid carbide tools limited	25,450,427.00	0.00
Deposits (JWL)	0	6,000.00
Total	92,761,663.00	6,000.00
Less : Provision for other doubtful loans and advances		
Total	112,934,353.22	141,764.00

Notes forming part of the financial statements

Note 16 : Revenue from operations

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(a) Sale of products @ (Refer Note (i) below)	2281248717.00	0.00
Sale of products (JWL)	410670.00	698139.00
Total	2281659387.00	698139.00

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(i) Sale of products comprises @:		
Manufactured goods		
Plastic Granules	2265105916.00	0.00
Others - Wind Mill Power	16142801.00	0.00
Sale of products (JWL)	410670.00	698139.00
Total - Sale of manufactured goods	2281659387.00	698139.00

Note 17 : Other income

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(a) Interest income (Refer Note (i) below)	3699724.00	0.00
(b) Net gain on foreign currency transactions and transaction (other than considered as finance cost)	0.00	0.00
(c) Other non - operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	3655883.00	3255.00
Total	7,355,607.00	3,255.00

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(i) Interest income comprises:		
Interest from banks on:		
deposits	3699724.00	0.00
other balances		
Other interest		
Total - Interest income	3699724.00	0.00

(ii) Other non - operating income comprises:		
Miscellaneous income : Discount Received	3203.00	0.00
Insurance Claim	1800.00	0.00
LC Profit	3649072.00	0.00
Other Income (JWL)	1808.00	0.00
Total - Other non - operating income	3655883.00	0.00

(iii) Details of Period items (net)		0.00
Prior period income (give details)		
Prior period expenses (give details)		
Total	0.00	0.00

Notes forming part of the financial statements

Notes 18 : Cost of materials consumed

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Opening stock	72,932,147.15	6,239.00
Add : Purchases	2,022,804,257.72	446,814.00
	2,095,736,404.87	452,814.00
Less : Closing stock	34,485,194.54	10,244.00
Cost of material consumed	2,061,251,210.33	442,570.00

Note 19 : Purchase of traded goods

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Other items	857,403.00	0.00
Cost of Trading Goods (JWL)	269,453.00	0.00
Total	1,126,856.00	0.00

Note 20 : Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Inventories at the end of the year:		
Finished goods	48,083,047.02	0.00
Work-in-progress		
Stock-in-trade	48,083,047.02	0.00
Inventories at the beginning of the year:		
Finished goods	29,541,053.99	0.00
Work-in-progress		
Stock-in-trade	29,541,053.99	0.00
Net (increase) / decrease	18,541,993.03	0.00

Notes forming part of the financial statements

Note 21 : Employee benefits expense

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Salaries and wages	4092911.00	0.00
Contributions to provident and other funds	177576.00	0.00
Staff welfare expenses	98619.00	0.00
Gratuity	678052.00	0.00
Total	5047158.00	0.00

Note 22 : Finance costs

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(a) Interest expense on:		
(i) Borrowings	22379167.00	0.00
(ii) Others		
- Other (give detail)	48302771.96	0.00
Total	70681938.96	0.00

Note 23 : Other expenses

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Power and fuel	10690589.00	0.00
Rent including lease rentals	3034943.00	36000.00
Repairs and maintenance - Buildings	1325829.66	0.00
Repairs and maintenance - Machinery	221746.75	0.00
Repairs and maintenance - Other (Wind Mill)	2133462.67	0.00
Insurance	1056944.00	0.00
Communication	138014.00	0.00
Travelling and conveyance	150884.99	0.00
Printing and stationery	123513.00	8100.00
Freight and forwarding	71031.80	0.00
Sales commission	0.00	0.00
Sales discount	322856.00	0.00
Business promotion	133296.88	0.00
Legal and professional	1926280.00	0.00
Other Expenses	26413510.36	4098334.00
Payments to auditors	33708.00	20000.00
Other Expenses (JWL)	941504.00	0.00
Total	48718114.11	475083.00

Note 24 : Exceptional items

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Forex Loss	29,992,406.77	0.00
Total	29,992,406.77	0.00

VHCL INDUSTRIES LIMITED

NOTE: 25- SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES :

a) Basis of Accounting :

The accounts have been prepared under the historical cost convention on an accrual basis as a going concern and materially comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets, provision for doubtful debts/ advances etc. Actual results could differ from these estimates.

b) Revenue recognition

Revenue recognized and expenses incurred are accounted on accrual basis and in accordance with the requirements of the Companies Act, 1956. Sales are recognized on dispatch of goods to Customers.

c) Fixed Assets:

Fixed assets are stated at cost less depreciation. Cost comprises of purchase price (net of rebates and discounts), import duties, levies (net of cenvat and vat) and any directly attributable cost of bringing the assets to its working condition for its intended use.

d) Depreciation:

Depreciation is provided on a pro-rata basis, from the date the assets have been installed and put to use, on a Written down value method at the rates and in the manner specified under Schedule XIV to the Companies Act, 1956.

e) Investments

Investments are valued at cost and are long term in nature. Provision for permanent Diminution in value is made wherever necessary.

f) Employees retirement benefits :

1. **Defined Contribution Plans**

The Company contributes on a defined contribution basis to Employees' Provident Fund towards post employment benefits, which is administered by the respective Government authorities, and has no further obligations beyond making its contribution, which is expected in the year to which it pertains.

2. **Defined benefit plans**

The Company has introduced defined benefit plan namely gratuity for all its employees. The liability for the defined benefit plan of gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method.

Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

3. **Employee Leave Entitlement**

Employee leave entitlement is provided in the books on cash basis.

g) Inventories :-

- i) Inventories of Raw Materials are valued at cost.
- ii) Stores & Spares are valued at cost.
- iii) Cost of finished goods includes an appropriate proportion of overheads. Finished Goods has been valued at cost or market value whichever is less.

h) Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualified asset are capitalised. Other borrowing costs are expensed out.

i) Excise Duty

The Company is fully exempted from payment of excise duty on goods manufactured by it vide Notification No: 6/2002 CE Dated 1st March, 2002 covered by General Exemption No: 52.

j) Taxation

VHCL Industries Limited has been amalgamated with Jhaveri Weldflux Limited in accordance with the Scheme of Amalgamation approved by the Hon'ble High Court of Bombay in terms of the provisions of Section 391/392 of the Companies Act, 1956. The effective date of amalgamation as per the Scheme is 01/04/2011. Accordingly, provision for DTA/DTL has been made in the books of accounts as required under the Accounting Standard (AS)-22 on "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India (ICAI).

k) Foreign Currency Transactions

Foreign Currency transactions are converted at the rates prevailing on the dates of transactions. Foreign Currency assets and liabilities are converted at contracted/ at the exchange rate prevailing at the balance sheet date as applicable. Gain / (Loss) on closing rates of reporting date of revenue transactions in the same year are charged to "Exchange Gain/ (Loss) Account" in the Profit and Loss Account.

l) Impairment of assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

m) 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.

n) Leases : The Company has taken on sub-lease basis land measuring 706.63 Hectors situated at Village: Bhalu Kalla, Bastwa, Bastwa Mataji, Sagatnagar, Belwa Ranaji, Ketu Kalla, Tehsil Shergarh, Dist. Jodhpur from Suzlon Gujrat Wind Park Limited for setting up 2.10 MW Wind Power Plant for generation of Wind Power which is directly supplied to Jodhpur Vidyut Vitran Nigam Limited under Power Purchase Agreement.

- o) Adoption of Revised Schedule VI :** The Financial Statements for the current year have been prepared as per the Revised Schedule VI format as notified by the Ministry of Corporate Affairs. Previous Year figure have been regrouped or reclassified to confirm to the presentation and classification of the corresponding figures of the current year. Adoption of revised Schedule VI format has no material impact on the measurement and recognition principles followed in preparation of the financial statements.

NOTES TO THE ACCOUNTS

1. The Company did not have any employee drawing remuneration of Rs. 60,00,000/- per month or Rs.5,00,000/- per month if employed for a part of the year.
2. Leave Encashment is accounted for on Cash Basis as and when paid.
3. Sales (including Deemed Exports):

	2011-12	
	Qty	Amount
Sales - Deemed Exports (M.T.)	936.262	7,36,36,619.00
- High Seas Sales (M.T.)	17077.745	66,22,14,071.00
- Domestic Sales (M.T.)	18514.805	152,92,55,226.00
- Wind Power Sales (KWH)	3771684	1,61,42,801.00
Sales - Jhaveri Weldflux Ltd.	-	4,10,670.00
Total		228,16,59,387.00

4. Earning per Share: (Basic and diluted Earnings per share computed in accordance with Accounting Standard -20 'Earnings per Share')

	2011-12
(a) Net profit after Tax available to Equity Share Holders	69452021.08
(b) Number of Equity Shares of Rs. 2/ each outstanding during the year (Previous year of Rs. 10/- each)	31651970
(c) Weighted Average Number of Equity Shares of Rs. 2/ each outstanding during the year /- (Previous Year of Rs. 10/- each)	31651970
(d) Basic Earning Per share Rs. (a / b)	2.19
(e) Diluted Earning Per share	2.19

5. Contingent Liabilities Rs. 10.22 Lacs (Gross Liabilities Rs. 16.22 Lacs less paid Rs. 6.00 Lacs) (Income Tax demand for A.Y 2009-10)
6. Value of imports calculated on CIF basis - NIL

	2011-12
Raw Material	1,523,227,014.67
Capital Goods	14,63,75,091.00

7. Expenditure in Foreign Currency - for import of Raw Material
US \$ 30,023,026.73 (equivalent in Rs. 1,523,227,014.67)
8. Quantitative & other information pursuant to requirement of Paragraph 3, 4C & 4D of Part -II of Schedule VI of the Companies Act, 1956.

(a) Quantitative information in respect of goods manufactured:

Particulars	2011-2012	
	Qty. (M.T.)	Rs.
a) Licensed & Installed Capacity	23388	--
i) Licensed Capacity		
Reprocessed Plastic Granules	23388	--
ii) Installed Capacity		
Reprocessed Plastic Granules	23388	--

(b) Stock of Finished Goods

i) Opening Stock of Finished Goods	503.256	29541053.99
ii) Production	19618.373	-
iii) Sales		
a) Deemed Exports (M.T.)	936.262	73636619.00
b) High Sea Sales (M.T.)	17077.745	662214071.00
c) Domestic Sales (M.T.)	18514.805	1529255226.00
d) Wind Power Sales (KWH)	3771684	16142801.00
iv) Closing Stock (M.T.)	670.562	48083047.02

(c) Raw Material consumed

Particulars	2011-12	
	Qty. (M.T.)	Rs.
Plastic waste /Scrap	20534.784	2061251210.33

(d) Stores & Spare Parts

Particulars	2011-12
	Rs.
Consumed (100% indigenous)	857403.00

9. Related party disclosures as required by AS-18 issued by ICAI (as identified by the Management)

a. Name of the related party and nature of related party relationship where control exist.

Sr.No.	Name of the related party	Relationship
1	API INDUSTRIES PVT LTD	Director Shri Pankaj H.Valia is Director in the Company
2	GUJRAT PACKAGING	Director Shri Pankaj H.Valia Partner In the Firm
3	UIC CORPORATION PVT LTD	Director Shri Pankaj H.Valia is Director in the Company
4.	PMS EXPORTS PVT LTD	Director Shri Pankaj H.Valia is Shareholder
5.	UNITECH INTERNATIONAL LTD	Director Shri Pankaj H.Valia is Director in the Company
6.	SILVER TOP AGRO (INDIA) PVT. LTD	Director Shri Pankaj H.Valia is Director in the Company
7.	JAYESH PRAFUL JHAVERI	Director in the Company
8.	KAVITA JAYESH JHAVERI	Director's wife and Ex-Director

b. Transactions with related parties for the year ended 31.03.2012

Type of related Party	Description of the nature of transaction	Volume of transactions for the year	Outstanding as on 31.03.2012
API Industries Pvt Ltd	Purchase	13174575.00	
	Sales	26452244.00	53778542.05 (Cr)
API Industries Pvt. Ltd	Loan	60000000.00	60000000.00 (Cr)
Gujarat Packaging	Purchase	10584000.00	
	Sales	24258378.00	75151590.00 (Dr)
UIC Corporation Pvt Ltd	Rent	132000.00	132000.00
PMS Exports Pvt. Ltd	Sales	83505543.00	1484804.03 (Cr)
	Purchase	10286989.00	
Unitech International Limited	Sales	100043842.00	19259108.00 (Dr)
	Purchase	3642420.00	
Jayesh Praful Jhaveri	Loan	425235.00	101235.00 (Cr)
Kavita Jayesh Jhaveri	Loan	5369670.31	1413435.81 (Cr)

10. Some of the Balances in Sundry Debtors, Sundry Creditors, Advances and Deposits are subject to confirmation, reconciliations, adjustments, if any, which in the opinion of the Management will not be significant.
11. In the opinion of Board, the Current Assets, Loans and Advances are approximately of, if realized, in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
12. No Managerial Remuneration was given to the Directors during the year under review.
13. Employee Benefits
- As per Accounting Standard -15 "Employee Benefits" the disclosure of employee benefits is given below:

i) Defined Contribution Plans : The amounts of contribution to Provident Fund recognized as expenses during the year is Rs. 177576/- (Previous Year Rs 129512/-).

ii) Defined benefits plans for gratuity

The following table sets out the status of the Gratuity plan for the year ended 31st March, 2012 as required under AS 15(Revised)

	Gratuity(Non Funded)
a) Change in present value of obligation	
PVO at the beginning of period i.e.1.4.2011	0
Interest Cost	0
Service Cost	177044
Benefits paid	0
Actuarial (gain)/Loss on obligation	501008
PVO at the end of the period i.e. 31.03.2012	678052
b) Change in fair value plan assets	
Fair Value of the plan assets as at 1.4.2011	0
Expected return on plan assets	0
Contributions	0
Benefits paid	0
Actuarial gain/(loss) on plan assets	0
Fair Value of Plan assets as at 31.03.2012	0
c) Amount Recognized in the Balance Sheet	
PVO as at 31st March, 2012	678052
Fair Value of Plan Assets as at 31.03.2012	0
Assets/(Liabilities) recognized in the Balance Sheet	(678052)
(shown as provisions in the Schedule	
I-Current Liabilities and provisions)	

- | | | |
|----|---|------------------|
| d) | Expenses recognized during the year | |
| | Current Service Cost | 177004 |
| | Interest Cost | 0 |
| | Expected return on Plan Assets | 0 |
| | Net Actuarial (gain)/loss to be recognized | 501008 |
| | Expenses recognized in the Statement of Profit & Loss Account | 678052 |
| e) | Assumptions used in accounting for the gratuity plan | |
| | Mortality Rate | LIC(1994-96)Ult. |
| | Discount Rate | 8.65% |
| | Salary Escalation rate | 10% |
| | Expected rate of return on plan assets | 5% |
14. Since the windmill power generation segment is not significant as defined in AS- 17 , the Company is considered to be a single segment company - engaged in one business segment namely reprocessed plastic granules , hence segment wise reporting as required under AS-17 issued by ICAI is not applicable.
15. **Auditors remuneration :-**
- A) To Sarda Soni Associates, Chartered Accountants :**
- | | |
|-------------------|-------|
| 1. Audit Fees | 20000 |
| 2. Tax Audit Fees | 10000 |
| 3 Service Tax | 3708 |
- B) To Hiteshkumar Shah, Chartered Accountant :**
- | | |
|----------------|-------|
| 1. Audit Fees | 60000 |
| 2. Service Tax | 7416 |
16. The Company has not received any intimation from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the said Act have not been given.
17. Accounting Standards prescribed under Section 211(3c) of the Companies Act, 1956, have been followed wherever applicable. In accordance with Clause 15 of the Accounting Standard (AS) 4, the company reports that : The Hon'ble Bombay High Court, vide its Order dated 13.04.2012, has sanctioned the Composite Scheme of Arrangement and Amalgamation of VHCL Industries Limited with Jhaveri Weldflux Limited subject to the terms and conditions laid down in its said Order . In the said sanctioned scheme the Appointed date of amalgamation of the two companies is 01.04.2011. The effect of this Event after the Balance Sheet date, materially affecting the balances of assets and liabilities of the company as on 31.03.2012, has been taken into consideration while preparing the financial accounts of the merged company. Since the figures of the previous year of both companies cannot be merged for the purpose of comparison due to the effect of the amalgamation of the two companies given in the financial statements for the year ended 31.03.2012, the previous year figures for the year ended 31.03.2011 have been given on stand alone basis of Jhaveri Weldflux Ltd only.

18. (1) Particulars of Scheme sanctioned :
- A) To write off part of the debit balance in the Profit & Loss Account of Jhaveri Weldflux Limited to the extent of Rs. 2,70,00,000/- by reduction of Rs. 9/- per share on 30,00,000 equity shares of Rs.10/- each fully paid up and thereafter to reorganise the existing 10 equity shares of F.V. Rs.10/- into 5 equity shares of Rs.2/- each paid up.
 - B) To Amalgamate VHCL Industries Limited with Jhaveri Weldflux Limited by issuing 3 equity shares of Jhaveri Weldflux Limited (post reduction and reorganisation of capital) for every 2 equity shares held in VHCL Industries Limited.
 - C) To change the name of Jhaveri Weldflux Limited to VHCL Industries Limited.
- (2) Effective Date of amalgamation : 1st April, 2011
- (3) Method of accounting used to reflect amalgamation : Under Pooling of interest method.
- (4) Names and general Nature of Business :
- (a) VHCL Industries Ltd - Manufacturing & re-processing of plastic material.
 - (b) Jhaveri Weldflux Ltd-Manufacturing& trading of wires & wire flux.
- (5) In terms of the Composite Scheme of Arrangement and Amalgamation (Scheme) sanctioned by the order dated 13TH April, 2012 of the Hon'ble Bombay High Court, VHCL Industries Ltd has been amalgamated with the Company with effect from 1st April, 2011.

In accordance with the said Scheme:

- (a) The assets, liabilities, rights and obligations of the amalgamating company have been vested with the Company with effect from 1st April, 2011 and have been recorded at their respective fair values under the pooling of interest method of accounting for amalgamation.
- (b) 3,01,51,950 Equity shares of Rs. 2/- each are to be issued as fully paid-up, to the shareholders of the amalgamating company i.e VHCL Industries Ltd whose names are registered in the register of members on the record date, without payment being received in cash. Pending allotment, the face value of such shares has been shown as "Equity Share Suspense".
- (c) Difference of Fair value of net assets taken over by the Company over the paid up value of equity shares to be issued and allotted and expenses on amalgamation as above has been shown as Goodwill on Merger, amounting to Rs. 2,01,01,340/- (by issuing 3 equity shares of Jhaveri Weldflux Limited for every 2 equity shares held in VHCL Industries Limited to the existing shareholders of VHCL Industries Limited), under Fixed Assets as "Intangible assets "as per Accounting Standard (AS-14) on Accounting for Amalgamation issued by The Institute of Chartered Accountants of India.

Sd/-

Hiteshkumar Shah
Chartered Accountant

Place : Mumbai

Date : August 14, 2012.

PROXY FORMS**VHCL INDUSTRIES LIMITED**

Regd. Office: 306, COMMODITY EXCHANGE BUILDING, PLOT NO 2,3 AND 4 SECTOR – 19,
VASHI, NAVI MUMBAI – 400 705 (Maharashtra)

Folio No. _____

I /We _____ of _____ being the member/members of the above named company hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to attend and vote on my/our behalf as the 21st Annual General Meeting of the Company to be held on Friday, the 28th September, 2012 at 10.00 A. M. at THE HOTEL SHELTER PALACE plot no. 179a, sector – 19C, behind State Bank of India, dana bunder, vashi, navi mumbai – 400 705 and at any adjournment thereof.

Signed this _____ day of _____ 2012

Note: This Instrument of proxy shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting. Please affix One Rupee Revenue Stamp while making signature.

VHCL INDUSTRIES LIMITED

Regd. Office: 306, COMMODITY EXCHANGE BUILDING, PLOT NO 2,3 AND 4 SECTOR – 19,
VASHI, NAVI MUMBAI – 400 705 (Maharashtra)

**PLEASE COMPLETE THIS ATTENDANCE SLIP AND
HANDOVER AT THE ENTRANCE OF THE MEETING HALL**

1. Name of the attending Member _____

(in Block Letter)

2. Members Folio No. _____

3. Name of the Proxy _____

(To be filled in Block Letters if the proxy attends instead of Member)

No. of Share Held _____

I hereby record my presence at the 21st Annual General Meeting of the Company on Friday, the 28th September, 2012 at 10.00 A. M. at THE HOTEL SHELTER PALACE plot no. 179a, sector - 19c, behind State Bank of India, dana bunder, vashi, navi mumbai - 400 705 and at any adjournment thereof.

Member's /Proxy's Signature

Note : The Copy of the Annual Report may please be brought at the time of meeting.

Registered Office:

306, Commodity Exchange Building, Plot No. 2, 3 & 4, Sector - 19, Vashi,
Navi Mumbai - 400 705

Admin Office:

601/602, Casablanca, Plot No. 130, CTS - 3A/5, Gulmohar Cross Road, Juhu, Vile Prle (W),
Mumbai 400 049. ☎ Tel: +91 222 6705136. 📠 Fax: +91 22 26253232. Email: info@vhcl.in

Works: Gala No. II, Survey No.285, Main Khanvel Kherdi Road, Village Kherdi,
Silvasa 396 230, U.T. of Dadra & Nagar Haveli

