



POLYCHEM LIMITED

**56TH ANNUAL REPORT
2012-2013**

POLYCHEM LIMITED

(INCORPORATED UNDER THE INDIAN COMPANIES ACT, VII OF 1913)

BOARD OF DIRECTORS	MR. TANIL KILACHAND	<i>Executive Chairman</i>
	MR. PARTHIV T.KILACHAND	<i>Managing Director</i>
	MR. VINAYAK V. SAHASRABUDHE	
	MR. DEVANG J. VYAS	
	MR. CHETAN R. DESAI	
	MR. NANDISH T. KILACHAND	
COMPANY SECRETARY	MR. ATUL H.MEHTA	
AUDITORS	M/s. G.M.KAPADIA & CO.	<i>Chartered Accountants</i>
LEGAL ADVISERS	M/s. DAPHTARY FERREIRA & DIVAN	
REGISTERED OFFICE	7, Jamshedji Tata Road, Churchgate Reclamation, Mumbai 400 020.	

WORK	CORPORATE MANAGEMENT TEAM	
SPECIALTY CHEMICALS D-26, MIDC Phase II Dombivali 421 201	MR. T. R. KILACHAND	<i>Executive Chairman</i>
	MR. P. T. KILACHAND	<i>Managing Director</i>
	MR. A. H. MEHTA	<i>VP-Corporate Affairs & Company Secretary</i>

Note: As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

Contents:

Notice	1
Directors' Report	3
Management Discussion	6
Corporate Governance Report	7
Auditors' Report	13
Balance Sheet	16
Statement of Profit and Loss Account	17
Cash Flow Statement	18
Notes Forming part of the Accounts	19
Attendance Slip & Proxy	

NOTICE

Notice is hereby given that the Fifty Sixth Annual General Meeting of the Members of POLYCHEM LIMITED will be held at M.C.Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001 on Tuesday, 6th August, 2013 at 10.30 a.m., to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and Statement of Profit and Loss for the year ended on 31st March, 2013 and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. P.T.Kilachand who retires by rotation, but being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification/s the following resolution as an Ordinary Resolution :-

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. G.M. Kapadia & Company, Chartered Accountants, Mumbai (Firm Regn. No.104767W), be and are hereby appointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs.1,50,000/- (Rupees one lac fifty thousand only) in addition to service tax, reimbursement of travelling and all other out of pocket expenses incurred in connection with the audit."

By Order of the Board of Directors

A.H.MEHTA

Vice President-Corporate Affairs & Company Secretary

Registered Office :

7, Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai 400 020.

Dated : 23rd May, 2013.

Email : njn@kilachand.com

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, OR WHERE THAT IS ALLOWED, ONE OR MORE PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. The Proxies to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
- (b) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 17th June, 2013 to Monday, 24th June, 2013 (both days inclusive).
- (c) Members holding shares in the dematerialized mode are requested to intimate changes in their address, if any, to their Depository Participants and Members holding shares in physical form are requested to intimate the change of address, if any, immediately to Registrar & Share Transfer Agents - Sharepro Services (India) Pvt. Ltd., 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072.

Telephone : 022-67720300 / 022-67720400

Fax : 022-28591568

Email : sharepro@shareproservices.com

- (d) The Notice of the 56th Annual General Meeting along with the printed Attendance Slips is being despatched to all Members. Electronic copy of the Annual Report for 2013 is being sent to all the members whose email address is registered with the Company/ the Depository Participant(s) unless any member has requested for a hard copy of the same. For members who have not registered their email address, the Annual Report for 2013 is sent along with the Notice. Members who have not yet



registered their email address are encouraged to submit their request with their respective Depository Participant or the Company, as the case may be.

Members may also note that the Notice of the 56th Annual General Meeting and the Annual Report for 2013 will also be available on the Company's website www.polychemltd.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during business hours. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon receipt of request for the same, by post free of cost.

- (e) All unclaimed Dividends pertaining to the earlier years have been transferred to the General Revenue Account of the Central Government in terms of Section 205-A of the Companies Act, 1956.
- (f) The Company's securities are listed on the following Stock Exchange:

Sr. No.	Name & Address of the Stock Exchange	Nature of Security as on 31-03-2013
1.	Bombay Stock Exchange Ltd., Jeejeebhoy Towers, Dalal Street, Mumbai 400 023.	4,04,045 Equity Shares of Rs.10/- each

The Company has paid Annual Listing fees for 2012-13 to the above Stock Exchange.

As required in terms of paragraph IV(G) of Clause 49 of the Listing Agreement, the details of the director retiring by rotation and eligible for re-appointment are furnished below:

Name of Director	Mr. P.T. Kilachand
Age	46 years
Qualification	Sc.B "Electrical Engineering" & A.B. "Engineering & Economics" from Brown University.
Expertise	Project Officer in Polychem Limited from 1st November, 1988, then as Project Executive from 1st October, 1990 and as Executive Assistant to the Managing Director from 2nd July, 1993. He has been actively involved and looking after all aspects of various activities of the Company. He was appointed as a Director from December 1996 to 31st March, 1997. From 1st April, 1997 he was appointed as a Whole-time Director. His designation has been changed from Whole-time Director to Managing Director with effect from 27th July, 2012.
Other Directorship as on 31st March, 2013 (Excluding Private Companies)	Gujarat Poly-AVX Electronics Ltd., Ginners & Pressers Ltd., Sun Tan Trading Co.Ltd.

By Order of the Board of Directors

A.H.MEHTA

Vice President-Corporate Affairs & Company Secretary

Registered Office :

7, Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai 400 020.

Dated : 23rd May, 2013.

DIRECTORS' REPORT

To
The Members of
POLYCHEM LIMITED

Your Directors' present the Fifty Sixth Annual Report and Statement of Accounts for the year ended 31st March, 2013

	01-04-12 to 31-03-13 (Rs.in lacs)	01-04-11 to 31-03-12 (Rs.in lacs)
FINANCIAL RESULTS		
Sales	929.09	757.97
Profit/(Loss) before Depreciation & Tax Depreciation	(31.63) 11.16	(22.93) 12.01
Profit/(Loss) before tax	(42.79)	(34.94)
Current tax	--	--
Deferred tax	4.31	(2.32)
Profit/(Loss) after tax	(47.10)	(32.62)
Excess provision of tax in respect of earlier years	--	(5.12)
	(47.10)	(27.50)
Prior period items	(0.76)	1.25
	(47.86)	(26.25)

During the year ended 31st March, 2013 your Company has made loss of Rs.(47.10) lacs against loss of Rs.(27.50) lacs after tax in previous year. The Company cannot recommend dividend due to accumulated losses of the Company.

1. Sales of specialty chemicals during the year ended was Rs.929.09 lacs compared to Rs.751.10 lacs during the previous year and for property development Rs. NIL, compared to Rs.6.87 lacs during the previous year.

2. **GUJARAT POLY-AVX ELECTRONICS LIMITED (GPAEL) – Associate Company**

The sale of GPAEL during the year ended 31st March, 2013 was Rs. 954.81 lacs as against sale of Rs.833.89 lacs during the previous year. GPAEL has made loss of Rs.(7.20) lacs during the year ended 31st March, 2013 as compared to profit of Rs.48.36 lacs during the previous year. After write off of exceptional items viz., interest, penal interest and other charges etc., there is loss of Rs.(207.99) lacs as compared to loss of Rs.(75.04) lacs during the previous year.

3. **AUDIT COMMITTEE:**

The Audit Committee now consists of 4 members, viz. Mr.V.V.Sahasrabudhe, Mr.T.R.Kilachand, Mr.C. R. Desai and Mr. D. J. Vyas.

4. **DIRECTORS' RESPONSIBILITY:**

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

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed.



- b. Appropriate accounting principles have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the loss of the Company for the year ended 31st March, 2013.
- c. Proper and sufficient care has been taken 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.
- d. The annual accounts have been prepared on a going concern basis.

5. TAXATION:

The Company's Income Tax assessments have been completed up to the year ended 31st March, 2010.

6. DEPOSITS:

Company has repaid all deposits and there are no outstanding deposits.

7. INDUSTRIAL RELATIONS:

Industrial Relations with the employees of the Company were cordial during the year under report.

8. PARTICULARS OF EMPLOYEES:

Provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.:

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo etc. is given in Annexure I forming part of this report.

10. DIRECTOR:

Mr. P.T. Kilachand retires from Office by rotation, but being eligible, offer himself for re-appointment.

11. CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement a separate report on Corporate Governance and a certificate from the Auditors of the Company are annexed to the Directors' Report.

12. AUDITORS' REMARKS:

Company is in the process of setting up In-house Internal Audit Department. As regards the other remarks in the Auditors' Report, please refer to the Notes on Accounts which are self explanatory.

13. AUDITORS:

You are requested to appoint Auditors for the current year. The retiring Auditors, M/s. G.M. Kapadia & Co., Chartered Accountants, Mumbai are eligible for re-appointment.

14. COST AUDITOR:

Complying with the provisions of Section 233B of the Companies Act, 1956 and the MCA General Circular No.15/2011 dated 11th April, 2011 (as amended vide General Circular No.36/2012 dated 6th November, 2012) subject to the approval of the Central Government, the Audit Committee has recommended and the Board of Directors has appointed Mr. Ajit N. Patel of M/s. Ajit Patel & Co., Cost Accountants, Mumbai (Membership No.A1233), being eligible and having sought re-appointment, as Cost Auditor of the Company to carry out the cost audit of the products manufactured by the Company for the year ending March 2014.

The Directors extend their sincere thanks to the State and Central Government Authorities and Members for their co-operation and continued support during the difficult times being experienced by the Company.



Sincere thanks are also due to the management team and the staff for their valuable contribution despite adverse circumstances being faced by the Company.

By Order of the Board of Directors

TANIL KILACHAND
Executive Chairman

Registered Office :
7, Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai 400 020.

Dated : 23rd May, 2013.

ANNEXURE I

A. CONSERVATION OF ENERGY

----- NIL -----

FORM 'A'

POWER AND FUEL CONSUMPTION

(1) Electricity

- (a) Purchased units (Kwh)
Total Amount (Rs.)
Rate (Kwh)

2012-13

2011-12

18,851
1,52,179
8.07

19,482
1,40,350
7.20

FORM 'B'

Disclosures of particulars with respect to Technology Absorption, Research and Development.

A. Research and Development

1. Specific area in which R&D work is carried out:

We are trying to develop a know-how for the mass polymerization of Poly Alpha Methyl Styrene and Low Molecular Weight Polystyrene (Molecular Weight in the range of 5000 to 10000).

2. Benefits derived as a result of the above R&D:

There is a good demand for Poly Alpha Methyl Styrene, once we develop a know-how for this product, we can cater to this market both in domestic as well as overseas. There is good market for Low Molecular Weight Polystyrene (Molecular Weight in the range of 5000 to 10000) in China and Japan for use as a component in additives.

3. Future plan of action:

Once we are successful in developing a good grade of Poly Alpha Methyl Styrene we will introduce the same commercially.

4. Expenditure on R&D:

No major expenses incurred for R&D

B. Technology Absorption, Adaption and Innovation:

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

Since local technology is used for manufacture of the products of the company, there is no question of technology absorption.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.:

----- nil -----

3. Imported Technology:

No new technology has been imported.

4. Foreign Exchange Earnings and Outgoings:

- a) Foreign exchange outgo
b) Foreign exchange earned (FOB Value)

Current Year
5.37
545.17

(Rs.in lacs)
Previous Year
--
304.91



MANAGEMENT DISCUSSION & ANALYSIS REPORT

Overview:

Company is operating in the manufacturing of Specialty Chemicals and development of property / land.

Opportunities:

Our customers for the specialty polymers are in investment casting Industry. The major end user segment for investment cast products is automotive, aerospace industry, valves & instruments. Both the domestic as well as export business have picked up since the beginning of the year. The general slowdown in the economy has not affected our business. In fact our export business has grown considerably.

The second specialty product is used as filler in cement for structural repair of columns & beams in the old buildings. The demand for this product is on the rise as the repair work keeps on increasing due to ageing of buildings.

Threats:

The basic raw material for the majority of our products is Styrene Monomer. Styrene is derived from Benzene, which in turn is derived from crude oil. Crude oil prices are volatile. Weakening of the rupee has increased the cost of imports.

Risks & concerns:

Due to price fluctuation in the main raw material i.e. styrene monomer and no corresponding increase in the price of our finished products the margin on our finished products in the domestic market is a major area of concern.

Due to increasing trend for re-development of old buildings rather than their repairs the demand for one of our products viz. the latex is likely to go down.

Outlook:

Company has settled the various liabilities including statutory liability. The working of Specialty Chemicals is also improving.

Financial Performance:**a) Share Capital:**

The issued and paid-up share capital of the Company is Rs.40,40,450/- consisting of 4,04,045 equity shares of Rs.10/- each as on 31st March, 2013.

b) Reserves and Surplus:

As on 31st March, 2013 the reserves and surplus are Rs.1,351.26 lacs.

c) Secured Loans:

There are no secured loans outstanding as on 31st March, 2013.

d) Results of Operation:

Revenue for the current year including other income amounts to Rs.1.051.58 lacs compared to Rs.847.11 lacs. Loss before tax is Rs.42.79 lacs compared to loss before tax of Rs.34.94 lacs during the previous year. Provisions for tax including deferred tax asset during the year is Rs.4.31 lacs compared to Rs.(2.32) lacs during the previous year. Loss after tax amounts to Rs.47.10 lacs during the year compared to loss of Rs.27.50 lacs during the previous year.

Industry Structure & Development:

Our Company is manufacturing and selling Specialty Chemicals.

Segmentwise Performance:

There are two income generating segments. Segment-wise revenue for the year ended 31st March, 2013 is as follows. viz. (1) Property / Land Rs.NIL (000) (2) Specialty Chemicals Rs.929.09 (000). The sale of Specialty Chemicals is showing good growth.

Internal Control System:

Company has adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of raw materials and fixed assets and for the sale of goods.

Human Resources:

The Company has good relation with its employees.

CORPORATE GOVERNANCE REPORT (2012-2013)
1. Statement on Company's philosophy on code of governance

The Company's philosophy on corporate governance is to attain high level of transparency and accountability in the functioning of the Company and in its relationship with employees, shareholders, creditors, lenders and ensuring high degree of regulatory compliances.

The Company also believes that its systems and procedures will enhance corporate performance and maximize shareholder value in the long term.

2. Board of Directors

The Board of Directors comprises of six members and is responsible for management of the Company's business. The Board's role, functions, responsibility and accountability are clearly defined.

The Composition of the Board of Directors, Attendance of each Director at the Board Meeting, last AGM, sitting fees paid and Number of other Directorship and Chairmanship/Membership of Committee of each Director in various companies is given below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanship/ Membership of Board Committees includes only audit and Shareholders'/Investors' Grievance Committees.

F.Y. April 12 to March 13

Name of the Director	Attendance Particulars				No. of other Directorships and Committee Membership/Chairmanship	
	Category	Board Meetings	Last AGM held on 17/09/2012	Board Mtg. Sitting Fees (Rs.)	Other Directorship in Public Limited Companies	Committee Membership/ Chairmanship
Mr. T.R.Kilachand	EC(P)	5	Yes	--	2	1 Committee Membership & 1 Chairman
Mr. P.T.Kilachand	MD(P)	5	Yes	--	3	1
Mr. V.V.Sahasrabudhe	NED(I)	5	Yes	5000	--	--
Mr. D.J. Vyas	NED(I)	4	Yes	4000	--	--
Mr. C.R. Desai	NED(I)	3	Yes	3000	1	--
Mr. N.T.Kilachand *	NED(P)	3	Yes	3000	2	--

*Mr.N.T.Kilachand has been appointed as a Director with effect from 17th September, 2012.

Notes:

- | | |
|---|--|
| 1. EC(P) – Executive Chairman and Promoter. | 3. MD(P) – Managing Director and Promoter |
| 2. NED(I) – Non-Executive and Independent Director. | 4. NED(P) – Non-Executive Director and Promoter. |

Sitting fees paid for attending Board meetings have only been taken into consideration.

Remuneration to Directors

The Executive Chairman and the Managing Director have not drawn any remuneration.

Number of Board Meetings held and dates on which held:

During the financial year 2012-13, five Board meetings were held on the following dates:

- | | | |
|----------------------------|------------------------|------------------------|
| (a) 11th May, 2012, | (b) 27th July, 2012, | (c) 10th August, 2012, |
| (d) 7th November, 2012 and | (e) 7th February, 2013 | |

**3. Audit Committee**

The Company had constituted an Audit Committee on 31st January, 2002 pursuant to the requirements of Section 292A of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement.

The Audit Committee comprises of the following Directors:

- Mr. V. V. Sahasrabudhe – Chairman
- Mr. T. R. Kilachand
- Mr. D. J. Vyas
- Mr. C. R. Desai

Three members of the Audit Committee are independent. All members of the Audit Committee have knowledge of finance, accounts & company law. The quorum for audit committee meeting is minimum of two members.

Terms of reference of the Audit Committee are as per the guidelines set out in the listing agreement with the Stock Exchange that interalia, include overseeing financial reporting process, reviewing with the management the financial statements and adequacy of internal control systems.

The audit committee shall have the following powers-

- (a) Investigate any activity within its terms of reference.
- (b) Seek information from any employee.
- (c) Obtain outside legal or other professional advice.
- (d) Secure attendance of outsiders with relevant expertise, if considered necessary.

During the year 2012-13, five meetings of the Audit Committee were held on the following dates:

- (a) 11th May, 2012, (b) 27th July, 2012, (c) 10th August, 2012,
- (d) 7th November, 2012 and (e) 7th February, 2013

Name of the Director	No. of meetings attended
Mr. T.R.Kilachand	5
Mr. V.V.Sahasrabudhe	5
Mr. D.J. Vyas	4
Mr. C.R. Desai	3

The Company Secretary acts as the Secretary to the Committee.

4. Details of number of Shares and Convertible instruments held by Non-Executive Directors

None of the Non-Executive Directors are holding any Shares or Convertible instruments of the Company.

5. Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee has been delegated the power of attending to share transfers.

There are no transfers pending as at the date of certification of compliance of conditions of corporate governance.

The following Directors are the members of the Shareholders'/Investors' Grievance Committee:

Sr. No.	Name of the Director	No. of Meeting/s	
		Held	Attended
1.	Mr. V. V.Sahasrabudhe - Chairman	15	15
2.	Mr. T.R.Kilachand – Director	15	12
3.	Mr. P.T.Kilachand - Director	15	13



The Committee would look into the redressal of the shareholders' complaints in respect of all matters including transfer of shares, non-receipt of Annual Report, non-receipt of share certificates and investors complaints etc.

Share Transfer formalities are attended to at least once a fortnight.

Mr. A. H. Mehta, VP-Corporate Affairs & Company Secretary provided secretarial support to the Committee and was also the designated Compliance Officer of the Company.

No complaints were received during the year ended on 31.3.2013. No complaints were pending as on 31.3.2013.

6. CEO/CFO Certification

Mr. A. H. Mehta, VP-Corporate Affairs & Company Secretary of the Company has certified to the Board that:

- (a) He has reviewed financial statements and the cash flow statement for the year and that to the best of his knowledge and belief:-
 - 1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
 - 2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of his knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) He accepts responsibility for establishing and maintaining internal controls for financial reporting and that he has evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and he has disclosed to the auditors and the Audit Committee those deficiencies of which he is aware, in the design or operation of such internal control and that he has taken the required steps to rectify these deficiencies.
- (d) He further certifies that he has indicated to the Auditors and Audit Committee -
 - (i) there have been no significant changes in internal control over financial reporting during the year.
 - (ii) there have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.
 - (iii) there have been no instances of significant fraud of which he has become aware and the involvement therein, of management or an employee having significant role in the Company's internal control system over financial reporting.

7. Code of Conduct

The Company has framed and adopted a Code of Conduct, which is applicable to all the directors and members of the senior management in terms of Clause 49 (V) of the Listing Agreement. The said code, which came into effect from January 1, 2006, lays the general principles designed to guide all directors and members of the senior management in making ethical decisions.

All Directors and members of the senior management have confirmed their adherence to the provisions of the said code.

Declaration

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, we confirm that the Board Members and Senior Management of the Company have confirmed compliance with the Code for the year ended 31.03.2013.

For Polychem Limited

A.H.Mehta

VP – Corporate Affairs & Company Secretary

8. Means of Communications

The quarterly results are communicated to Bombay Stock Exchange Ltd., Mumbai.

9. Disclosure

Mr. A. H. Mehta, VP-Corporate Affairs & Company Secretary constitutes 'Management'.



The Board noted that certificate has been received from the management that there have not been any material financial or commercial transactions during the year where management has personal interest that may have a potential conflict with the interest of company at large.

The details of transactions of the company with the related parties have been disclosed as Note No. 30 of the Notes on Accounts. Management Discussions and Analysis Report has been annexed to the Annual Report.

10. General Shareholder Information:

AGM: Date Time Venue	Tuesday, 6th August, 2013 10:30 a.m. M.C.Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/ 20 Kaikhushru Dubash Marg, Mumbai 400 001.
Financial Year	April 2012 to March 2013
Dates of Book Closure	17th June, 2013 to 24th June, 2013
Dividend Payment Date	Not applicable
Listing on Stock Exchange	Bombay Stock Exchange Ltd. Mumbai
Demat ISIN Numbers in NSDL & CDSL for Equity Shares	INE 752B01024
Stock Code	Mumbai 506605
Market Price Data: High, Low during each Month in the financial year 2012-13	See Table No. 1 below
Registrar and Share Transfer Agents	M/s. Sharepro Services (India) Pvt. Ltd. 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072. Telephone : 022 67720300, 022 67720400 Fax : 022 28591568 Email : sharepro@shareproservices.com
Share Transfer System	Share Transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects.
Distribution of Shareholding & Category-wise distribution	See table No. 2 & 3
De-materialisation of Shares and Liquidity	See table No. 4
Plant Location	SPECIALTY CHEMICALS D-26, MIDC Phase II, Dombivali 421 201.
Address for Correspondence	Registered Office: 7, J.Tata Road, Churchgate Reclamation, Mumbai 400 020. Telephone : 022 22820048 Fax : 022 22850606 Email : njn@kilachand.com Website : www.polychemltd.com

11. General Body Meetings:

The particulars of Annual General Meetings / Extraordinary General Meetings of the Company held during the last 3 years are as under. The shareholders passed all the resolutions set out in the respective notices.

F.Y.	AGM	LOCATION	DATE	TIME
2009-10	AGM	M.C.Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001.	23-09-2010	03:30 p.m.
2010-11	AGM	M.C.Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001.	05-09-2011	10:30 a.m.
2011-12	AGM	M.C.Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001.	17-09-2012	02:30 p.m.

Table 1 - Market Price Data

High and Low of market price of the Company's shares traded on Bombay Stock Exchange Ltd., Mumbai, during the financial year 2012-2013:

Month	High(Rs.)	Low(Rs.)	Total No. of shares traded
April - 2012	181.45	153.00	541
May - 2012	190.70	154.00	1,725
June - 2012	190.00	160.00	273
July - 2012	198.00	140.00	304
August - 2012	194.90	139.25	3,437
September - 2012	195.95	153.00	950
October - 2012	256.00	180.00	2,763
November - 2012	220.00	185.50	1,269
December - 2012	228.00	197.40	4,064
January - 2013	242.00	186.10	1,133
February - 2013	210.00	163.00	1,599
March - 2013	179.90	134.00	14,648

Table 2 - Distribution of shareholding as on 31-3-2013

No. of Equity Shares held	No. of Shares held	% of total shares	No. of Shareholders	% of total Shareholders
1 to 100	77,174	19.10	10,748	98.12
101 to 500	31,722	7.85	155	1.41
501 to 1000	6,885	1.70	10	0.09
1001 to 5000	75,278	18.63	31	0.28
5001 to 10000	44,672	11.06	5	0.05
10001 to 100000	1,68,314	41.66	5	0.05
Total	4,04,045	100.00	10,954	100.00



Table 3 - Categorywise distribution of shareholding as on 31-03-2013

Sr. No.	Category	No. of shareholders	No. of shares held	% of total shares
1.	Promoters	10	1,78,620	44.21
2.	Public Financial Institutions & Banks	26	17,579	4.35
3.	Mutual Funds	-	-	-
4.	Bodies Corporate	138	37,110	9.18
5.	Resident Individuals	10,746	1,70,072	42.10
6.	FII & OCBs	-	-	-
7.	Non-Resident Individuals	34	664	0.16
8.	State Government	-	-	-
Total		10,954	4,04,045	100.00

Table 4 - Break-up of shares in physical & electronic mode as on 31.03.2013

Mode	No. of Shareholders	% of total Shareholders	No. of Shares held	% of total shares
Physical	8,071	73.68	57,258	14.17
Electronic	2,883	26.32	3,46,787	85.83
Total	10,954	100.00	4,04,045	100.00

Details of Director appointed and re-appointed during the year:

The details of Director being appointed and re-appointed in the ensuing Annual General Meeting has been given in the 'Notice' calling the Fifty Sixth Annual General Meeting of the Company.

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To the Members of **POLYCHEM LIMITED**

We have examined the compliance of conditions of Corporate Governance by **POLYCHEM LIMITED** for the year ended on March 31, 2013 as stipulated in Revised Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

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

We state that no investor grievance is pending for a period exceeding one month against the Company as per records maintained by the Shareholders'/ Investors' Grievance Committee, except in cases which are constrained by disputes and legal impediments.

We further state that 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 G. M. KAPADIA & CO.
Chartered Accountants
Firm Regn. No 104767W

RAJEN ASHAR
Partner
Membership No. 48243

Place : Mumbai
Date : 23rd May, 2013

AUDITORS' REPORT

TO THE MEMBERS OF POLYCHEM LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of POLYCHEM LIMITED ("the Company") which comprise the Balance sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

1. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
2. In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
3. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act;
 - (e) On the basis of written representations received from the directors as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act, 1956.

For G. M. KAPADIA & CO.
Chartered Accountants
Firm Regn. No 104767W

(Rajen Ashar)
Partner
(Membership No. 48243)

Place : Mumbai
Date : 23rd May, 2013

**ANNEXURE TO THE AUDITOR'S REPORT**

Referred to in Paragraph I under the heading of "Report on Other Legal and Regulatory Requirement" of our report of even date

On the basis of the information and explanations furnished to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief in our opinion, we further report that:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year according to a phased programme as designed by the management. This, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We have been further informed that there is no material discrepancies between the book records and the physical verification have been noticed.
- (c) In our opinion, and according to the information & explanations given to us, the Company has not disposed off substantial part of fixed assets during the year.
- (ii) (a) The inventories have been physically verified by the management during the year. In our opinion, and according to the information and explanation given to us, the frequency of verification is reasonable.
- (b) The procedures of physical verification, in our opinion, are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventories. No discrepancies were noticed on verification between the physical inventories and the book records.
- (iii) (a) The Company had granted an inter corporate deposit to 1 (One) company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 207,82,299 and the balance at the end of the year was Rs. 201,00,000.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions of loan covered in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
- (c) In respect of the aforesaid loans, the Company is regular in receiving of interest and the principal amount wherever applicable.
- (d) There are no overdue amounts in respect of loan given.
- (e) The Company has not taken loans from companies, firms or other parties covered in the register maintained under to section 301 of the Companies Act, 1956. Hence question of reporting under sub clauses (f) to (g) of clause 4(iii) of the
- (g) Order does not arise.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions for the year 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 explanation given to us, during the year, there is no transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakh in respect of any party.
- (vi) In our opinion and according to the information and explanation given to us, the Company has not accepted deposits from the public and therefore, the provisions contained in sections 58A, 58AA or any other relevant provisions of the Act and Rules framed there under are not applicable to the Company. As informed to us, the Company has refunded principal amount of deposit in case of matured deposits.
- (vii) *The Company does not have an internal audit system.*
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) Based on the records produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues such as provident fund, investor education and protection fund, employees state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues wherever



applicable and there are no amounts in arrears as at March 31, 2013 for a period of more than six months from the date they became payable except stated as under :-

Name of the Statue	Nature of dues	Financial Year	Amount In Rs (000's)	Authority with whom Appeal Pending
Service Tax Act, 1994	Service Tax	2012-13	168	Nil

- (b) According to the information and explanations given to us, there are no dues of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess which have not been deposited on account of any dispute except disputed dues as under:

Name of the Statue	Nature of dues	Financial Year	Amount In Rs (000's)	Authority with whom Appeal Pending
Income Tax Act, 1961	Income Tax	2004-05	85	Income Tax Appellate Tribunal
The E.S.I. Act, 1948	ESIC	2000-01	94	Assistant Director (Maharashtra)
The MVAT Act, 2002	MVAT	2008-09	73	Deputy Commissioner of Sales Tax Appeal

- (x) In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth as at 31st March 2013. The Company has incurred cash losses during the financial year covered by our audit. The Company had incurred cash losses during the immediately preceding financial year.
- (xi) The Company has neither raised any loans from banks and financial Institutions nor issued any debentures, therefore the provisions of clause 4 (xi) of the Companies (Auditor's Report) Order regarding default in repayment of dues to banks and debenture holders are not applicable to the Company.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a nidhi / mutual fund / society. Therefore the provisions of clause 4(xiii) of the order are not applicable to the Company.
- (xiv) According to the information and explanations given to us the Company is not dealing or trading in shares, securities, debentures and other investments. The investments by way of bonds, mutual funds and shares are held by the Company in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has not availed term loans during the year and hence provisions of sub clause (xvi) of clause 4 of the Order are not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year, hence the question of whether the price at which shares have been issued is prejudicial to the interest of the company does not arise.
- (xix) The Company has not issued any debentures, hence the question of whether securities or charge have been created does not arise.
- (xx) The Company has not raised any money by public issues during the year covered by our report.
- (xxi) During the course of our examination of the books 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, no fraud (i.e. intentional material misstatements resulting from fraudulent financial reporting and misappropriation of assets) on or by the company has been noticed or reported during the year by the Company.

For G. M. KAPADIA & CO.
Chartered Accountants
Firm Registration No. 104767 W

(Rajen Ashar)

Partner

(Membership No. 48243)

Mumbai
Dated: 23rd May, 2013



BALANCE SHEET AS AT 31ST MARCH, 2013

Rupees in 000's

Particulars	Note	As at 31st Mar 2013	As at 31st Mar 2012
I EQUITY AND LIABILITIES			
1 Shareholders' funds :			
(a) Share capital	2	4,040	4,040
(b) Reserves & surplus	3	1,35,126	1,39,912
		<u>1,39,166</u>	<u>1,43,952</u>
2 Non current liabilities			
(a) Long term provisions	4	562	115
		<u>562</u>	<u>115</u>
3 Current liabilities			
(a) Trade payables	5	9,114	6,128
(b) Other current liabilities	6	3,866	3,100
(c) Short term provisions	7	602	433
		<u>13,582</u>	<u>9,661</u>
	Total	<u>1,53,310</u>	<u>1,53,728</u>
II ASSETS			
1 Non current assets			
(a) Fixed assets	8		
Tangible assets		4,750	3,691
Intangible assets		255	5
		<u>5,005</u>	<u>3,696</u>
(b) Non current investments	9	48,795	46,275
(c) Deferred tax asset (net)	10	765	1,196
(d) Long term loans and advances	11	6,146	3,991
(e) Other non current assets	12	6,005	6,903
		<u>66,716</u>	<u>62,061</u>
2 Current assets			
(a) Current investments	13	-	30,000
(b) Inventories	14	20,868	21,923
(c) Trade receivables	15	23,392	15,336
(d) Cash and cash equivalent	16	16,255	21,351
(e) Short term loans and advances	17	5,220	2,240
(f) Other current assets	18	20,859	817
		<u>86,594</u>	<u>91,667</u>
	Total	<u>1,53,310</u>	<u>1,53,728</u>
Summary of significant accounting policies	1		
The notes are an integral part of the financial statements			

As per our attached report of even date

For G.M.Kapadia & Co.,
Chartered AccountantsRajen Ashar
PartnerMumbai Dated : 23rd May, 2013 27th July 2012

For and on behalf of the Board

T. R. Kilachand
P. T. Kilachand
N. T. Kilachand
V. V. Sahasrabudhe
C. R. Desai
D. J. Vyas
A. H. MehtaExecutive Chairman
Managing Director
Director
Director
Director
Director
VP - Corporate Affairs &
Company SecretaryMumbai Dated : 23rd May, 2013



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

		Rupees in 000's	
Particulars	Note	As at 31st Mar 2013	As at 31st Mar 2012
CONTINUING OPERATIONS			
I Revenue from operations			
(a) Revenue from operations(Gross)	19	1,03,996	82,981
Less: Excise duty		(11,087)	(7,871)
Revenue from operations (Net)		92,909	75,110
(b) Sale of property		-	687
		92,909	75,797
(c) Other operating income		1,835	1,622
		94,744	77,419
II Other Income	20	10,414	7,292
III Total revenue (I+II)	Total	1,05,158	84,711
IV EXPENSES			
(a) Cost of materials consumed	21	64,997	52,380
(b) (Increase)/Decrease in stock of Work in Process	22	347	(2,104)
(c) Manufacturing & other expenses	23	32,432	28,121
(d) Employee benefits expenses	24	10,343	8,527
(e) Finance cost	25	202	80
(f) Depreciation & amortization		1,116	1,201
	Total	1,09,437	88,205
V Profit before exceptional and extraordinary items and tax (III-IV)		(4,279)	(3,494)
VI Exceptional items		-	-
VII Profit before extraordinary items and tax (V-VI)		(4,279)	(3,494)
VIII Extraordinary items		-	-
IX Profit before tax (VII-VIII)		(4,279)	(3,494)
X Tax expense			
(1) Current tax		-	-
(2) Deferred tax		431	(232)
(3) Income tax earlier years		-	-
(4) Income tax provision written back		-	(512)
		431	(744)
XI Profit/(Loss) for the period from continuing operations (IX-X)		(4,710)	(2,750)
XII Prior period items		(76)	125
XIII Profit/(Loss) for the period (XI-XII)	Total	(4,786)	(2,625)
XIV Earnings per equity share (EPS) - Basic & Diluted			
No of equity shares		4,04,045	4,04,045
Par value per share		10.00	10.00
Earnings per share from continuing operations - Basic & Diluted		(11.85)	(6.50)

As per our attached report of even date

For G.M.Kapadia & Co.,
Chartered AccountantsRajen Ashar
PartnerMumbai Dated : 23rd May, 2013

For and on behalf of the Board

T. R. Kilachand
P. T. Kilachand
N. T. Kilachand
V. V. Sahasrabudhe
C. R. Desai
D. J. Vyas
A. H. MehtaExecutive Chairman
Managing Director
Director
Director
Director
Director
VP - Corporate Affairs &
Company SecretaryMumbai Dated : 23rd May, 2013



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

Rupees in 000's

Particulars	As at 31st Mar 2013	As at 31st Mar 2012
PROFIT / (LOSS) BEFORE TAX	(4,279)	(3,494)
A CASH FLOW FROM OPERATING ACTIVITIES :		
Adjustment for:		
Depreciation	1,116	1,201
Interest Income	(2,962)	(2,114)
Interest Received Income Tax Refund	(302)	(4,086)
Interest Payment - Income tax	-	-
(Profit)/Loss on Fixed Assets discarded	1	710
Net (gain)/loss on sale of investments	(6,917)	(389)
Amount no longer payable -written back	46	-
Amount not recoverable - written off	6	19
Group Gratuity & leave encashment provision written back	98	(256)
Provision no longer required	-	512
Prior period expenses	(76)	125
	<u>(13,269)</u>	<u>(7,772)</u>
Operating Profit/(Loss) before working capital changes	(13,269)	(7,772)
(Increase)/Decrease in sundry debtors	(8,056)	(1,688)
(Increase)/Decrease in Other Receivables	(25,216)	56,591
Increase/(Decrease) in sundry Creditors & other payables	4,224	3,487
(Increase)/Decrease in Inventories	1,055	(3,476)
Cash (used in) / generated from operations	<u>(41,262)</u>	<u>47,142</u>
Tax payments	<u>(602)</u>	<u>232</u>
Net cash generated from / (used in) Operating activities	<u>(41,864)</u>	<u>47,374</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,424)	(2,160)
Proceeds from sale of fixed assets	-	215
Proceeds from sale of investments	64,677	62,889
Proceeds for purchase of investments	(30,280)	(1,15,200)
Interest received	3,354	1,990
Net cash generated from Investing activities	<u>35,327</u>	<u>(52,266)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Loans	-	-
Net cash (used in) financing activities	<u>-</u>	<u>-</u>
Net (Decrease)/ Increase in cash and cash equivalents	<u>(6,537)</u>	<u>(4,892)</u>
Cash and cash equivalents at the beginning of the year	<u>22,760</u>	<u>27,652</u>
Cash and cash equivalents at the end of the year	<u>16,223</u>	<u>22,760</u>
Reconciliation of cash and cash equivalents		
As per Balance Sheet - Note 16	16,255	22,851
Less : Interest accrued on bank deposits	(32)	(91)
As per Cash flow statement	<u>16,223</u>	<u>22,760</u>

As per our attached report of even date

For G.M.Kapadia & Co.,
Chartered AccountantsRajen Ashar
PartnerMumbai Dated : 23rd May, 2013

For and on behalf of the Board

T. R. Kilachand
P. T. Kilachand
N. T. Kilachand
V. V. Sahasrabudhe
C. R. Desai
D. J. Vyas
A. H. MehtaMumbai Dated : 23rd May, 2013Executive Chairman
Managing Director
Director
Director
Director
Director
VP - Corporate Affairs &
Company Secretary



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

GENERAL INFORMATION

Polychem Limited is engaged in the manufacturing of specialty chemicals, the company has manufacturing plants in India and sells it in Domestic as well as International market. The company is a public limited company and is listed on the Bombay Stock Exchange (BSE).

(1) SIGNIFICANT ACCOUNTING POLICIES**(i) Basis of accounting**

These financial statements are prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalent, the Company has ascertained its operating cycle as 12 months for the purpose of current, non-current classification of assets and liabilities.

Use of Estimate

The preparation of financial statement in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of the assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results get materialized.

(ii) Fixed assets and depreciation**a. Fixed assets****Intangibles**

Business application software intended for long term use are recorded at their acquisition cost and cost of assets at their carrying values.

Tangibles

All fixed assets are stated at cost of acquisition, less accumulated depreciation and includes adjustments arising from exchange rate variations attributable to fixed assets. In the case of fixed assets acquired for new projects / expansion, interest cost borrowings, and other related expenses incurred upto the date of completion of project are capitalised.

b. Depreciation**Intangibles**

Computer software is being depreciated on written down method at the rates specified in schedule XIV of the Companies Act, 1956.

Tangibles

Depreciation on tangible assets has been provided on written down method at the rates specified in Schedule XIV of the Companies Act, 1956.

c. Impairment of assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is



recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

(iii) Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition cost of the investment is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(iv) Inventories

Stores, spares and packing materials, raw materials, work-in-process and finished goods are valued at cost or net realisable value, whichever is lower. Cost of stores, spares and packing materials and raw materials is determined on FIFO basis. Cost of work-in-process and finished goods is determined on the basis of absorption costing method.

(v) Property under development

Property under development represents free hold land converted into stock-in-trade on the basis of valuation made by approved valuers and development expenses incurred thereon.

(vi) Employee benefits

- a. Short term employee benefits (benefits which are payable within twelve months after the end of the period in which employees render services) are measured at cost.
- b. Long term employee benefits (benefits which are payable after the end of twelve months in which the employees render services) and post employment benefits (benefits which are payable on completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of actuarial valuation annually.
- c. Contributions to Provident Fund, a defined contribution plan are made in accordance with the statute, and recognised as an expense when employees have rendered service entitling them to the contributions.
- d. The cost of providing gratuity, a defined benefit contribution plan, is determined using Projected Unit Credit Method on the basis of actuarial valuation carried out by actuaries at the balance sheet date. The gratuity obligation recognized in balance sheet represents the present value of the obligation as reduced by the fair value of plan assets. Actuarial gains and losses are recognised in the Profit and Loss account.

(vii) Accounting of CENVAT credit

CENVAT credit on raw material and capital goods is accounted for by reducing the purchase cost of raw material and capital goods respectively.

(viii) Revenue recognition

Revenue (Income) is recognised when no significant uncertainty as to determination or realisation exists. Sales are recognised ex-works and are inclusive of excise duty and net of sales tax.

(ix) Foreign currency transactions

- a. Foreign currency transactions are accounted at the exchange rate prevailing on the date of transaction.



- b. The difference between the rate at which the transactions are accounted as stated above and the contracted rate is spread over the life of the contract. The difference on account of fluctuation in the rate of exchange is dealt with in the Profit and Loss Account.
- c. Year end monetary assets are translated at year end rate of exchange.

(x) Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing cost are charged to revenue.

(xi) Taxes on income

Provision for taxation is made on the basis of the taxable profits computed for the current accounting period (reporting period) in accordance with the Income Tax Act, 1961.

Deferred income taxes reflect the impact of current year's timing differences between taxable incomes and accounting income of the year and reversal of timing differences of earlier years.

Deferred tax assets are recognized to the extent there is reasonable certainty that these assets can be realized in future.

(xii) Segment reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Further, inter-segment revenue have been accounted for based on the transaction price agreed to between segments which is primarily market based. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under " Unallocated expenses".

(xiii) Earnings per share

- a. Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity shares to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.
- b. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(xiv) Provisions, contingent liabilities and contingent assets

A provision is recognised when an enterprise had present obligations as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimates can be made.

Provisions are not discounted to their present value and are determined based on management estimates required to settle the obligations at the balance sheet date.

These are reviewed at the balance sheet date and adjusted to reflect the current management estimates.

(xv) Cash and cash equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Rupees in 000's

		As at 31st Mar 2013	As at 31st Mar 2012
2 SHARE CAPITAL			
Authorised share capital			
40,000,000 (40,000,000) Equity shares of Rs 10/- each		4,00,000	4,00,000
600,000 (600,000) 13.50% Redeemable cumulative preference shares of Rs 100/- each		60,000	60,000
500,000 (500,000) Cumulative convertible preference shares of Rs 100/- each		50,000	50,000
	Total	5,10,000	5,10,000
ISSUED SHARE CAPITAL			
404,045 (404,045) Equity shares of Rs 10/- each fully paid up		4,040	4,040
	Total	4,040	4,040
Subscribed & paid up share capital			
404,045 (404,045) Equity shares of Rs 10/- each fully paid up		4,040	4,040
	Total	4,040	4,040

The company has one class of equity shares having a par value Rs 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

2.1 Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period

Particulars	31st March 2013 Quantity	31st March 2012 Quantity	31st March 2013 Amount(000)	31st March 2012 Amount(000)
(a) Equity shares of Rs 10/- each				
Shares outstanding at the beginning of the year	4,04,045	4,04,045	4,040	4,040
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	4,04,045	4,04,045	4,040	4,040

2.2 Aggregate number of shares issued for consideration other than cash and shares brought back during the period of five years immediately preceding reporting financial year:

Particulars	31st March 2013 Financial year	31st March 2013 No of Shares	31st March 2012 Financial year	31st March 2012 No of Shares
(a) 13.5% redeemable cumulative preference shares of Rs 100/- each	2007-08	50,000	2007-08	50,000

2.3 Details of shareholding more than 5 percent of equity shares

Name of the shareholder	No of shares held 31st March 2013	% of holding 31st March 2013	No of Shares held 31st March 2012	% of holding 31st March 2012
(1) Virsun Investments P. Ltd	82,574	20.43%	91,827	22.73%
(2) Highglass Trading P. Ltd	39,842	9.86%	39,842	9.86%
(3) Ginnars & Pressers Ltd	-	-	20,369	5.04%

3 RESERVES AND SURPLUS

(a) Capital Reserves			
At the beginning and at the end of the year		3,562	3,562
(b) Capital Redemption Reserve			
At the beginning and at the end of the year		5,000	5,000
(c) Securities Premium Account			
At the beginning and at the end of the year		1,42,437	1,42,437
(d) General reserves			
At the beginning and at the end of the year		2,06,993	2,06,993
(e) Surplus			
Opening balance		(2,18,080)	(2,15,455)
(+) Net Profit/(Net Loss) For the current year		(4,786)	(2,625)
Closing balance		(2,22,866)	(2,18,080)
	Total	1,35,126	1,39,912



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Rupees in 000's

	As at 31st March 2013	As at 31st March 2012
4 LONG TERM PROVISIONS		
Income tax provision (net of advance tax)	85	85
Provision for retirement benefits		
Gratuity	477	30
	<u>477</u>	<u>30</u>
Total	<u>562</u>	<u>115</u>
5 TRADE PAYABLES		
Trade payable - goods	9,114	6,128
Total	<u>9,114</u>	<u>6,128</u>
Based on information available with the company the balance due to Micro & small and medium enterprises as defined under MSMED Act, 2006 as at 31st March, 2013 & 31st March, 2012 is NIL. No interest during the year and previous year has been paid under the terms of the MSMED Act, 2006.		
6 OTHER CURRENT LIABILITIES		
Outstanding expenses	1,163	960
Other payables		
Trade payable for expenses	1,931	1,352
Advance from debtors	-	7
Statutory dues	182	320
Other current liabilities	<u>2,113</u>	<u>1,679</u>
Contribution to PF	4	-
Employee contribution - ESIC & others	-	1
Bonus payable	4	4
Super annuation payable	91	103
Leave travel allowance payable	393	255
Other liabilities	98	98
	<u>590</u>	<u>461</u>
Total	<u>3,866</u>	<u>3,100</u>
7 SHORT TERM PROVISIONS		
Provision for employee benefits		
Gratuity payable	394	339
Leave encashment payable	-	-
	<u>394</u>	<u>339</u>
Other Provisions		
ESIC payable	94	94
MVAT Payable	114	-
Total	<u>602</u>	<u>433</u>



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

8 FIXED ASSETS

Rupees in 000's

Fixed Assets							Rupees in Crores				
Nature of Assets	Gross Block			Depreciation			Net block				
	As at 1-Apr-12	Additions	Deductions/ Adjustments	As at 31-Mar-13	Up to 1-Apr-12	For the year	Deductions/ Adjustments	As at 31-Mar-13	As at 31-Mar-13	As at 31-Mar-12	
Tangible Assets											
Building	148	-	-	148	49	13	-	62	86	99	
Plant and machinery	619	-	-	619	379	34	-	413	206	240	
Vehicles	3,879	-	-	3,879	1,441	631	-	2,072	1,807	2,438	
Furniture & fixtures	244	1,391	-	1,635	112	92	-	204	1,431	132	
Office equipment	717	415	1	1,131	180	142	1	321	810	537	
Computers	627	334	-	961	382	169	-	551	410	245	
Total	6234	2140	1	8373	2543	1081	1	3623	4750	3691	
Intangible Assets											
Computer software	36	285	6	315	31	35	6	60	255	5	
Total	36	285	6	315	31	35	6	60	255	5	
Total Assets	Total	6,270	2,425	7	8,688	2,574	1,116	7	3,683	5,005	3,696
Previous Year		19,379	2,756	15,865	6,270	16,362	1,201	14,989	2,574	3,696	3,017

As at
31st March 2013 As at
31st March 2012

9 NON CURRENT INVESTMENTS

Non trade Investments (at cost unless stated otherwise)

(a) Others

Investment in equity instruments (Quoted)

Investment in equity instruments

	2,106	2,106
Total	<u>2,106</u>	<u>2,106</u>

Particulars	Current year No of shares	Previous year No of shares	Face value per share	Partly/Fully Paid up	31st March 2013	31st March 2012
Great Eastern Shipping Co. Ltd.	600	600	10/-	Fully paid	219	219
Hindustan Uni Lever Ltd.	600	600	1/-	Fully paid	126	126
Housing Development Finance Co. Ltd.	500	500	2/-	Fully paid	206	206
ICICI Bank Ltd.	175	175	10/-	Fully paid	163	163
Infrastructure Development Finance Co. Ltd.	800	800	10/-	Fully paid	140	140
ITC Ltd.	1,200	1,200	1/-	Fully paid	111	111
Larsen & Toubro Ltd.	260	260	2/-	Fully paid	452	452
Adani Port Special Economic Zone Ltd.	1,500	1,500	2/-	Fully paid	149	149
Reliance Industries Ltd.	292	292	10/-	Fully paid	393	393
State bank of india	105	105	10/-	Fully paid	147	147
Mafatlal Dyes & Chemicals Ltd.	62	62	10/-	Fully paid	-	-
DCM Shriram Industries Ltd.	6	6	10/-	Fully paid	-	-
Crecent Finstock Ltd.	9	9	10/-	Fully paid	-	-
DCM Ltd.	1	1	10/-	Fully paid	-	-
					<u>2,106</u>	<u>2,106</u>

Rupees in 000's

Particulars	31st March 2013	31st March 2012
Investment in Mutual Funds (unquoted)		
Investment in Mutual Funds	34,744	32,504
Total	<u>34,744</u>	<u>32,504</u>



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Current year No of units	Previous year No of units	Face value per unit	Partly/Fully Paid up	31st March 2013	31st March 2012
DSP blackrock money manager fund-institutional (Growth)	-	180.0820	1000/-	Fully paid	-	4
HDFC high interest fund - short term plan - (G)	11,73,545	16,64,205	1000/-	Fully paid	24,744	32,500
IDFC Dynamic Bond Fund - Plan A(G)	4,62,331	-	1000/-	Fully paid	10,000	-
					<u>34,744</u>	<u>32,504</u>
(b) In Associates						
Investment in equity instruments (quoted)						
Gujarat Poly-AVX Electronics Ltd.					41,944	41,944
Less : provision for diminution					(30,479)	(30,479)
Total					<u>11,465</u>	<u>11,465</u>
Particulars	Current year No of shares	Previous year No of shares	Face value per share	Partly/Fully Paid up	31st March 2013	31st March 2012
Gujarat Poly-AVX Electronics Ltd.	28,66,154	28,66,154	Rs 10/-	Fully paid	41,944	41,944
Less: Provision for diminution in value					(30,479)	(30,479)
Net value					<u>11,465</u>	<u>11,465</u>
Investment in preference shares (unquoted)						
Gujarat Poly-AVX Electronics Ltd.					480	200
Total					<u>480</u>	<u>200</u>
Particulars	Current year No of shares	Previous year No of shares	Face value per share	Partly/Fully Paid up	31st March 2013	31st March 2012
Gujarat Poly-AVX Electronics Ltd. 1/2 % Non cumulative redeemable preference share	5,47,410	209,000	100/-	Fully paid	480	200
					<u>480</u>	<u>200</u>
Total Non current investments				Total	<u>48,795</u>	<u>46,275</u>
Aggregate value of quoted investments			Cost		44,050	44,050
			Market value		17,381	14,565
Aggregate provision for diminution in value					30,479	30,479
Aggregate value of unquoted investments			Cost		35,224	32,704
10 DEFERRED TAX ASSETS (NET)						
(a) Deferred tax assets						
In respect of difference between book & tax depreciation					765	1,196
(b) Deferred tax liability					-	-
Total					<u>765</u>	<u>1,196</u>
11 LONG TERM LOANS AND ADVANCES- UNSECURED- CONSIDERED GOOD						
Unsecured, considered good						
(a) Security deposits					653	653
					<u>653</u>	<u>653</u>
(b) Other loans and advances						
Prepaid expenses					6	4
MVAT Receivable					4,317	2,083
Staff loans and advances					1,069	1,150
Others					101	101
					<u>5,493</u>	<u>3,338</u>
Total					<u>6,146</u>	<u>3,991</u>



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

						Rupees in 000's	
						As at 31st March 2013	As at 31st March 2012
12 OTHER NON CURRENT ASSETS							
Advance Tax (net of Provision)						6,005	5,403
						6,005	5,403
Bank deposit maturing more than 12 months						-	1,500
						Total	6,005
							6,903
13 CURRENT INVESTMENTS							
(a) Current maturity of long term investments (at cost unless stated otherwise)							
Investment in mutual funds (unquoted)						-	30,000
						Total	-
							30,000
(b) Investment in mutual funds							
Investment in mutual funds (unquoted)						-	30,000
							30,000
Particulars	Current year	Previous year	Face value	Partly/Fully		31st March	31st March
	No of units	No of units	per unit	Paid up		2013	2012
DSP BlackRock - FMP - Series XVIII (Growth)	-	1,000,000	1000/-	Fully paid	-	-	10,000
HDFC FMP - Series XVIII (Growth)	-	2,000,000	1000/-	Fully paid	-	-	20,000
						-	30,000
Aggregate value of unquoted investments						-	30,000
14 INVENTORIES							
(a) Raw materials and components (valued at cost)						1,634	2,280
						1,634	2,280
(b) Work-in-process (valued at cost)						3,608	2,850
Finished Goods-in-transit						-	1,167
						3,608	4,017
(c) Stores & spares (valued at cost)						204	266
						204	266
(d) Others						15,422	15,360
Property Development						15,422	15,360
						Total	20,868
							21,923
15 TRADE RECEIVABLES							
Unsecured considered good							
(a) Trade receivables						23,392	15,336
						Total	23,392
							15,336
16 CASH AND BANK BALANCES							
(a) Cash & cash equivalent							
Bank balance						888	13,610
Bank deposits with less than 3 month maturity						14,167	-
						15,055	13,610
(b) Cheques,drafts on hand						-	4
(c) Cash on hand						-	150
(d) Others							
Margin money						1,200	1,900
Bank deposits with more than 3 month but maturing within 12month						-	5,687
						Total	16,255
							21,351



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

		Rupees in 000's	
		As at 31st March 2013	As at 31st March 2012
17	<u>SHORT TERM LOANS AND ADVANCES</u>		
	Unsecured considered good		
(a)	Balances with government department	3,420	1,282
	Deposits	-	-
	Staff Loans and advances	1,196	689
	Prepaid expenses	523	181
	Advances to creditors & others	81	88
	Total	5,220	2,240
18	<u>OTHER CURRENT ASSETS</u>		
	Unsecured considered good		
(a)	Loans and advances to related parties		
	Gujarat Poly AVX Electronics Ltd	20,100	-
		20,100	-
(b)	Others		
	Inter corporate deposit	727	726
	Interest accrued but not due	32	91
		759	817
	Total	20,859	817
19	<u>REVENUE FROM OPERATIONS</u>		
(a)	Sale of products (Net)	92,909	75,110
(b)	Sale of property	-	687
		92,909	75,797
(c)	Other operating revenues		
	Sale of DEPB licence	-	362
	Exchange gain difference	707	898
	Other revenue		
	Duty drawback received	1,110	332
	Sale of scrap	18	30
		1,835	1,622
	Total	94,744	77,419
	Sale of products (Quantity)		
	Cross linked polystyrene	kgs	4,60,825
	LMPS	kgs	66,907
	SBA PC 50/30	kgs	43,750
	Other products	kgs	5,559
	Sale of land (Quantity)		
	Property development	Guntha	-
20	<u>OTHER INCOME</u>		
(a)	Interest income	2,962	2,114
(b)	Dividend income	41	33
(c)	Net gain/(loss) on sale of investments	6,917	389
(d)	Other non-operating income		
	Rent recovered	36	31
	Gratuity & leave encashment provision written back	98	256
	Amount not payable written back	46	-
	Other sundry income	12	81
	Interest recd on IT Refund	302	4,388
		494	4,756
	Total	10,414	7,292



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Rupees in 000's

		Year ended 31st Mar.13	Year ended 31st Mar.12
21 COST OF MATERIAL CONSUMED			
Raw material consumed		64,997	52,380
	Total	64,997	52,380
(a) Raw materials consumed in broad heads :			
(i) Styrene monomer	Kgs	6,05,610	573,123
(ii) Butyl acrylate	Kgs	9,000	12,600
(iii) Others	Kgs	40,147	41,554
(b) Value of indigenous and imported raw materials consumed during the year :			
(i) Indigenous	Value %	64,997 100%	52,380 100%
22 INCREASE/(DECREASE) IN STOCK			
WORK IN PROCESS			
Work in process			
Closing stock		3,608	2,850
Opening stock		2,850	3,279
		758	(429)
Stock-in-transit			
Closing stock		-	1,167
Opening stock		1,167	-
		(1,167)	1,167
Property Development			
Closing stock		15,422	15,360
Opening stock		15,360	13,994
		62	1,366
	Total	(347)	2,104
23 MANUFACTURING & OTHER EXPENSES			
Conversion & processing charges		11,646	10,595
Stores spares & packing material consumed		1,103	913
Land development expenses		63	1,477
Electric Power,oil fuel and water charges		742	576
Rent		2,043	1,776
Rates & taxes		240	193
Selling & distributions expenses		3,644	2,461
Insurance charges		145	27
Repairs			
Machinery		32	18
Building		-	481
Others		3,066	168
		3,098	667
Telephone expenses		596	568
Legal and professional fees		3,614	4,165
Motor car expenses		1,661	1,506
Director sitting fees		27	30
Amount not receivable written off		6	19
Loss on sale of assets		1	710
Conveyance & travelling expenses		428	154
Share department expenses		282	259
ISO & Certification Expenses		591	28
General Charges		1,271	912
Miscellaneous expenses		1,231	1,085
		9,708	9,436
	Total	32,432	28,121



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Rupees in 000's

	Year ended 31st Mar.13	Year ended 31st Mar.12
24 EMPLOYEE BENEFITS EXPENSES		
(a) Salaries, wages and incentives	7,129	6,053
(b) Contributions to funds		
Provident fund & other funds	684	656
Gratuity & Super annuation fund	1,141	890
Other benefits	463	189
	<u>2,288</u>	<u>1,735</u>
(c) Staff welfare expenses	926	739
Total	<u>10,343</u>	<u>8,527</u>
25 FINANCE COST		
(a) Bank Charges	202	80
Total	<u>202</u>	<u>80</u>
Payment to Auditors		
	Current Year Rupees in '000	Previous Year Rupees in '000
(a) As Audit fees		
Statutory audit	150	150
Limited review	150	100
	<u>300</u>	<u>250</u>
(b) As Professional fees		
Tax audit	70	70
VAT audit	10	30
Income tax representation	83	261
Management consultancy	-	35
Service tax	47	79
	<u>210</u>	<u>475</u>
Total	<u>510</u>	<u>725</u>
25A Earnings in Foreign Exchange		
(a) Export of Goods calculated on FOB Basis	54,517	30,491
(b) Expenditure in Foreign Currency	537	-
26 Contingent Liabilities		
i Claims against the Company not acknowledged as debts: Relates to Octroi matter, employees claims etc. (No provision is made, as the Company is hopeful of successfully Contesting the claims and as such does not expect any significant liability to crystallise)	1,239	1,239
ii Guarantees given by the banks on behalf of the Company for import licence in favour of Customs, Central Excise and others.	534	534
iii Bonds executed in favour of the Collector of Central Excise, Mumbai for export of goods.	1,260	1,260
iv Disputed income tax liabilities contested by the company	17,418	85
v The Company has taken certain premises on sub-lease. The Landlord, a Government Company issued a notice under the Public Premises (Eviction of Unauthorised Occupants) Act, 1971 against the Company for eviction and has demanded damages and other charges, which are disputed by the Company. The proceedings in this connection are pending before the Estate Officer. The Contingent liability in respect of damages, interest claimed by the Insurance Company cannot be quantified.		
27 Amount of lease rental charged to the profit and loss account in respect of premises taken on cancellable operating lease is Rs 19,209(000) (Previous Year Rs 1,641(000))		
28 Employee Benefit		
(i) Defined Contribution plans :		
Company's contribution to Provident Fund is Rs 505 (000) (Previous year Rs. 493 (000))		



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(ii) Defined Benefits Plans :

The following table sets out the funded status of the Gratuity Plan and the amounts recognised in Company's financial statements as at 31st March, 2013

	As at 31.3.2013 (Rs' 000)	As at 31.3.2012 (Rs' 000)
(a) Change showing changes in present value of obligations		
Present value of obligations as at beginning of year	3,073	2,766
Interest cost	218	210
Current Service Cost	196	177
Benefits Paid	(690)	(277)
Actuarial (Gain)/loss on obligations	480	197
Present value of obligations as at end of year	<u>3,277</u>	<u>3,073</u>
(b) Changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	2,704	2,292
Expected return on plan assets	195	190
Contributions	156	454
Benefits Paid	(690)	(277)
Actuarial Gain/(loss)	42	45
Fair value of plan assets at end of year	<u>2,407</u>	<u>2,704</u>
(c) Fair Value of Plan Assets		
Fair value of plan assets at the beginning of year	2,704	2,292
Actual return on plan assets	237	235
Contributions	156	454
Benefits Paid	(690)	(277)
Fair value of plan assets at the end of the year	2,407	2,704
Funded status	(870)	(369)
Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31st March)	42	45
(d) Actuarial Gain/(Loss) recognised		
Actuarial Gain/(loss) for the year - Obligation	(480)	(197)
Actuarial Gain/(Loss) for the year - Plan Assets	42	45
Total (Gain)/Loss for the year	<u>(438)</u>	<u>(152)</u>
Actuarial (Gain)/Loss unrecognized in the year		
(e) The amounts to be recognised in the balance sheet and statement of profit and loss		
Present value of obligations as at the end of year	3,277	3,073
Fair value of plan assets as at the end of the year	(2,407)	(2,704)
Funded status	-	-
Net Asset/(Liability) recognised in the balance sheet	(870)	(369)
(f) Expenses Recognised in statement of profit and loss		
Current service cost	196	177
Interest Cost	218	210
Expected return on plan assets	(195)	(190)
Net Actuarial (Gain)/Loss recognised in the year	438	152
Expenses recognised in statement of Profit and loss	657	(369)
(g) To fund the obligation under the plan, contributions are made to Life Insurance Corporation of India who has invested funds as under :		
Description		% of Investment
Central Government Securities		56.09
State Government Securities		11.18
Approved marketable government guaranteed securities		2.96
Bonds/Debentures etc		22.03
Loans		0.36
Equity Shares		5.64
Preference Shares		0.02
Fixed Deposits and Money Market instruments		1.72
Total		100.00



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(h) Assumptions

	Gratuity 2012-13	2011-12
Discount Rate (per annum)	8.00%	8.00%
Expected rate of return on plan assets (per annum)	8.00%	8.00%
Expected rate of increase in compensation levels (per annum)	6.00%	6.00%

- 29 Earnings per share is calculated by dividing the profit/(loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year as under:

	Current Year (4786)	Previous Year (3,137)
Net Profit / (loss) for the year after tax (Rs'000)	-	512
Excess / (Short) provision for tax of earlier Years (Rs'000)	-	-
Profit / (Loss) attributable to equity shareholders (Rs'000)	(4786)	(2,625)
Weighted average number of equity Shares outstanding during the year	4,04,045	404,045
Basic / Diluted Earnings per share (Rs)	-	-
Nominal Value per Share (Rs)	(11.85)	(6.50)
	10/-	10/-

30 Related Party Transactions

- (a) Names of related parties and description of relationship

Sr No	Nature of relationship	Name of the related parties
1	Key Managerial Personnel	Mr. T. R. Kilachand - Executive Chairman Mr. P. T. Kilachand - Managing Director
2	Entities where the key managerial personnel has substantial interest	Ginnars & Pressers Ltd. Rasayani Traders Pvt Ltd. Sun Tan Trading Co Ltd. Connell Bros Co (India) Pvt Ltd. Tulsi Global Logistics Pvt. Limited
3	Entities where the company has substantial interest	Gujarat Poly-AVX Electronics Ltd.

- (b) Details of Transactions where key managerial personnel have control / significant influence :

	(Rupees in'000)							
	Key Managerial personnel		Entities where key managerial has substantial interest		Entities where the company has substantial interest		Total Amount	
Details of transactions	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
Expenses payable								
Rent								
Ginnars & Pressers Limited	-	-	765	559	-	-	765	559
Gujarat Poly Avx-Electronics Limited	-	-	-	-	220	209	220	209
Electricity Charges								
Ginnars & Pressers Limited	-	-	273	231	-	-	273	231
Rasayani Traders Pvt Limited	-	-	48	227	-	-	48	231
Total expenses payable	-	-	1,086	1,017	220	209	1,306	1,226
Reimbursement of expenses								
Connell Bros Co (I) Pvt Ltd	-	-	496	503	-	-	496	503
Ginnars & Pressers Ltd	-	-	-	1	-	-	-	1
Gujarat Poly AVX-Electronics Ltd	-	-	-	-	33	29	33	29
Suntan Trading Co Ltd	-	-	486	994	-	-	486	994
Tulsi Global Logistics Pvt Ltd	-	-	56	-	-	-	56	-
Total reimbursement	-	-	1,038	1,498	33	29	1,071	1,527
Interest Received								
Gujarat Poly AVX-Electronics Ltd	-	-	-	-	1,526	163	1,526	163
Inter Corporate Deposit								
Gujarat Poly AVX-Electronics Ltd	-	-	-	-	20,100	-	20,100	-
Balance outstanding as at year end								
Gujarat Poly AVX-Electronics Ltd	-	-	-	-	20,100	-	20,100	-

**31 Segment information**

(A) Segment information for primary segment reporting (by business segments)

The Company has two business segments :

- (i) Property Development
- (ii) Specialty Chemicals

(Rupees in '000)

Particulars	Current Year			Previous Year		
	Property Development	Specialty Chemicals	Total Amount	Property Development	Specialty Chemicals	Total Amount
REVENUE						
From External Customer	-	94,744	94,744	687	76,733	77,420
Add : Inter Segment Sales	-	-	-	-	-	-
TOTAL REVENUE	-	94,744	94,744	687	76,733	77,420
SEGMENT RESULT	-	6,341	6,341	569	5,993	6,562
Unallocated income:						
Interest and other income			10,414			7,292
Unallocated expenses:						
Other expenses			12,288			10,786
Interest expense			-			-
PROFIT / (LOSS) BEFORE TAX			(4279)			(3494)
Provision for Deferred Tax			431			(744)
PROFIT / (LOSS) AFTER TAX			(4710)			(2750)
OTHER INFORMATION						
Segment Assets	15,422	16,699	32,122	15,360	12,965	28,325
Unallocated Corporate Assets			1,21,188			1,25,043
Total Assets			1,53,310			1,53,728
Segment Liabilities	-	10,358	10,358	-	6,972	6,972
Unallocated Corporate Liabilities			1,42,952			1,46,756
Total Liabilities			1,53,310			1,53,728
Additions to Fixed Assets During Yr	62	31	93	1,366	628	1,994
Depreciation	-	183	183	-	236	236

(B) Segment Information for secondary segment reporting (by geographical segments) :

The Company operates only within India and hence the question of disclosure of segment information by geographical segments does not arise.

32. Previous years figures have been regrouped/rearranged wherever necessary to confirm with current year figures.

Signatures to Notes 1 to 32

As per our attached report of even date

For **G.M.Kapadia & Co.,**
Chartered Accountants**Rajen Ashar**
PartnerMumbai Dated : 23rd May, 2013

For and on behalf of the Board

T. R. Kilachand
P. T. Kilachand
N. T. Kilachand
V. V. Sahasrabudhe
C. R. Desai
D. J. Vyas
A. H. MehtaExecutive Chairman
Managing Director
Director
Director
Director
Director
VP - Corporate Affairs &
Company SecretaryMumbai Dated : 23rd May, 2013

POLYCHEM LIMITED

ATTENDANCE SLIP

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Full Name of the member attending :

Full name of the first joint-holder :
(to be filled in if first named joint-holder does not attend the meeting)

Name of Proxy :
(to be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the FIFTY SIXTH ANNUAL GENERAL MEETING of the Company held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20 Kaikhushru Dubhash Marg, Mumbai 400 001 at 10.30 a.m. on Tuesday, 6th August, 2013.

Client ID No. :

DP ID No. :

Registered Folio No. :

No. of Shares held :

Member's / Proxy's Signature
(to be signed at the time of
handing over this slip)

POLYCHEM LIMITED

FORM OF PROXY

Regd. Office : 7, Jamshedji Tata Road, Churchgate Reclamation, Mumbai - 400 020.

I/We of
..... in the district of being a
member/members of the above-named Company hereby appoint
..... of
..... in the district of or failing
him of in the district of
..... as my/our proxy to
attend and vote for me/us my/our behalf at the Fifty Sixth Annual General Meeting of the Company to be held on Tuesday,
6th August, 2013 and at any adjournment thereof.

Signed thisday of2013

Client ID No. :

DP ID No. :

Registered Folio No. :

No. of Shares held :

Re. 1
Revenue
Stamp

(Signature of member)

BOOK-POST

If undelivered, please return to:

POLYCHEM LIMITED

7, Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai 400 020.