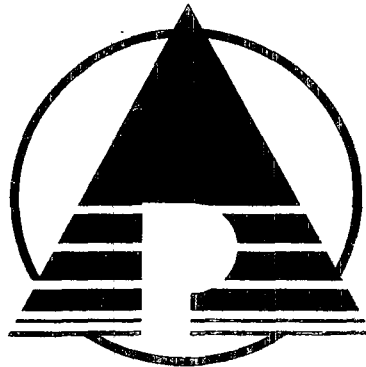


ADVANCE PETROCHEMICALS LIMITED



23rd
**Annual
Report
2007-2008**

2015

ADVANCE PETROCHEMICALS LTD.

ADVANCE PETROCHEMICALS LIMITED

23rd ANNUAL REPORT

BOARD OF DIRECTORS

Ashok Goenka	Chairman & Managing Director
Arvind Goenka	Director
J.K. Trivedi	Executive Director
Shailesh Singh Rajput	Director
Omprakash Jalan	Director
Gaurav Mittal	Director

ANNUAL GENERAL MEETING

On Tuesday, 30th September, 2008
Advance Synthetic Mills
Opp.Simla Hotel,
Narol Char Rasta,
Ahmedabad - 382 405.
At 11.00 A.M

AUDITORS

Pipara & Co.
Chartered Accountants,
201 N.R. House,
Near Popular House,
Ashram Road,
Ahmedabad - 380 009.

BANKERS

State Bank of Saurashtra
IF Branch,
Ahmedabad-380 009.

Shareholders are requested to bring their copy of the Annual Report alongwith them at the Meeting, as the copies of the Report will not be distributed at the meeting.

REGISTERED OFFICE

36, Kothari Market,
Ahmedabad - 380 022.

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NOTICE

NOTICE is hereby given that 23rd Annual General Meeting of the Members of Advance Petrochemicals Limited will be held on Tuesday, the 30th day of September, 2008 at the Advance Synthetic Mills, Opp.Simla Hotel, Narol Char Rasta, Ahmedabad – 382 405 at 11.00 A.M. to transact the following business

ORDINARY BUSINESS :

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March,2008 and Profit & Loss Account for the year ended on that date and the Report of the Director's and Auditor's thereon.
2. To appoint a Director in place of Mr. Gaurav Mittal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditor's and fix their remuneration and in this connection to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :

“RESOLVED THAT M/s.Pipara & Co., Chartered Accountant, Ahmedabad be and are hereby appointed as Statutory Auditor of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration as may be decided by the Board of Directors of the Company in conclusion with the aforesaid firm of Auditors.”

SPECIAL BUSINESS:

5. To consider and if though fit to pass with or without modification the following resolution as an Ordinary Resolution.

“Resolved That subject to provisions of Section 198, 269, 309 of the Companies Act, 1956 and other applicable provisions if any, Schedule XIII to the Companies Act, 1956 and subject to the confirmation of Remuneration by Remuneration Committee Meeting, consent of members of the company be and is hereby given to the appointment of Mr. Ashok Kumar V. Goenka, as a Managing Director of the Company for further period of 3 years w.e.f. 01.08.2008 on the following board terms and conditions:-

1. Shri Ashok Kumar Vishwanath Goenka shall be the Managing Director of the Company for a period of three years with effect from 1st August, 2008.

ADVANCE PETROCHEMICALS LTD.

2. The Managing Director shall unless prevented by ill health, through out the said term devote his entire time and attention to the business of the company perform such duties and exercise such powers as shall from time to time be assigned to and vested him by the Board of Directors and shall comply with such orders, directors and regulations from time to time by the Board of Directors of the Company and shall faithfully serve the Company and use his utmost endeavours to promote the interest thereof,
3. Without prejudice to the provisions of clause 2 hereof and subject to the control and supervision of the companies Act, 1956, the Managing Director shall have the general conduct and management of the business affairs of the company and subject to such control and supervision shall exercise the following powers, namely:
 - (a) To manage the affairs of the Company and to perform and exercise all those rights, powers, discretion assigned to or vested in him by these presents or by the Articles of Association and those may which from time to time be assigned to or vested in him by the Directors and/or by the company in General Meeting.
 - (b) To enter into and become parties to and to sing, execute all deeds, documents, instruments, contracts, receipts, writings and all other things on behalf of the company not required to be executed under it's Common Seal or not other wise or vided for in the Articles of Association of the company.
 - (c) To make, sign, draw, endorse, negotiate, sell or otherwise transfer on behalf of the company all cheques, bills of exchange, drafts, hundis, promissory notes, dock warrents, delivery orders, railways receipts, bills of lading other mercantile documents and other negotiable instruments, securities and debentures.
 - (d) To become parties to and to present for registration and admit execution of and to do every act, deeds, matters or things necessary or proper to enable registration on behalf of the company of all the deeds and instruments whatsoever.
 - (e) To institute, defend, prosecute, conduct, refer to arbitration, abandon and compromise, legal or other proceedings, claims or disputes by or against the company or in which the company may be concerned or interested.
 - (f) To receive and give effectual receipts and discharge for all the moneys, goods or property payable to or to be received by the company.
 - (g) To purchase, pay for, acquire, sell, re-sell, re-purchase, import, export all

ADVANCE PETROCHEMICALS LTD.

machinery, machines, raw-materials and other things necessary or expedient for or in the course of the business of the company.

- (h) Subject to the approval of the Board of Directors and within such limits as may have been prescribed by them, to take on lease, hire, rent any movable or immovable properties required for the purpose of business of the company at such rent, hire charges or consideration and for such period and on such terms and conditions as he may think fit.
- (i) Subject to the approvals of the Directors and within such limits or price as they may from time to time prescribe to acquire by purchase or otherwise, lands, here documents, buildings and immovable property of every description or kind.
- (j) To effect, maintain, alter and extend works, factories, factory building, warehouses and buildings and works of every description and kind within such limit of the prices, if any, which the Board of Directors may time to time prescribe,
- (k) To sell, transfer and dispose off immovable property of every description and kind.
- (l) To let or hire out any movable or immovable properties of the company at such rent, hire charges or consideration and for such period and on such terms and conditions as he may think fit.
- (m) To raise or borrow (otherwise than on debentures) from time to time in the name of the company or otherwise on behalf of the company but not exceeding the total amount, if any, which may be specified by the Board of Directors from the to time such sums or sum of money on such terms as the Managing Director think expedient.
- (n) To insure and keep insured the company's premises, buildings, machinery, plant, materials and equipments and all other properties and assets of the company against loss or damage by fire or otherwise.
- (o) With in the limits from time to time fixed by the Board of Directors to invest and deal with the money of the company not immediately required upon investment of such nature including Government securities as may be specified by the Board of Directors from time to time and subject as aforesaid to deposit the same with banks, shroffs or persons and from time to time to realize and vary investment.
- (p) To operate upon and open accounts, currents, cash credit, over drafts, fixed or otherwise with any Banks or bankers, merchant or merchants or with any

company, firm or firms, individual or individuals and to pay moneys into and to draw moneys from any such account or accounts from time to time as the Managing Director may deem fit.

- (q) To attend and vote at all meeting in all bankruptcy insolvency and liquidation or other proceedings in which the company may be interested or concerned.
- (r) To appoint, employ, remove, dismiss, discharge, suspend, re-appoint or re-employ or replace for the purpose of the company's officers, manager (not being a managers defined in the Companies Act,1956), solicitors, advocates, consultants, accountants, architects, bankers, secretaries, clerks, servants, workmen and other employees, bankers, engineers, mechanics, macadam and /or experts in any branch of business carried on by the company with such powers and duties and upon such terms and conditions as to duration of employment, remuneration or otherwise, as the Managing Director may think fit, subject to any restrictions, if any, which the Board of Directors may have laid down.
- (s) To delegate to any person all or any of the powers, authorities and discretion for the time being vested in him and to revoke or with draw all or any powers so delegated by him and from time to time withdraw all or any such power.
- (t) And generally to make all such arrangements and to do all such acts, deeds, matters and things on behalf of the company as may be usual, necessary or expedient in the conduct and management of the business as are not the Act or by the Memorandum or Articles expressly forbidden to be done by the Managing Director or as are not required to be done by the Company in General Meeting or the Board of Director.
- (4) However, the Managing Director shall not exercise the power to :-
 - (a) Markets calls on Shareholders in respect of money unpaid on shares of the Company.
 - (b) Issue debentures ; and
 - (c) Except as may be specifically delegated by the Board under Section 292 of the Act, invest the funds of the Company or make loans or borrow moneys.
- (5) The Company shall pay to the Managing Director as from the date of re-appointment i.e 01.08.2008 remuneration for his services as such as follows, which was approved by the remuneration committee of the Board of Directors at it's meeting held on 31.07.2008 :

- (a) A salary of Rs.20,000/- (Rupees Twenty thousand only) per month.

CATEGORY A :-

This will comprise housing, medical re-imburement, leave travel concession, club fees and other Benefits, allowances, expenses etc.

These may be provided for as under :-

(i) HOUSING :-

- (a) The expenditure by the Company on hiring unfurnished accommodation subject to a ceiling as may be agreed between the parties.
- (b) In case the accommodation is owned by the Company, ten percent of the salary of the appointee shall deducted by the Company.
- (c) In case no accommodation is provided by the Company, the appointee shall be entitled to house rent allowance subject to a ceiling laid down in housing (a).
- (ii) Payment of gas, electricity, water expenses and furnishing to be valued as per Income Tax, Rules 1962.

(iii) Medical/Hospitalisation Expenses Re-imburement :-

Expenses incurred for the appointee and the family subject to a ceiling of one month's salary for each completed year of service or three month's salary over a period of three years.

(iv) Leave travel concession :-

For self and family two times in a block of four years incurred in accordance with the Rules of the Company.

(v) Club Fees :-

Fees for clubs subject to a maximum of two clubs. Admission fees and life membership fees to be paid as per the rules of the Company.

(vi) Personal/Medical/Accident Insurance :-

Personal Medical Accident Insurance of an amount, the annual premium of which shall be paid as Per the rules of the company.

- (vii) Any other benefits, facilities, allowances and expenses as may be allowed under company rules/ schemes and available to other employees.

Note :-

- (i) for the purpose of perquisites stated hereinabove, "family" means spouse, dependent children and dependent parents of the appointee.
- (ii) perquisites shall be evaluated as per the income-tax rules, wherever applicable.

CATEGORY B:-

- 1. Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or taken together, are not taxable under the Income Tax, Act, 1961. Gratuity payable shall not include half a month's salary for each completed year of services.
- 2. Earned Leave :- on full pay and allowances as per the rules of the Company.
- 3. Encashment of leave at the end of the tenure will not be included in the computation of ceiling on perquisites.

CATEGORY C:-

Provisions of car for use of Company's business and Telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the appointee.

- (6) Remuneration referred to in sub-clause (a) and (b) above are subject to a limit of 5% of the annual net profit of the company. Provided however, wherein, in any financial year, during the currency of the tenure of the Managing Director, the company has no profit or its net profit is inadequate, the company shall pay to the Managing Director minimum remuneration by way of salary, perquisites, dearness allowance subject to a ceiling as laid down in section (ii) (1) (A) part(ii) of Schedule (xiii) of the Companies Act, 1956 as applicable to the Company at the relevant time depending upon the effective capital of the Company.
- (7) In the event of re-appointment or cessation of office during any financial year during the tenure of service of contract, a rateable proportion of the aforesaid remuneration shall be payable to the Managing Director.
- (8) The Managing Director so long as he functions as such shall not be paid any sitting fees for attending the meeting so the Board of Directors or committee thereof.
- (9) The Managing Director shall not so long as he function as such, become interested in or otherwise concerned with directly or through his wife and/or minor children

in any selling Agency of the Company without the prior approval of the Central Government.

- (10) If prior to the expiration of this period of this agreement, the tenure of the office of the Managing Director is determined by the Company (as provided in clause 10(b) hereof) then and in such case the Managing Director shall be entitled subject to the provisions and limitations contained in Section 318 of the Companies Act, 1956 to receive compensation from the Company for the loss of office to the extent provided in that section.
- (a) If the Managing Director is desirous of resigning his office as Managing Director, he shall be entitled to do so on giving the Company atleast 90 days notice in writing in that behalf at the end of which period his resignation shall take effect.
- (b) If the Company is desirous of termination the Services of the Managing Director then in such case the Company shall be bound to give to the Managing Director at least 90 days notice in writing in that behalf at the end of which period the termination shall take effect.
- (11) The Managing Director may be removed from office for gross negligence, breach of duty or breach of trust, if the Company passes a special Resolution to that effect but no such resolution shall be passed or be effective unless the Company shall have given due notice of it's intention to the Managing Director and after giving him an opportunity of being heard and in such event, the Managing Director for loss of office.
- (12) The Managing Director shall be entitled to re-imbusement of all expences which may be incurred by him on behalf of the Company.
- (13) The Managing Director shall not as long as he continues to be the Managing Director of the Company be liable to retires by rotation and he shall not reckoned as Director for the purpose of determining the numbers of Directors liable to retirement by rotation.”.

By order of the Board

Registered Office:

36, Kothari Market,
Ahmedabad - 380 022.

Date : 02.09.2008

For ADVANCE PETROCHEMICALS LTD.

(Ashok Goenka)
Managing Director

ADVANCE PETROCHEMICALS LTD.

NOTES:

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF. A PROXY IN ORDER TO BE VALID NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM DULY FILLED IN AND SIGNED SHOULD BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE START OF THE MEETING.

1. Register of Member and Share Transfer Book of the company will remain closed from Tuesday, the 30th day of September, 2008 to Tuesday, the 30th day of September, 2008.
2. Members/proxies should bring their attendance slips duly filled in for attending the meeting.
3. Members who have not encashed their dividend warrants pertaining to earlier years may approach the share department of the company for revalidating the warrants and for obtaining the duplicate warrants.
4. Members are requested to intimate the change in their address, if any, to the Registered office of the company writing their folio no.
5. Members holding shares in more than one folio in identical order of names are requested to write to the registered office of the company enclosing their share certificates to enable us to consolidate their holdings in one folio, to facilitate better service.
6. Members who have not forwarded earlier the details of their bank account number and the name and address of the bank are requested again to send the same.
7. Shareholders seeking any information on account or operations are requested to write to the company at an early date so as to enable the management to keep the information ready.

By order of the Board

Registered Office :

For ADVANCE PETROCHEMICALS LTD.

36, Kothari Market,

Ahmedabad - 380 022.

Date : 02.09.2008

(Ashok Goenka)

Managing Director

DIRECTOR'S REPORT

To,

The Members,

Your Directors have pleasure in presenting the 23rd Annual Report along with the Audited Account of the company for the period ended 31st March, 2008.

FINANCIAL RESULTS :

(Rs.in Lacs)

	2007-2008	2006-2007
Gross Income	383.20	613.95
Profit before interest, depreciation and tax	(112.78)	33.72
Profit before depreciation and tax	(124.51)	13.09
Depreciation	3.18	9.13
Profit before tax	(127.69)	3.96
Profit after tax	(86.52)	2.80
Add : Surplus as per last account	85.98	81.55
Surplus available for appropriation	(0.54)	85.98
Appropriations :		
Proposed Dividend	Nil	Nil
Transferred to General Reserve	Nil	Nil
Surplus Carried to next year	(0.54)	85.98

DIVIDEND

Due to inadequacy of profit available for appropriation during the year under review, your Directors express their inability to recommend any dividend for the year ended 31st March, 2008.

OPERATION

During the year under review your company have registered a sales turn over of Rs.383.20 lacks in comparison to the figure of Rs.613.95 lacks of the previous year. As a result of decline in sales turnover, net profit after tax has also decreased to Rs.(86.52) lacs as compared to Rs.2.80 Lacs of the previous year. The decline in sales turn over was on account of major fire occurred inside the factory premises of the company due to explosion in the distillation tank which had caused a heavy damage to Plant of the company and most of stocks had been destroyed.

PUBLIC DEPOSITS

The company has not accepted any deposits from the public during the year review and therefore the provisions of the companies Act, 1956 read with companies (acceptance of deposit) rules, 1975 are applicable to the company.

INSURANCE

All the properties of your company have been adequately insured against fire, floods, riots, earthquake, malicious damage and explosion risks.

AUDITOR'S REPORT

All the items on which comments have been made by the auditors in their report to the shareholders are self explanatory as explained by way of notes to the accounts under schedule 12 to the Balance Sheet and Profit & Loss Accounts.

AUDITORS

M/s.Pipara & Company, Chartered Accountants, Ahmedabad retire at the forthcoming Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if re-appointed. Company under the Section 224(1B) of the Companies Act, 1956 certify their eligibility.

DIRECTOR'S RESPONSIBILITY STATEMENT AS PER SECTION 217 (2AA) OF THE COMPANIES ACT,1956

Pursuant to section 217 (2AA) of the companies Act,1956, the preparation of the Directors confirm that :

- i) In the preparation of the annual account, the applicable accounting standards had been followed;
- ii) Appropriate accounting policies have been selected and applied consistently and judgments and estimates made 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 the profit and loss account for the current financial year.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in and for preventing and detecting fraud and other irregularities;
- iv) The Annual Account have been prepared on a going concern basis.

ISO 9001

Your Directors have pleasure informing you that the company has ISO-9001 certification from the world renowned institution for its Chemical Division. Now your company enjoy coveted and prestigious ISO 9001 Status.

Company has successfully met all the stringent and rigorous revaluation and surveillance measures of UKAS Quality Management.

EMPLOYEES

There are no employees drawing salary of Rs.2,00,000/-p.m. and/or Rs.24,00,000/-p.a. and therefore particulars u/s.217 (2A) of the companies Act,1956 read with companies (particulars of employees) rules, are not required to be given.

DIRECTORS

As per the provisions of Section 256 of the companies Act,1956 read with Article 144 of the Articles of Association of the Company, Mr. Gaurav Mittal, retire by rotation at the forth coming Annual General Meeting, being eligible offers himself for re-appointment.

REMUNERATION COMMITTEE

The company has set up remuneration committee. This committee comprises of three non executive independent Directors. The name of members as follows.

- | | |
|-------------------------------|------------|
| 1. Shri Shailesh Singh Rajput | : Chairman |
| 2. Shri Gaurav Mittal | : Member |
| 3. Shri Omprakash Jalan | : Member |

This committee reviews and makes recommendations on annual salaries , performance commission, perquisites and other employment conditions of Executive Director(s)

LISTING OF SHARES

The Equity shares of the company are listed on the following Stock Exchange :

Name	Address
Bombay Stock Exchange Limited	Phirozee JeeJee Bhoy Towers Dalal Street, Mumbai – 400 001.

Company has paid annual listing fees for the year 2008-2009.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGOINGS

Our industry is not a heavy consumer of energy, further during the year under review, the company made efforts to conserve energy through reduction consumption, the company will continue to endeavor of conserve energy and use it more efficiently.

	2007-2008	2006-2007
Electricity Purchase Unit	139345	280940
Total Amount (Rupees)	952030	1440161
Rate Unit (Rs.)	6.83	5.13

The Company is having research & development facilities. The process of development is a continuous process resulting in development of new & import substitute products.

Company is taking all appropriate measures to observe the Technology in its area of operation. There has been no foreign exchange outgo in the current year. Company has earned Rs.9,84,879 In foreign currency during the year.

PERSONAL

Your company has been maintaining a very cordial and satisfactory relationship with its employees and your Directors wish to place on record their deep sense of appreciation for the devoted service of the executives, staff and workers of the company.

COMPLIANCE CERTIFICATE

Compliance Certificate pursuant to Section 383A (1) of the Companies Act, 1956, received from a Practising Company Secretary is attached herewith and forms the part of this report.

APPRECIATION

The Board wishes to express its sincere appreciation to all the staff member for the contribution to the performance of the company and to our valued clients, bankers, financial institutions and shareholders for the continued support and the same is expected in years to come.

For and on behalf of the Board
For ADVANCE PETROCHEMICALS LTD.

Place : Ahmedabad
Date : 02.09.2008

(Ashok Goenka)
Managing Director

COMPLIANCE CERTIFICATE

Company No.:04:8013

Nominal Capital :Rs.200 Lacs.

To,

The Members

Advance Petrochemicals Limited

I have examined the registers, records, books and papers of M/s Advance Petrochemicals Limited as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Associations of the Company for the financial year ended on 31st March, 2008. In My opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year :

1. the company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. the company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. the Company is a Public limited company and having the paid up capital exceeding minimum capital under the Act. The other comments are not required.
4. the Board of Directors duly met 5 times on 13/04/2007, 29/08/2007, 31/07/2007, 31/10/2007, 31/01/2008 and in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. the Company has closed its Register of Members during the year in accordance with the provisions of Section 154 of the Act.
6. the annual general meeting for the financial year ended on 31/03/2007 was held on 29/09/2007 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General meeting was held during the year.
8. the company has not advanced loan to its directors and/or persons firms or companies referred in Section 295 of the Companies Act, 1956.
9. The company has duly entered into Contract falling within the purview of Section 297 of the Act during the year under review.
10. the company has made necessary entries in the register maintained under Section 301 of the Act.

ADVANCE PETROCHEMICALS LTD.

11. As there were no instances falling within purview of Section 314 of the Act, the company has not obtained any approval from the Board of Directors, Members and Central Government.
12. the Board of Directors or committee of Directors has not approved the issue of duplicate share certificates.
13. the Company has
 - (i) not made allotment of securities during the year. The Company has delivered all the certificates on lodgment thereof for transfer/ transmission within the time prescribed under the provisions of the Act barring few exception of delayed transfer.
 - (ii) not deposited the amount of dividend since it has not declared the dividend during the year
 - (iii) not paid/posted warrants for dividends to all the members and deposited unpaid dividend as required under the Act as it has not declared any dividend during the year
 - (iv) no transfer of the amounts on account of application money due for refund, matured deposits, matured debenture and the interest accrued thereon which have remained unclaimed or unpaid for a period of 7 years to Investor Education and Protection Fund was involved. However, the company has not transferred the unclaimed dividend to the account of Central Government.
 - (v) duly complied with the requirement of Section 217 of the Act.
14. the Board of Directors of the company is duly constituted and appointment of directors has been duly made.
15. The company has appointed Managing Director/ whole time director/ executive director in accordance with the provisions of Schedule XIII to the Companies Act, 1956.
16. the Company has not appointed sole selling agent.
17. there were no transactions requiring the company to obtain approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
18. the directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under
19. the company has not issued any Shares/ debentures or other securities during the financial year.
20. the company has not bought back any shares during the year under scrutiny.
21. the company has not redeemed any preference shares/debentures during the year.
22. there were no instances requiring the company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. the company has not invited or accepted deposit including any unsecured loan falling within

purview of Section 58A of the Act during the year.

24. during the year the company has not borrowed any sum from directors, members, public, financial institutions, banks etc.
25. during the year the company has not advanced any loans or made investment, and has not given any guarantees or provided any security to other bodies corporate. The Company has made investment in accordance with the provisions of Section 372A of the Act.
26. the company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.]
27. the company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. the company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. the company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. the company has not altered its articles of association during the year under review.
31. as informed to me by the Management that no prosecution has been initiated against or show cause notices received by the company for alleged offences under the Act and also the fines and penalties or any other punishment imposed on the company.
32. the company has not received any sum as security as referred to in Section 417 (1) of the Act, from its employees during the year under certification.
33. the company has not created any fund referred to Section 418 of the Companies Act, 1956 and hence said Section is not applicable to the company.

Signature :

Name of Company Secy.: Bipin L. Makwana

C.P. No.: 5265

Place: Ahmedabad

Date : 02.09.2008

Annexure 'A'

Registers as maintained by the Company

1. Register of Members u/s 150
2. Register of Directors u/s 303
3. Register of Directors' Shareholdings u/s 307.
4. Register of Contracts u/s 301

Annexure 'B'

Forms and returns as filed by the company with the Registrar of Companies during the financial year.

Sl. No.	Nature of Document.	Date of Filing	Filed within prescribed time.	Not filed within prescribed time but filed with additional fees.
01	Balance Sheet as at 31/3/2007	28/10/2007	Yes	—
02	Compliance Certificate for the year 31/3/2007	28/10/2007	Yes	—
03	Annual Return made upto 29.09.2007	28/11/2007	Yes	—

AUDITOR'S REPORT

To,
The Members of
ADVANCE PETROCHEMICALS LTD.
Ahmedabad.

We have audited the attached Balance Sheet of ADVANCE PETROCHEMICALS LTD., as at 31st March, 2008, the Profit & Loss account and also the Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) order, 2003 as amended by the companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the companies Act, 1956 of India and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- (i) 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;
- (ii) 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;
- (iii) The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956
- (v) On the basis of written representations received from the directors as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies

ADVANCE PETROCHEMICALS LTD.

Act,1956;

- (vi) In our opinion and to the best of our information and according to the explanations given to us and subject to our observation in paragraph (iv) above, the said accounts read together with notes thereon and particularly notes no.5(b) of Schedule 13 relating to accounting of retirement benefit to employee, the said accounts 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, subject to the following.
- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March,2008;
and
 - (b) In the case of the Profit and Loss Account, of the LOSS for the year ended on that date;and
 - (c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

PLACE: AHMEDABAD
DATE : 02.09.2008

For, Pipara & Company
Chartered Accountants

(G. C. PIPARA)
PARTNER

ADVANCE PETROCHEMICALS LTD.

With reference to the Annexure referred to in paragraph 3 of the report of the Auditor's to the Members of ADVANCE PETROCHEMICALS LTD on the accounts for the year ended on 31st March, 2008, we report that :

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The company has a programme of physical verification of its fixed assets, by which its fixed assets are verified in a periodic phased manner.
- (c) During the year a fire was took place in the factory premises of the company. Fire has damaged major part of company's Plant & Machineries and Lab Equipment and substantial part of Fixed assets have been desposed off during the year, therefore the concept of going concern has been affected.
- (ii) (a) The inventory has been physically verified by the management at regular intervals during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the company and the nature of its business.
- (b) The procedures for the physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company has maintained proper records of inventory. During the year a fire was took place in the factory premises of the company. Fire has damaged major part of Company's Inventory, the company has recovered its loss from the insurance policy,
- (iii) (a) According to the information and explanations, given to us and in our opinion the company has granted and taken unsecured loans to/from companies, firms or other parties covered in the register maintained under section 301 of the Act. The details of loans given/taken and outstanding at the end of the financial year are as follows:

Loan Taken

No.of parties involved	4 (Four)
Amount Outstanding	7,865,200

- (b) In our opinion , the rate of interest and other terms and conditions of inter corporate deposits and loans given / taken by the Company, are prima facie not prejudicial to the interest of the Company.
- (c) As explained to us, no stipulations have been fixed for the repayment of principal amount and interest; therefore, we are unable to give any comment on the regularity of payment of the principal amount and interest thereon.
- (d) As explained to us, in absence of any stipulation for the repayment of principal amount or interest, the overdue amount could not be find out. Hence, we are unable to give any comment on the steps taken by the company for recovery/payment of the principal and interest.

- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. In our opinion, and as explained to us there is no major weakness in internal control.
- (v) (a) According to the information and explanations given to us, we are of the opinion, that the transactions that needs 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 contract or arrangements, entered in the register maintained under section 301 of the companies Act 1956, and exceeding the value of Rs. Five lacs, in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
- (vi) The company has not accepted any deposits from the public thus, the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Act and the rules framed there under are not applicable.
- (vii) In our opinion, the company has an internal audit system commensurate with its size and the nature of its business.
- (viii) According to the information and explanations given to us, maintenance of cost records in respect of manufacturing activities of the company are not prescribed by the Central Government under section 209(1)(d) of the Act.
- (ix) (a) According to the information and explanations given to us, and on the basis of our examination of the books of accounts, the company has generally been regular in depositing the undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues during the year with the appropriate authorities. However, at the end of the year, there are no undisputed dues payable for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no amounts in respect of excise duty that have not been deposited with the appropriate authorities on account of any dispute subject to the company has been served the show cause notice from custom authorities demanding a sum of Rs.14,43,297/- on account of dispute regarding classification of goods. In accordance with the order passed by the customs excise & gold (control) appellate tribunal vide their order no.CI/949/WZB/2002 dated 09.04.2002, the company forwarded a Bank Guarantee of Rs.3,50,000/-on an interim basis.
- (x) The company have accumulated losses at the end of the financial year but not have in the financial year immediately preceding this financial year. But it has not incurred cash losses in the current financial year though there was no cash loss in the financial year immediately preceding this financial year.

ADVANCE PETROCHEMICALS LTD.

- (xi) In our opinion and according to the information & explanations given to us, the company has not defaulted in repayment of dues to a financial institution and banks.
- (xii) According to the information and explanations given to us, the company has not granted any loan or advance on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) According to the information and explanations given to us, the provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund and Societies are not applicable to the Company, as no such activity has been undertaken by the company.
- (xiv) In our opinion, and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures or other investments.
- (xv) In our opinion, and according to the information and explanations given to us no guarantee was given by the company for loans taken by others from bank or financial institutions.
- (xvi) In our opinion, and according to the information & explanations given to us, the company has not raised any term loan during the year under review and hence question of its applicability does not arise.
- (xvii) In our opinion, and according to the information & explanations given to us, funds raised on short-term basis have not been used for long-term investment and vice versa.
- (xviii) According to the information & explanations given to us, during the financial year covered by our audit the company has not allotted any shares on preferential basis to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The company did not have outstanding debentures during the year. Accordingly, no securities have been created.
- (xx) The company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

**For, PIPARA & COMPANY,
CHARTERED ACCOUNTANTS**

PLACE : AHMEDABAD

DATED : 02.09.2008

(G. C. Pipara)
PARTNER

ADVANCE PETROCHEMICALS LTD.

BALANCE SHEET AS AT 31ST MARCH, 2008

Particulars	Schedule	Current Year (Rs.)		Previous Year (Rs.)	
SOURCES OF FUNDS :					
a) Shareholders Fund :					
- Share Capital	1	9,000,000		9,000,000	
- Reserve & Surplus	2	<u>4,639,672</u>	13,639,672	<u>14,188,435</u>	23,188,435
b) Loan Funds:					
-Secured Loans	3	3,888,830		7,836,902	
-Unsecured Loans	4	<u>14,683,194</u>	18,572,024	<u>9,629,253</u>	17,466,155
c) Deferred Tax Liability			<u>196,671</u>		<u>4,377,207</u>
TOTAL RS :			<u><u>32,408,367</u></u>		<u><u>45,031,797</u></u>
APPLICATION OF FUNDS :					
a) Fixed Assets :	5				
- Gross Block		19,998,250		46,962,710	
Less : Depreciation		<u>11,303,144</u>		<u>26,755,460</u>	
Net Block			8,695,106		20,207,250
b) Investments :	6		3,596,205		3,596,205
c) Current Assets, Loans and Advances :	7				
-Inventories		1,164,409		27,915,390	
-Sundry Debtors		7,130,916		18,775,790	
-Cash & Bank Balances		3,826,480		1,513,456	
-Loans & Advances		<u>19,746,849</u>		<u>2,837,821</u>	
		31,868,654		51,042,457	
Less : Current Liabilities & Provisions :	8				
-Liabilities		11,641,145		29,506,359	
-Provisions		<u>339,940</u>		<u>687,840</u>	
		11,981,085		30,194,199	
Net Current Assets			19,887,569		20,848,258
d) Miscellaneous Expenditure					
-Deferred Revenue Exps.			100,086		267,005
-Research & Development			75,386		113,079
e) Profit & Loss Account			<u>54,015</u>		<u>-</u>
TOTAL RS :			<u><u>32,408,367</u></u>		<u><u>45,031,797</u></u>

NOTES ON ACCOUNTS : 13
In terms of our report of even date.

For, PIPARA & COMPANY,
CHARTERED ACCOUNTANTS.

(G. C. PIPARA)
PARTNER

PLACE : AHMEDABAD
DATED : 02-09-2008

For, ADVANCE PETROCHEMICALS LIMITED

ASHOK GOENKA	MANAGING DIRECTOR
ARVIND GOENKA	DIRECTOR
J. K. TRIVEDI	DIRECTOR
SHAILESH SINGH RAJPUT	DIRECTOR
OMPRAKASH JALAN	DIRECTOR
GAURAV MITTAL	DIRECTOR

PLACE : AHMEDABAD
DATED : 02-09-2008

ADVANCE PETROCHEMICALS LTD.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

PARTICULARS	Schedule	Current Year (Rs.)	Previous Year (Rs.)
INCOME:			
Sales (Net of Return)		36,807,632	54,631,689
Other Income	9	2,112,758	6,763,413
Increase/(Decrease) in stock	10	(4,533,527)	212,837
TOTAL RS:		<u>34,386,862</u>	<u>61,607,939</u>
EXPENDITURE:			
Manufacturing & Other Exps.	11	41,560,732	58,236,046
Extraordinary Item	12	4,103,673	-
Interest		1,173,327	2,062,716
TOTAL RS:		<u>46,837,732</u>	<u>60,298,762</u>
Profit/(Loss) before Depreciation and Taxes		(12,450,870)	1,309,177
Less : Depreciation(net of transfer to revaluation	5	318,071	913,352
Reserve Rs.1,47,253/- Previous year Rs.4,82,450/-)			
Profit/(Loss) before Taxes		(12,768,941)	395,825
Less : Income Tax of Earlier Years		20,768	(8,464)
Provision for Income Tax		-	250,000
Add : Deferred Tax Asset for the year		4,180,536	198,332
Less : Provision for Fringe Benefit Tax		60,000	73,006
Add/(Less):Excess/(short) Provision for FBT		17,214	-
Profit/(Loss) after taxes		(8,651,959)	279,615
Add : Balance brought forward from previous year		8,597,944	8,155,124
Add : Income Tax Refund		-	163,205
Balance Carried to Balance Sheet		(54,015)	8,597,944
Earning per shares		(9.61)	0.31

NOTES ON ACCOUNTS :

13

In terms of our report of even date.

For, PIPARA & COMPANY,
CHARTERED ACCOUNTANTS.

(G. C. PIPARA)
PARTNER

PLACE : AHMEDABAD
DATED : 02-09-2008

For, ADVANCE PETROCHEMICALS LIMITED

ASHOK GOENKA	MANAGING DIRECTOR
ARVIND GOENKA	DIRECTOR
J. K. TRIVEDI	DIRECTOR
SHAILESH SINGH RAJPUT	DIRECTOR
OMPRAKASH JALAN	DIRECTOR
GAURAV MITTAL	DIRECTOR

PLACE : AHMEDABAD
DATED : 02-09-2008

ADVANCE PETROCHEMICALS LTD.

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2008

PARTICULARS	Current Year (Rs.)	Previous Year (Rs.)
SHARE CAPITAL - Schedule "1"		
a) Authorised Share Capital :		
20,00,000 Equity Shares of Rs.10/- each	20,000,000	20,000,000
b) Issued, Subscribed & Paid-up :		
9,00,000 Equity Share of Rs.10/- each		
Fully paid-up (Previous year 9,00,000 Eq. Shares)	9,000,000	9,000,000
TOTAL RS:	9,000,000	9,000,000
RESERVES AND SURPLUS – Schedule "2"		
a) General Reserve	3,054,137	3,054,137
b) Revaluation Reserve	1,585,535	2,536,354
[net of depreciation Rs.1,47,253/- (P.Y Rs.4,82,450/-)]		
c) Profit & Loss Account	-	8,597,944
TOTAL RS:	4,639,672	14,188,435
SECURED LOANS – Schedule "3"		
a) From Gujarat State Financial Corporation		
(Secured against Factory Land & Building		
and Plant & Machinery at Sanand.		
(Refer Note 6(b) of notes on accounts)	615,360	615,360
b) Cash Credit from State Bank of Saurashtra		
(Secured against hypothecation of stocks)	3,273,470	7,049,568
c) ICICI Bank Car Loan	-	165,220
d) State Bank of Saurashtra SLC a/c.	-	6,754
TOTAL RS:	3,888,830	7,836,902
UNSECURED LOANS – Schedule "4"		
- From Body Corporate & Relatives	12,595,772	6,359,079
- From Others	2,087,422	3,270,174
TOTAL RS:	14,683,194	9,629,253

ADVANCE PETROCHEMICALS LTD.

FIXED ASSETS - Schedule "5"

Description of Assets	A) GROSS BLOCK				B) DEPRECIATION				C) NET BLOCK	
	As at 01.04.2007	Addition / (deletion)	Deduction due to Fire	As at 31-3-2008	As on 01.04.2007	For the year	Adjustment during the year	As on 31-3-2008	As at 31.03.2008	As at 31.03.2007
- Factory Land	46,000	-	-	46,000	-	-	-	-	46,000	46,000
- Plant & Machinery	38,580,859	1,599,485	(29,017,097)	11,163,247	21,759,299	-	15,816,991	5,942,308	5,220,939	16,821,560
- Machinery Scrap	-	1,125,000	-	831,539	-	-	-	-	831,539	-
		(293,461)	-							
- Laboratory Equip.	483,484	-	(483,484)	-	100,648	-	100,648	-	-	382,836
- Factory Building	4,669,323	122,488	-	4,791,811	2,796,793	187,253	-	2,984,046	1,807,765	1,872,530
- Furniture & Fixture	166,280	-	-	166,280	132,192	6,170	-	138,362	27,918	34,088
- Vehicles	2,376,067	(17,390)	-	2,358,677	1,441,590	241,936	-	1,683,526	675,151	934,477
- Office Equipments	361,709	-	-	361,703	287,099	13,503	-	300,602	61,101	74,604
- Computer	278,993	-	-	278,993	237,838	16,462	-	254,300	24,693	41,155
TOTAL RS :	46,962,709	2,846,973	(29,500,581)	19,998,250	26,755,459	465,324	15,917,639	11,303,144	8,695,106	20,207,250
		(310,851)								
PREVIOUS										
YEAR RS	48,760,729	721,024	-	46,962,710	25,638,506	1,395,802	-	26,755,460	20,207,250	23,122,223
		(2,519,043)								

ADVANCE PETROCHEMICALS LTD.

PARTICULARS	Current Year (Rs.)		Previous Year (Rs.)	
INVESTMENTS – Schedule “6”				
Trade Investments [at cost]				
QUOTED				
- 900 Equity Shares of Welspun Guj.Stahl Rohern		5,985		5,985
- 2,45,600 Fully paid Equity Shares of the face value of Rs.10/-each of Advance Multitech Ltd.(Previous year 2,45,600 Equity Shares)		3,590,220		3,590,220
TOTAL RS:		<u>3,596,205</u>		<u>3,596,205</u>
CURRENT ASSETS,LOANS & ADVANCES – Schedule “7”				
a) Inventories:-				
(As valued and certified by the management)				
- Finished & Semi-Finished goods	29,829		25,265,636	
- Raw Material	659,580		1,385,054	
- Stores & Spares	83,000		87,200	
- Coal & Fuel	157,000		592,000	
- Packing Material	<u>235,000</u>	1,164,409	<u>585,500</u>	27,915,390
b) Sundry Debtors :-				
(Unsecured but considered good by the management)				
- Outstanding for more than six months	3,312,932		1,337,346	
- Others	<u>3,817,984</u>	7,130,916	<u>17,438,444</u>	18,775,790
c) Cash & Bank Balances :-				
- Cash on Hand	2,861,987		388,156	
- Balance with Schedule Banks:-				
- In Current Accounts	263,767		147,718	
- In Fixed Deposit Accounts (Pledged with Bank)	<u>700,726</u>	3,826,480	<u>977,582</u>	1,513,456
(d) Loans & Advances :				
(Unsecured, consideration good)				
- Deposits	47,500		131,500	
- Advance to Suppliers	1,717,956		1,231,519	
- Other advances (to be recoverable in cash or in kind)	17,234,871		993,038	
- Advance FBT	21,486		53,249	
- Advance Income Tax & T.D.S.	<u>725,036</u>	19,746,849	<u>428,515</u>	2,837,821
TOAL RS:		<u>31,868,654</u>		<u>51,042,457</u>

ADVANCE PETROCHEMICALS LTD.

PARTICULARS	Current Year (Rs.)	Previous Year (Rs.)
CURRENT LIABILITIES & PROVISIONS – Schedule “8”		
A) Current Liabilities :-		
- Sundry Creditors	11,294,256	29,126,852
- T.D.S. Payable	45,461	29,156
- Advance from Customers	159,198	185,214
- Other Liabilities	<u>142,230</u>	<u>165,137</u>
	11,641,145	29,506,359
B) Provisions :-		
- For Taxation		250,000
- FBT Payable	60,000	73,006
- For Expenses	<u>279,940</u>	<u>364,834</u>
	339,940	687,840
TOTAL RS:	<u><u>11,981,085</u></u>	<u><u>30,194,199</u></u>
OTHER INCOME – Schedule “9”		
- Factory Rent	240,000	240,000
- Dividend Receipt	630	315
- Profit on car sold	-	71,805
- Sundry Balances written off	19,105	5,688,919
- A.E.Co. Substation Rent	600	600
- Commission Income	1,401,350	602,250
- Custom Refund	150,000	-
- Interest Income	38,565	69,193
- Exchange Diff.	69,101	-
- Income-Tax Refund	193,407	-
- Interest on Income-Tax	-	90,331
TOTAL RS:	<u><u>2,112,758</u></u>	<u><u>6,763,413</u></u>
INCREASE /(DECREASE) IN FINISHED & SEMI FINISHED STOCK – Schedule “10”		
Closing Stock :		
-Finished Goods	29,829	203,118
-Semi-Finished Goods	<u>-</u>	<u>25,062,518</u>
	29,829	25,265,636
Less : Opening Stock :		
- Finished Goods	203,118	3,537,175
- Semi-Finished Goods	<u>25,062,518</u>	<u>21,515,624</u>
	25,265,636	25,052,799
Less:Goods destroyed by fire	<u>20,702,280</u>	-
	4,563,356	25,052,799
TOTAL RS:	<u><u>(4,533,527)</u></u>	<u><u>212,837</u></u>

ADVANCE PETROCHEMICALS LTD.

PARTICULARS	Current Year (Rs.)		Previous Year (Rs.)	
MANUFACTURING & OTHER EXPENSES – Schedule “11”				
- Raw Material Consumed				
Opening Stock	1,385,054		2,300,385	
Add : Purchase (Net)	30,423,452		43,502,725	
	31,808,506		45,803,110	
Less : Stock Destroyed by Fire	294,739		-	
Less : Closing Stock	659,580		1,385,054	
	30,854,187		44,418,056	
- Freight Charges	1,196,826		2,605,523	
- Power & Fuel Consumed	1,700,150		2,187,640	
- Pollution Control Exps.	-		12,855	
- Stores Consumed	80,876		289,966	
- Repairs & Maintenance	44,989		283,755	
- Factory Expenses	31,014		6,454	
- Licence Expenses	38,048		15,920	
- Clearing and Forwarding Charges	-		70,526	
- Octroi Charges	128,935		242,580	
- Lab Chemicals & Instruments	24,736		51,489	
- Job work Charges	309,050	34,408,811	62,972	50,247,736
PAYMENT TO EMPLOYEES :				
- Loading & Boarding Exps.	24,842		9,708	
- Salary & Wages	1,055,175		966,392	
- Bonus & Leave Encashment	91,732		124,124	
- P.F. Contribution	112,629		111,990	
- Labour & Staff Welfare Exps.	302,702		75,294	
- Gratuity	67,660		31,894	
- E.S.I.C	6,852		-	
- Director's Remuneration	446,468	2,108,060	437,100	1,756,502
SALES & DISTRIBUTION EXPENSES :				
- Coolie & Cartage	72,374		24,928	
- Commission & Dalali	141,010		151,115	
- Packing Material Consumed	1,291,615		2,142,949	
- Advertisement	55,386		49,861	
- Sales Promotion	3,333		28,532	
- Sales Rebate	118,264		120,317	
- Short Payment Rounding off	-		33,870	
- Sales Tax Asstt. Expenses	-		1,022	
- Export Expenses	-		65,877	
- Excise Expenses	1,361	1,683,343	-	2,618,471

ADVANCE PETROCHEMICALS LTD.

PARTICULARS	Current Year (Rs.)	Previous Year (Rs.)
ADMINISTRATIVE EXPENSES :		
- Audit Fees	45,000	45,000
- Bank Commission & Discounting Charge	411,530	1,182,123
- Brand Building W/off.	166,919	166,919
- Building Repairs & Maintenance	1,530	5,370
- Compensation	275,000	-
- Computer Repairs & Maintenance	27,775	20,676
- Consultancy Charges	74,100	205,350
- Conveyance & Petrol Exps.	183,725	267,467
- Electric Fitting Exps.	12,852	30,057
- Financial Charges	423,665	248,378
- First Aid Medical Treatment	380,306	5,118
- Inspection Fees	5,820	14,800
- Insurance Expenses	205,131	272,570
- Interest on Income Tax	24,823	-
- Legal & Professional Charges	68,812	33,906
- Listing Fees & Filing Fees	10,500	13,250
- Membership & Subscription Fee	30,045	7,515
- Miscellaneous Expenses	72,131	124,462
- Rent, Rates & Taxes	90,050	49,000
- Research & Development W/off.	37,693	37,693
- Security Charges	88,806	80,350
- Service Tax	43,638	99,841
- Stationery & Printing Exps.	74,702	91,947
- ISO Audit Fees	10,500	38,667
- Telephone & Postage	308,336	280,340
- Testing & Certification Charges	114,759	125,419
- Travelling Expenses	150,455	138,116
- Vehicle Repairs	21,915	29,003
TOTAL RS:	<u>41,560,732</u>	<u>58,236,046</u>
EXTRA-ORDINARY ITEM – Schedule “12”		
- Stock Loss (Loss due to Fire)		
Raw Material	294,739	-
Finished & Semi-Finished Goods	20,702,280	-
Packing Material	167,998	-
	<u>21,165,017</u>	<u>-</u>
Less : Insurance Claim Received	21,165,017	-
Machinery Loss Account(Loss Due to Fire)	4,103,673	-
TOTAL RS:	<u>4,103,673</u>	<u>-</u>

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS - Schedule "13"

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

a) Income & Expenditure :-

The company follows mercantile system of accounting and recognises income and expenditure on accrual basis, except otherwise stated.

b) The financial statements are prepared on the historical cost convention on going concern basis and in accordance with the generally accepted accounting principles, Accounting Standard issued by the ICAI as applicable to the company and the relevant provisions of the companies Act, 1956.

c) Sales is net of Excise Duty, VAT tax, claims and returns and is recognised on despatch from the factory.

2. During the year was a huge fire in the factory premises of the company. Fire has damaged major part of the Company's Plant & Machinery, Lab Equipment and stock. As company's assets were duly insured company has recovered Rs.2,87,15,720/- from the insurance company.

3. FIXED ASSETS AND DEPRECIATION :

a) All fixed assets are stated at cost of acquisition less accumulated depreciation.

b) Depreciation, except of Plant & Machinery and Laboratory Equipments, have been provided on Written Down Value Method at the rates specified in Schedule XIV to the companies Act, 1956.

Till last year depreciation on plant & machinery and laboratory equipments has been provided at the rate of 2.5% on straight line method though it was not consistent with the rates specified in Schedule XIV to the Companies Act, 1956. But during the current year due to fire in the factory premises destroying a major part of Plant & Machinery, company has decided not to provide any depreciation on such assets.

Depreciation on "Plant & Machinery Work Over Rig" having WDV of Rs.2,00,124/- has not been provided in the books of accounts. Depreciation has not been provided due to fire.

The opening WDV of Fixed Assets includes Rs.25,36,254/- on account of revaluation of fixed assets carried out in the year 2002-2003. Consequent to the said revaluation there is an additional charge of Rs.1,47,253/- on the current year's depreciation and an equivalent amount has been withdrawn from the Revaluation Reserve and credited to the current year profit and loss account. Proportional part of Revaluation created on Plant & Machinery has been written off due to destruction by fire. Closing Balance of Revaluation Reserve as on 31st March, 2008 is Rs.15,85,535/- which represents revaluation on Building & Machinery which is Rs.13,25,274/- & Rs.2,60,261/- respectively.

During the financial year 2006-07 company has debited vehicles account excess by 17,390/- due to error. Such error has been rectified by crediting such excess amount in that account. Thus Rs.17,390/- showing deleting under assets schedule no.5 is actual a rectification of above said mistake occurred during earlier year.

3. INVENTORY VALUATION :

- a) Inventory comprising of Raw material, packing material, coal & fuel and stores & spares are valued at cost or market price whichever is less, stock in process is valued at Budgeted Cost and Finished Goods is valued at Cost inclusive of excise duty as certified by the management.
- b) The Company's Inventories worth Rs.2,11,65,017/- has been destroyed by fire, which was covered by Insurance & the claim have been received.

4. Investments are valued and stated at cost.

5. EMPLOYEES RETIREMENT BENEFITS :

- a) Employees benefits are accounted on accrual basis.
- b) As the company is Public Limited Company Accounting Standard (AS) – 15 “Employee Retirement Benefit” issued by Institute of Chartered Accountant of India is applicable but no provision has been made for Gratuity and Leave Encashment payable on retirement as per AS-15 The same is accounted for as and when its paid. As the details are not provided regarding AS-15 we are unable to give information required as per AS-15.

6. IMPAIRMENT OF ASSETS :

At the Balance Sheet date as assessment is made to check existence of impairment of assets as required by AS – 28 “Impairment of Assets”. If any, such indication exists, as impairment loss, i.e., the amount by which the carrying amount of an assets exceeds its recoverable amount is provided in the books of account.

The indicators listed in paragraph 8 to 10 of Accounting Standard (AS) – 28 “Impairment of Assets” issued by the Institute of Chartered Accountants of India have been examined by the management and on such examination, it has been found that none of the indicators are present in the case of the company. A formal estimate of the recoverable amount has not been made, as there is no indication of a potential impairment loss.

7. MISCELLANEOUS EXPENDITURE :

It consist of deferred revenue expenses incurred by the company in last year for the development of brand name for one of its major product, known as “APIBRAKO” and Research & Development expenditure incurred during the year. One fifth part of the Research & Development expenses is being written off in the current year and has deferred the balance amount for the next four years. One fourth part of brand building exp. of last year is being writtend off in current year and one fifth part of exp. incurred during the year is being written off in the current year.

8. TREATMENT OF CONTINGENT LIABILITIES :

- a) The company has been served the show cause notice from Custom Authorities demanding a sum of Rs.14,43,297/- on account of dispute regarding classification of goods against which company has gone for appeal at Tribunal. CESTAT has remanded back the case to the original adjudicating authority for fresh adjudication. During the year Assistant Commissioner has re-quantified the total duty and demanded Rs.4,98,735/- with interest vide order no.01/JS/2007 dated 02.11.2007. Company has again preferred for appeal at Commissioner (Appeals). As on balance sheet date the said appeal was

pending with the Commissioner (Appeals). In accordance with the order passed by the Customs Excise & Gold (Control) Appellate Tribunal vide their order no.CI/949/WZB/2002 dated 09.04.2002, the company forwarded a Bank Guarantee of Rs.3,50,000/- on an interim basis.

- b) The company has not provided interest & other charges on the outstanding amount payable to GSFC as the matter is under dispute and it is expected that the company will not be liable to pay any interest. As per GSFC's statement the company's total outstanding as on 31.03.2008 is of Rs.23,98,097/- against the balance of Rs.6,15,360/- as reflects in the books of accounts.
- c) Bank Guarantee & Letter of Credit amounting to Rs.40,13,567/- & Rs.2,984/- respectively.
9. The computation of net profits for the purpose of calculation of directors remuneration u/s.349 of the companies Act,1956 is not enumerated since no commission has been paid to the Directors as per schedule XIII to the companies Act,1956. However fixed remuneration paid to Director as per schedule XIII to the companies Act,1956 was Rs.4,46,468/- (Previous year Rs.4,37,100/-)
10. In the opinion of the Board, the current assets, loans & advances are approximately of the value at which they have been stated, if realised in the ordinary course of business. The provision for all known liabilities are adequate and not in excess of amounts reasonably necessary.
11. Balance of Debtors, Creditors, Loans & Advances and Deposits are subject to confirmation from respective parties.
12. In terms of notification issued by the department of company affairs dated 22nd February,1999, the company is required to make certain disclosures under the head "Sundry Creditors" in respect of dues to small scale industrial undertakings. In absence of information about the status of creditors as to wheter they constitute an SSI undertaking as on 31.03.2008, the details of amount due to each small scale undertakings exceeding Rs.1,00,000/- and outstanding for more than 30 days could not be complied and disclosed.
13. The company has not yet started process of inviting information from its vendors regarding their status under "The Small, Medium and Micro Enterprises Development Act,2006". Therefore, bifurcation between Total Outstanding Dues of Micro Enterprises and Small Enterprises and other dues are not disclosed under the head "Current Liabilities and Provision".
14. Particulars of payments to Auditors :-

	Current Year	Previous Year
- For Statutory Audit	20,000	20,000
- For Tax Audit	10,000	10,000
- For Income Tax Matter	15,000	15,000
- Service Tax	5,562	5,562
TOTAL RS:	<u>50,562</u>	<u>50,562</u>

15. Loans to Director Rs.Nil. (Previous Year Rs. Nil)

ADVANCE PETROCHEMICALS LTD.

16. The estimated liability for excise duty on unsold finished goods lying in factory as on 31st March, 2008 was amounting to Rs.3,759/- (Prev.Year Rs.28,498/-) which has been provided by inflating the value of finished goods by the same amount. However, the same doesn't have any impact on the profit for the year.

17. TAX ON INCOME :

Current tax provision is made annually based on the tax liability computed after considering tax allowance and deductions in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and accounting income for the year that originate in one period and are capable of reversal in one or more subsequent periods.

18. As required by the Accounting Standard (AS 13) regarding "Accounting for Investments", an aggregate amount of Rs.Nil (Previous Year Rs.Nil) has been recognised as permanent decline in the cost of investments and charged to revenue.

19. SEGMENT REPORTING :

The company has a single segment namely PETROLEUM PRODUCT. Hence, the company's business does not fall under different business segments as defined by AS - 17 "Segmental Reporting" issued by the ICAI.

20. RELATED PARTY TRANSACTIONS :

1.1 Holding Company : Not Applicable

1.2 Subsidiary Company : Not Applicable

1.3 Fellow Subsidiary : Not Applicable

1.4 Other related parties with whom transaction have taken place during the year.

Name of Associates :

- M/s. Industrial Pigment

- M/s. Advance Multitech Ltd.

- M/s. Advance Synthetic Mills

- M/s. Industrial Chemicals Product

1.5 Directors of the company :

Chairman & Managing Director : Shri Ashok Goenka

Director : Shri Arvind Goenka

Shri J.K. Trivedi

Shailesh Singh Rajput

Shri Om Prakash Jalan

Shri Gaurav Mittal

1.6 The following transaction were carried out with related parties in the ordinary course of business :

Particulars of Transactions	Amount (Rs.)	Amount (Rs.)
- Sales of Goods	-	-
-Purchase of Goods	-	736,636
-Director Remuneration	446,468	437,100
-Rent Received	240,000	240,000

1.7 Details of remuneration to directors is disclosed in schedule 12 to the financial statements.

21. Earning Per Share : Current Year Previous Year

-Earning per share on weighted average of share	(9.61)	0.31
-Diluted Earning per share	NA	NA

22. Additional information pursuant to the provision of paragraphs 3, 4© and 4(d) of Part II of schedule VI of the Companies Act, 1956 regarding quantitative information in respect of each class of goods is as under :-

Licenced Capacity :

The company is not required to obtain any licence under the industrial Regulation Act, therefore, the details of licenced capacity are not applicable.

	Current Year		Previous Year	
MANUFACTURING ACTIVITIES				
	Kgs./Ltrs.	Value (Rs.)	Kgs./Ltrs.	Value (Rs.)
FINISHED GOODS CHEMICALS :				
-Op. Stock	2,860	203,118	38,020	3,537,175
-Production	444,663	-	620,754	-
-Sales	447,063	36,807,632	655,914	61,395,102
-Cl. Stock	460	29,829	2,860	203,118

NOTE :

Opening and closing semi-finished goods have considered while working out above production. The details of opening and closing stock of semi finished goods are as under :-

	Current Year	Previous Year
	Kgs/Ltrs.	Kgs/Ltrs.
-Opening Stock	498,838	299,892
-Closing Stock	Nil	498,838

RAW MATERIAL CONSUMED :

	Current Year			Previous Year		
	Quantity (Kgs.)	Value (Rs.)	Perce- ntage	Quantity (Kgs.)	Value (Rs.)	Perce- ntage
1) Indigenous	452,491	30,854,187	100%	870,393	44,425,714	100%
2) Imported	-	-	-	-	-	-
	452,491	30,854,187	100%	870,393	44,425,714	100%

ADVANCE PETROCHEMICALS LTD.

STORES & SPARES CONSUMED :

	Current Year		Previous Year	
	Value (Rs.)	Percentage	Value (Rs.)	Percentage
1) Indigenous	80,876	100%	289,966	100%
2) Imported	-	-	-	-
	80,876	100%	289,966	100%

23. Earning in Foreign Currency Rs.11,15,024.50 (Previous Year Rs.NIL).
24. C.I.F value of Imports Rs.NIL (Previous Year : NIL).
25. Figures of previous year have been regrouped and rearranged wherever considered necessary.
26. Export Incentives written off during the year of Rs.NIL (Previous Year Rs.NIL)
27. Schedules "1" to "12" form part of the accounts for the year ended on 31st March, 2008.
In terms of our report of even date.

For, PIPARA & COMPANY,
CHARTERED ACCOUNTANTS.

(G. C. PIPARA)
PARTNER

PLACE : AHMEDABAD
DATED : 02-09-2008

For, ADVANCE PETROCHEMICALS LIMITED
ASHOK GOENKA MANAGING DIRECTOR
ARVIND GOENKA DIRECTOR
J. K. TRIVEDI DIRECTOR
SHAILESH SINGH RAJPUT DIRECTOR
OMPRAKASH JALAN DIRECTOR
GAURAV MITTAL DIRECTOR

PLACE : AHMEDABAD
DATED : 02-09-2008

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT, 1956**

I	REGISTRATION DETAILS :	
	Registration No.	8013
	State Code	4
	Balance Sheet Date	31.03.2008
II	CAPITAL RAISED DURING THE YEAR (RS.)	
	Public Issue	Nil
	Right Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
III	POSITION OF MOBILISATION AND DEPLOYMENT OF FUND (RS.)	
	Total Liabilities	32,408,367
	Total Assets	32,408,367
	SOURCES OF FUNDS : (RS.)	
	Paid up Capital	9,000,000
	Reserves & Surplus	4,639,672
	Secured Loans	3,888,830
	Unsecured Loans	14,683,194
	Deferred Tax Liability	196,671
	APPLICATION OF FUNDS : (RS.)	
	Net Fixed Assets	8,695,106
	Investments	3,596,205
	Net Current Assets	19,887,569
	Misc. Expenditure	175,472
	Accumulated Losses	54,015
IV.	PERFORMANCE OF THE COMPANY : (RS.)	
	Turnover	34,386,862
	Total Expenditure	46,837,732
	Profit Before Tax	(12,768,941)
	Profit After Tax	(8,651,959)
	Earning Per Share	(9.61)
	Dividend Rate	Nil
V.	GENERAL NAMES OF PRINCIPAL PRODUCTS AND SERVICES OF THE COMPANY :	
	Code No.	Mfg. Products Description
	2922	M.D.E.A
	3819	DOT 3
	2909	Apisolve - 76

For, PIPARA & COMPANY,
CHARTERED ACCOUNTANTS.

(G. C. PIPARA)
PARTNER

PLACE : AHMEDABAD
DATED : 02-09-2008

For, ADVANCE PETROCHEMICALS LIMITED

ASHOK GOENKA	MANAGING DIRECTOR
ARVIND GOENKA	DIRECTOR
J. K. TRIVEDI	DIRECTOR
SHAILESH SINGH RAJPUT	DIRECTOR
OMPRAKASH JALAN	DIRECTOR
GAURAV MITTAL	DIRECTOR

PLACE : AHMEDABAD
DATED : 02-09-2008

ADVANCE PETROCHEMICALS LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2008

(Pursuant to the Listing Agreement with Stock Exchanges)

	As at 31st March 2008 (Rs. in lacs)	As at 31st March 2007 (Rs. in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit/(Loss) After Taxation and		
Extraordinary Items	(13,330,709)	248,866
Adjustment for :-		
-Depreciation (Net)	318,071	913,345
-Deferred Revenue Exps. W/off	204,612	204,612
-Interest Income	(38,565)	(69,193)
-Dividend Income	(630)	(315)
-Loss on sale of Fixed Assets	4,103,673	(71,805)
-Interest and other Financial Charges	1,173,327	2,062,716
	<u>5,760,488</u>	<u>3,039,360</u>
Operating profit before Working Capital Changes	(7,570,221)	3,288,226
Adjustment for :-		
-Trade and other receivables	(5,028,946)	(5,837,449)
-Inventories	26,750,981	486,494
-Provision for expense	(84,894)	34,636
-Trade Payables	<u>(17,865,214)</u>	<u>5,483,189</u>
	<u>3,771,927</u>	<u>166,870</u>
NET CASH FROM OPERATING ACTIVITIES(A)	<u>(3,798,293)</u>	<u>3,455,096</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES :		
Purchase/Sale of Fixed Assets	(1,411,122)	1,590,976
Insurance Claim Received	7,550,703	
Interest Received	38,565	69,193
Dividend Received	630	315
NET CASH FROM INVESTING ACTIVITIES(B)	<u>6,178,776</u>	<u>1,660,484</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Interest and other Financial Charges Paid	(1,173,327)	(2,062,716)
Total Proceeds from borrowings(Net of Repayments)	1,105,868	(5,240,470)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	<u>(67,459)</u>	<u>(7,303,186)</u>
D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>2,313,024</u>	<u>(2,187,606)</u>
CASH AND CASH EQUIVALENTS AS AT 01.04.2007 (E)	<u>1,513,456</u>	<u>3,701,062</u>
CASH AND CASH EQUIVALENTS AS AT 31.03.2008 (D+E)	<u>3,826,480</u>	<u>1,513,456</u>

For, and of behalf of the Board

PLACE : AHMEDABAD

DATED : 02-09-2008

ASHOK GOENKA

Managing Director

AUDITOR'S CERTIFICATE

The above Cash Flow Statement has been complied from and is based on the audited accounts of the Advance Petrochemicals Ltd. for the year ended on 31st March, 2008 reported upon by us on 02.09.2008. According to the information and explanations given the aforesaid Cash Flow statement read with note thereon, has been prepared pursuant to Clause 32 of Listing Agreement with Stock Exchange and the re-allocation required for the purpose are as made by the Company.

For PIPARA & COMPANY
CHARTERED ACCOUNTANTS

PLACE : AHMEDABAD

DATE : 02-09-2008

(G. C. PIPARA)
PARTNER

ADVANCE PETROCHEMICALS LTD.

ADVANCE PETROCHEMICALS LIMITED

Regd. Office : 36, Kothari Market, Ahmedabad - 380 022.

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Name of the Shareholders (in Block Letters) _____

Member's Folio Number _____

Name of the Proxy (in Block Letters). To be filled if the proxy attends instead of the member _____

No. of Shares held _____

I hereby record my presence at the Annual General Meeting to be held on Tuesday 30th September, 2008 at Advance Synthetic Mills, Opp. Simla Hotel, Narol Char Rasta, Ahmedabad - 382 405.

Proxy's/Member's Signature

1. To be signed at the time of handing over this slip.
2. Shareholders are requested to advise, indicating their Folio Numbers the change in their addresses, if any, to the Company.

ADVANCE PETROCHEMICALS LIMITED

Regd. Office : 36, Kothari Market, Ahmedabad - 380 022.

PROXY FORM

Member's Folio Number.

I/We _____

of _____

being a member/members of the above named Company, hereby appoint _____

of _____

or failing him _____

of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday 30th September, 2008 at 11.00 A.M. Advance Synthetic Mills, Opp. Simla Hotel, Narol Char Rasta, Ahmedabad - 382 405.

Revenue
Stamp of
Rs.1/-

Signed : _____

Date : _____

Note : 1. The Instrument of proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the holding of the Meeting.

2. The form should be signed across the stamp as per specimen signature registered with the Company.

3. A proxy need not be a member.

BOOK - POST

If Undelivered please return to :

ADVANCE PETROCHEMICALS LIMITED

Regd Office :

36, Kothari Market,

Opp. Hirabhai Market,

Ahmedabad-380 022.

GIRISH - Ph. 22745361, 22778341