



Caprolactam Chemicals Limited

23rd Annual Report
31-03-2012

BOARD OF DIRECTORS

Mrs. Z.S. Bhanushali	-	Chairperson & Managing Director
Mr. S. S. Bhanushali	-	Executive Director (Technical)
Mr. V. P. Adagale	-	Non Executive Independent Director
Mr. R. P. Mange	-	Non Executive Independent Director
Mr. V. L. Mange	-	Non Executive Independent Director

AUDITORS

M/s. Jatin V Shah
Chartered Accountant

BANKERS

Bank of India

SHARE TRANSFER AGENT

Purva Shareregistry (India) Pvt. Ltd.

Unit no.9,
Shiv Shakti Ind. Estt. .
J.R.Boricha marg
Opp. Kasturba Hospital Lane
Lower Parel (E)
Mumbai 400 011

REGISTERED OFFICE & WORKS

B/31, MIDC, Mahad,
Dist. Raigad - 402 302,
Maharashtra.
02145-233427.

EMAIL ID FOR MEMBERS

caprolactam@gmail.com

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Members of Caprolactam Chemicals Limited will be held on Friday, the 28th September 2012 at 10.00 a.m. at the Registered Office of the Company at B/31, MIDC, Mahad, Dist. Raigad 402302 to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vikram P Adangale, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Rajesh P. Mange, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY**
2. The instrument appointing proxy must be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Annual General Meeting.
3. Members desirous of seeking any further information of the Company clarifications in respect of accounts and operations of the Company are requested to send their queries in writing so as to reach the Registered Office of the Company at least seven days before the meeting to enable the Company to provide information at the meeting.
4. The Register of Members and Share Transfer Books will remain closed from Saturday, 22nd September, 2012 to Thursday, the 28th September, 2012 (both days inclusive)
5. Members are requested to bring their copies of the Annual Report at the Annual General Meeting..
6. Information required pursuant to the Clause 49(VI) of the Listing Agreement is annexed herewith and forming part of the Notice.

Mahad, 30th July, 2012
Registered Office:
B/31 MIDC, Mahad,
Dist. Raigad 402302.

By Order of the Board of Directors
(Mrs. Zaver S, Bhanushali)
Chairperson & Managing Director

ANNEXURE TO NOTICE FURNISHING THE INFORMATION AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT.

1. Equity Shares of the Company have been listed on Bombay Stock Exchange. The listing fee has been paid for the year 2012-2013
2. Details of the Directors seeking re-appointment at the 23rd Annual General Meeting to be held on 28th September, 2012.

Name of Director	Mr. Vikram P Adangale	Mr. Rajesh P. Mange
Date of Birth	10/04/1984	18/03/1957
Date of Appointment	14/08/2008	30-09-2009
Experience in specific functional areas.	Technical Knowledge in Plan Engineering, Designing.	Expert in the field of Administration & Human Resource
Qualification	D.E.(Chemical)	2 nd Year BSC
List of directorships in other companies.	--	1
Chairman/Member of the Committees of the Board of directors of the Company	--	Director
Chairman/Member of the Committees of Director of other Companies in which he is a Director	--	Pavithra Aqua Pvt. Ltd.

Mahad, 30th July, 2012
Registered Office:
B/31 MIDC, Mahad,
Dist. Raigad 402302.

By Order of the Board of Directors
(Mrs. Zaver S, Bhanushali)
Chairperson & Managing Director

DIRECTOR'S REPORT

To,

The Members,

Your Directors have pleasure in presenting their 23rd Annual Report together with the Audited Accounts for the year ended on 31st March, 2012.

FINANCIAL HIGHLIGHTS

Particulars	31 st March, 2012	31 st March, 2011
Profits /Loss (before interest ,depreciation and taxation)	39,02,124	3,115,979
Less : Interest	46,830	4,438
Depreciation	25,13,051	2,330,431
Profit/Loss before Tax	13,42,243	781,110
Less :Provison for Taxation	2,55,765	144,818
Add : Deferred Tax Benefit	2,01,286	196,761
Profit/Loss after tax	12,87,765	833,053

The Company's operation remained confined mainly to job work. Your Directors are taking various initiatives for improving the condition of the Company.

DIVIDEND

In order to conserve the financial resources of the Company, your Directors deem fit not to recommend any dividend for the year under review.

BIFR

Your company was registered as sick company by the Board of Industrial and Finance Reconstruction(BIFR). The company had filled an appeal with AAIFR, New Delhi against winding up order of BIFR dated 5th July, 2011 and AAIFR has set a site the order of BIFR on 9th July 2012 and remand the case back to BIFR with direction to consider the claim of the company that its net-worth has turned positive as on 31-12-2006. The bench observed that net-worth of the company as per balance sheet of the year ending 31-12-2006 has turned positive and accordingly, the Bench allowed the MA and therefore, de-registered your company (Case No.36/2001) from the purview of SICA/BIFR. *The case against winding of order of the Bombay High Court is still pending for the hearing.*

DIRECTORS

In accordance with the provision of the Companies Act, 1956, Mr. Vikram P Adangle and Mr. Rajesh P Mange retire by rotation and being eligible offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the requirements of Section 217(2AA) of the Companies Act, 1956, the Board of Directors confirms:

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period
3. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the directors had prepared the annual accounts on a going concern basis.

RELATED PARTY TRANSACTIONS

In accordance with the Accounting Standard 18 prescribed by the Institute of Chartered Accountants of India, transactions with related parties have been disclosed separately and form a part of this report.

CORPORATE GOVERNANCE

A report on Corporate Governance along with Auditors' certificate regarding compliance of conditions of corporate governance as stipulated in Clause 49 of Listing Agreement and Management Discussion and Analysis Report are annexed to this Report.

LISTING FEE PAYMENT

The Company's securities are listed on the Bombay Stock Exchange Limited and the Company has paid Annual Listing fee for the financial year 2012-13.

PARTICULARS OF EMPLOYEES

There were no employees drawing remuneration in excess of the limit prescribed under Section 217 (2A) of the Companies Act, 1956.

FIXED DEPOSITS:

The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC.

The information as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report for the year ended 31st March, 2012 is annexed and forms a part of this Report.

AUDITORS:

Mr. Jatin V. Shah, Chartered Accountant, Auditor of the Company, retires at the forthcoming Annual General Meeting and being eligible offer himself for reappointment. The Board recommends appointment of Mr. Jatin. V. Shah as the statutory auditor of the Company for the next year.

COMPLIANCE CERTIFICATE

In accordance with Section 383A of the Companies Act, 1956 and Companies (Compliance Certificate) Rules, 2001, the Company has obtained a Certificate from a Secretary in whole time practice confirming that the Company has complied with all the provisions of the Companies Act, 1956 during the financial year under review and a copy of such certificate is annexed to this Report.

ACKNOWLEDGEMENT:

Yours Directors record their appreciation for the valuable cooperation extended by Banks and concerned Government and other authorities. Your Directors acknowledge the contribution made by the Company's personnel at all levels.

For and on behalf of the Board of Directors

(Mrs. Zaver S. Bhanushali)

Chairperson and Managing Director

PLACE: Mahad

DATE: 30th July, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS**1. Industry Structure and Development**

Our products being the intermediate for Perfumes Industries, Soap and Detergent, Agarbattis and also in food colours.

2. Opportunities & Threats

There are no branded products owned by the Company for sale in direct market. The Company is undertaking job works activities of other units who after using intermediate products, sale in domestic as well as export their final products. The Company's future depends upon the export demands. Considering the present trends in the Market, the Company's production facilities will be fully utilized and the Company will be able to produce the satisfactory result. The Company will be able to combat competition from China as the product base of the Company is of good quality.

3. Product wise Performance

Your Company is engaged in undertaking the job works and hence the question of products and its sale does not arise.

4. Outlook

The Company's business prospect are closely linked to the economic environment prevailing locally and globally and the development of its customer industries. Substantial improvement in the current market conditions is not expected in the near future. Given, the challenging market environment, stiff competition and unstable geo-political condition, it is difficult to make an optimistic prediction for business prospect in the coming year.

The Company however, continues to evaluate ways and means for sales growth and remains competitive in the challenging environment.

5. Risk and Concerns

The price fluctuation in global market and local market affect profitability of the Company in getting volume of job works.

6. Internal Control System

Your Company has in place adequate internal control systems. The Management Team takes the corrective actions immediately to address any inconsistent development.

7. Discussion on financial performance with respect to operational performance

Turnover has increased from 244.89 Lacs from previous year (2010-2011) to Rs. 287.37Lacs in current year. (2011-2012).

8. Human Resources/Industrial Relations

The relation with the employees at all levels was cordial throughout the year.

Cautionary Statement

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectation may be "forward looking statement" within the meaning of applicable laws and regulation. Actual results might differ materially from those either expressed or implied.

Place: Mahad

Date: 30th July, 2012

By Order of the Board of Directors
(Mrs.Zaver S. Bhanushali)
Chairperson & Managing Director

REPORT ON CORPORATE GOVERNANCE1) Corporate Governance Philosophy

The Company's philosophy on corporate governance is to conduct its business in a transparent manner, comply with all the statutory and regulatory requirements relating to corporate governance.

2) Board of Directors

a. The Composition of the Board of Directors and related information as on 31st March, 2012 is as follows:

Name of the Director & Designation	Executive / Non-Executive / Independent	No. of Board Meetings attended	Whether last AGM* attended	Number of Directorship in other Public Limited Companies
Mr. Zaver S. Bhanushali	Managing Director (Promoter)	13	Yes	Nil
Mr. Siddharth S. Bhanushali	Executive Director (Promoter)	13	Yes	Nil
Mr. Vikram P. Adagale	Non Executive and Independent Director	13	Yes	Nil
Mr. Vasant Mange	Non Executive and Independent Director	9	No	Nil
Mr. Rajesh Mange	Non Executive and Independent Director	13	Yes	Nil

- Last Annual General Meeting ("AGM") held on 29th September, 2011.
- None of the Directors on the Board holds the office of Director in more than 15 companies or Memberships of Committees of the Board in more than 10 Committees or Chairmanship of more than 5 Committees across all Companies.
- b. Board Meetings held during the Year
During the year 13 Board meetings were held on 20/04/2011, 16/05/2011, 14/06/2011, 11/07/2011, 15/07/2011, 29/07/2011, 19/08/2011, 12/09/2011, 19/10/2011, 15/11/2011, 15/12/2011, 27/01/2012, 13/03/2012..
- c. Details of Directors being re-appointed
Mr. Vikram P Adangle and Rajesh P Mange retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-election.

Committee of the Board3) **Audit Committee**

The Audit Committee of the Board comprises three directors, namely Mr. Vikram . P. Adagale, Mr. Vasant. L. Mange, Mr. Rajesh. P. Mange. The composition of Audit Committee meets the requirement of Section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement.

Four Meeting was held during the year. The attendance of each Member of the Committee is given below:

Names of the Committee Members	No. of Meetings Attended	% of total Meeting attended during the tenure as a Director
Mr. Vikram . P. Adagale	4	100
Mr. Vasant. L. Mange	4	100
Mr. Rajesh. P. Mange	4	100

4) **Remuneration Committee**

The Remuneration Committee has been constituted to recommend the remuneration package of the Managing Director based on the performance. The Company has not issued any stock options to any of its Directors and employees. The Committee comprises of Mr. Vikram .P. Adagale (Independent Director) Mr. Vasant L. Mange (Independent Director) and Mr. Rajesh P. Mange (Independent Director).

a. Details of remuneration paid to the Directors for the year ended 31st March, 2012.i. The total remuneration paid to the Managing Director and Director during the year ended 31st March, 2012 was as under

Name	Remuneration (Rs.)	Commission (Rs.)	Perquisites (Rs.)	Contribution to Provident Fund
Mrs. Zaver. S. Bhanushali	4,92,000/-	NIL	NIL	NIL
Mr. Siddharth. S. Bhanushali	4,80,000/-	NIL	NIL	NIL

ii. The Non Executive Directors is not entitled to any remuneration except payment of sitting fees for attending the meetings of Board of Directors .During the year 2011-12, the Company has paid total sitting fee of Rs. 35,000 to Non executive directors.

5) Investor's Grievance Committee

Investors Committee comprises three members chaired by Mrs. Zaver .S Bhanushali, (Managing Director and Promoter Group) and two independent Directors.

There were no complaints received by the Company from shareholders.

The Board has designated Mr. Siddharth S. Bhanushali, as Compliance Officer.

6) General Body Meetings

The date , time and venue of the last 3 General Body Meeting of the Company are given below:

Financial Year Ended	Date	Time	Venue
31 st March, 2009	29.09.2009	11.00 a.m.	B-31, MIDC, Mahad, Dist:-Raigad 402302
31 st March, 2010	29.09.2010	10.00 a.m.	B-31, MIDC, Mahad, Dist:-Raigad 402302
31 st March, 2011	29.09.2011	10.00 a.m.	B-31, MIDC, Mahad, Dist:-Raigad 402302

None of the items at the said meetings were required to be passed by postal ballot. At the forthcoming Annual General Meeting there are no items on the agenda requiring to be passed by postal ballot.

7) Disclosures

During the year under review, besides the transactions reported elsewhere in the Annual Report, there were no other related party transactions with the promoters, directors, management and subsidiaries that had a potential conflict with the interest of the Company at large.

8) Compliances

There have been no instances of non-compliance on any matter with the rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last three years. No penalties or strictures have been imposed by them on the Company.

Pecuniary Relation

There were no transactions of material nature with the Directors or the management or their relatives.

9) Means of Communication

Quarterly Results	No.
Newspapers in which results are normally published	Normally it is published in the Free Press Journal in English and Navshakti in Marathi.
Website where displayed.	www.caprolactam.in
Whether it also displays official news releases	No
Presentation to institutional investors or analysts	Yes
Whether Management Discussion and Analysis is a part of the Annual Report	Yes

The Company has not made any presentation to institutional investor or equity analysts.

10) General Shareholder InformationThe 23rd Annual General Meeting of the shareholders will be held on Friday, the 28th September, 2012 at 10.00 a.m.

Venue: B-31, MIDC, Mahad Dist: - Raigar-402302, Maharashtra

i. Financial Calendar

Financial Year:	1 st April to	31 st March Consideration of Financial Results (tentative)
a. First Quarter	(unaudited)	last week of July
b. Second Quarter	(unaudited)	last week of October
c. Third Quarter	(unaudited)	last week of January
d. Fourth Quarter	(unaudited)	last week of April
e. Annual	(audited)	last week of May

- ii. Book closure: 22nd September 2012 to 28th September 2012 (both days inclusive)
- iii. Listing of shares: - The Bombay Stock Exchange Ltd.
Stock Code: - 507 486
ISIN: - INE 470N01010.
- iv. Plant Location: - B-31, MIDC, Mahad, Dist: - Raigad -402302, Maharashtra.
- v. Name and Address of the Registrar and Share Transfer Agents
Purva Sharegistry (India) Pvt. Ltd.: - Unit No. 9, Shiv Shakti Ind. Estate. J.R. Boricha marg, Opp. Kasturba Hospital Lane, Lower Parel (E), Mumbai 400011
- vi. Share Transfer System
Share transfer are registered normally within 15 days from the date of receipt, if the documents are clear in all respects.
- vii. Stock Data

1. Distribution of Share Holding as on 31st March 2012

Shareholding of Nominal Value		Shareholders		Share Amount	
From	To	Number	% of Total	Rupees	% of Total
Upto	5000	7260	91.16	12583000	27.35
5001	10000	436	5.47	3727000	8.10
10001	20000	162	2.03	2414000	5.25
20001	30000	42	0.53	1022000	2.22
30001	40000	19	0.24	672000	1.46
40001	50000	13	0.16	616000	1.34
50001	100000	12	0.15	858000	1.87
100001	And above	20	0.25	24108000	52.41
TOTAL		7964	100	46000000	100.00

2. Distribution of shareholding according to categories of shareholders as on 31st March, 2012

Sr. No	Categories Code	Description	Shares	% of the Capital	No. of Holders	% of the holders
1	00	Resident Individual	2308300	50.18	7782	97.71
2	31	Bodies Corporate	181000	3.93	18	0.23
3	41	Directors	852860	18.54	4	0.05
4	42	Director's Relative	1193940	25.96	7	0.09
5	94	N.R.I (Non -Repat)	53900	1.17	151	1.89
6	95	N.R.I.(Repat)	10000	0.22	2	0.03
	Total		4600000	100.00	7971	100.00

3. Investor Correspondence:

Purva Sharegistry (India) Pvt Ltd
Unit no.9, Shiv Shakti Ind. Estt.
J.R.Boricha marg, Opp. Kasturba Hospital Lane
Lower Parel (E)
Mumbai 400011

Place: Mahad
Date : 30th July, 2012

Caprolactam Chemicals Ltd.
B/31, MIDC, Mahad,
Dist .Raigad -402302
Maharashtra.
On behalf of the Board of Directors
Caprolactam Chemicals Ltd
(Mrs. Zaver S. Bhanushali)
Chairperson & Managing Director

Declaration by the Managing Director to the Compliance of Code of Conduct in pursuance of Clause 49(D)(ii) of the Listing Agreement

It is hereby declared that all the Board Members and Senior Management Personnel of the Company have affirmed to the Board of Directors, their compliance with the Code of Conduct of the Company pursuant to Clause 49(D) (ii) of the Listing Agreement.

Place: Mahad
Date: 30th July, 2012

(Mrs. Zaver S. Bhanushali)
Chairperson & Managing Director

ANNEXURE TO THE DIRECTOR'S REPORT

Information u/s 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Director's Report.

FORM-A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY POWER AND FUEL CONSUMPTION ON ACCOUNT OF MAINLY JOB WORK AND HENCE SAME IS NOT REPORTED.

FORM -B**FORM FOR DISCLOSURE OF PARTICULAR WITH RESPECT TO ABSORPTION OF RESEARCH AND DEVELOPMENT (R&D)****A. RESEARCH AND DEVELOPMENT (R&D)**

- 1) Specific area in which R&D carried out by the Company
Development activities of the Company are directed towards energy conservation, Separation Technology, process and plant engineering.
- 2) Benefits derived as a result of the above R & D
Reduction in production cost, improvement in specific consumption of energy in process plant on account of energy saving scheme, quality improvement and reduction in cost of plant maintenance
- 3) Future Plan of action
To continue R& D work on the above cases.
- 4) Expenditure on R & D
The Development work in continuously undertaken by the technical department , no separate records of the expenditure incurred on R & D as such is maintained.
- 5) Technology absorption, adaption & innovations
- 6) Effort in brief & benefit derived
The Company has acquired technology know how to manufacture Ethyl Acetate.
Continuous efforts are made to check the material balances on the actual performance against design. These measures have helped in increasing the productivity and reduction in overall energy consumption.
- 7) Detailed of technology imported derived in the past 5 years.
- 8) Technology imported } no technology has been
- 9) Year of import } imported during the past
- 10) Has technology been fully absorbed? N.A
- 11) If not fully absorbed , area where } N.A
This has not taken place.
- 12) FOREIGN EXCHANGE EARNING AND OUTGO
- 13) Activities relating to Exports : Nil
- 14) Total Foreign Exchange used and earned : Nil

Place: Mahad

Date: 30th July, 2012

On behalf of Board of Directors
(Mrs. Zaver S. Bhanushali)
Chairperson & Managing Director

CEO/CFO Certification

We have reviewed financial statements and the Cash Flow statement for the year and that to the best of our knowledge and belief:

- i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading ;
- ii. These statements together present a true and fair view of the Company's affairs and comply with existing accounting standards, applicable laws and regulations.

There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's code of conduct.

We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the auditors and the Audit Committee:

1. Significant changes in internal control during the year;
2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
3. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place: Mahad

Date: 30th July, 2012

For Caprolactam Chemicals Ltd
Sd/-
Mrs. Zaver S Bhanushali

Compliance Certificate

To,
 The Members,
CAPROLACTAM CHEMICALS LIMITED.
 (Corporate Identification Number – L24110MH1988PLC049683)
 B/31, MIDC, Mahad,
 Dist. Raigad- 402 302.

We have examined the registers, records, books and papers of Caprolactam Chemicals Limited ("the Company") 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 Association of the Company for the financial year ended on 31st March 2012. In our opinion and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, and to the best of our knowledge and belief, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained the registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies, Maharashtra, Mumbai, Regional Director, Central Government, Company Law Board or other authorities under the Act and the rules made there under.
3. The Company, being a Public Limited Company, comments are not required.
4. The Board of Directors met Thirteen (13) times respectively on 20/04/2011, 16/05/2011, 14/06/2011, 11/07/2011, 15/07/2011, 29/07/2011, 19/08/2011, 12/09/2011, 19/10/2011, 15/11/2011, 15/12/2011, 27/01/2012, 13/03/2012 respectively and the proceedings were recorded and signed in the Minutes Book maintained in loose leaf form for the purpose. The Company has not passed any resolution by circulation.
5. The Company has closed its Register of Members from 23rd September, 2011 to 29th September, 2011. (Both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the year ended 31st March, 2011 was held on 29th September, 2011, after giving notice to the members of the Company and resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose in loose leaf form.
7. One Extra Ordinary General Meeting was held on 20th July, 2011 during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act during the financial year.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. No entries have been made in the Register maintained under section 301 of the Act, as there was no relevant transaction.
11. During the year, the Company has not appointed any person holding office or place of profit falling within the purview of Section 314 of the Act.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company
 - (i) has delivered all the certificates on lodgment thereof for transfer in accordance with the provisions of the Act. There was no allotment /transmission of securities during the financial year.
 - (ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) was not required to post warrants to any members of the Company as no dividend was declared during the financial year.
 - (iv) was not required to transfer any amount to Investor Education and Protection Fund, since there was no amount, on account of unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon, lying with the Company, and which was required to be transferred to the said fund.
 - (v) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors and alternate directors to fill casual vacancy during the financial year.
15. The re-appointment of Managing director has been made in compliance with the provisions of the Act during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. As per the information provided by the management of the company, the Company has taken in principal approval from Bombay Stock Exchange for trading and company was not required to obtain any approvals of Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The Directors of the Company 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 financial year.

21. The Company has not issued any redeemable preference shares/debentures and hence the question of redemption does not arise.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Companies Act, 1956, during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate during the financial year and consequently no entries have been made in the Register kept for the purpose.
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 financial year.
31. As per the information given by the management, no prosecution has been initiated against or show cause notices has been received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted its own Provident fund for its employees and therefore the provisions of Section 418 of the Act are not applicable to the Company.

Place: Mumbai
Date: 30th July, 2012

For Teena Dedhia & Associates
(Company Secretaries)
(CS Teena Dedhia)
Proprietor
C.P.No.9214

Annexure-A

Registers as maintained by the Company

1. Register of Charges u/s 143 of the Act.
2. Register of Directors', Managing Director, Manager and Secretary u/s 303 of the Act.
3. Register of Directors Shareholdings u/s.307 of the Act.
4. Register of Members u/s 150 of the Act is being maintained by the Registrar and Share Transfer Agents of the Company.
5. Register of Transfer u/s 108 of the Act is being maintained by the Registrar and Share Transfer Agents of the Company.
6. Minutes Books of Board of Directors u/s.193 (1) of the Act.
7. Minutes Books of the proceedings of General Meeting u/s 193(1), 196(1) of the Act.

Annexure-B

Forms and Returns as filed by the Company with following authorities, during the financial year ended 31st March, 2012.

i) With Registrar of Companies.

Sr. No.	Forms	Purpose	Whether filed within Prescribed time Yes/ No	If delay in filing whether requisite additional fees paid Yes/No
1.	Annual Accounts (Form 23AC and 23 ACA)	U/s.220 of the Companies Act, 1956 as on 31 st March, 2011 was filed on 25 th October, 2011	Yes	N.A
2.	Annual Return (Form 20B)	U/s.159 of the Companies Act, 1956 as on 29 th September, 2011 was filed on 26 th October, 2011	Yes	N.A
3.	Compliance Certificate (Form 66)	U/s. 383A of the Companies Act, 1956 as on 31st March 2011 was filed on 7th October, 2011.	Yes	N.A

ii) With Regional Director. Not Applicable

iii) With Central Government or other authorities. Not Applicable

Place: Mumbai
Date: 30th July, 2012

For Teena Dedhia & Associates
(Company Secretaries)
(CS Teena Dedhia)
Proprietor
C.P.No.9214

AUDITOR'S REPORT: TO THE MEMBERS OF CAPROLACTAM CHEMICALS LIMITED

I have audited the attached Balance Sheet of Caprolactam Chemicals Limited as at 31st March, 2012 and also the Statement of Profit and Loss and Cash Flow Statement of the Company for the year ended on that date annexed thereto.

These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis evidence supporting the amounts and disclosure 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. I believe that my audit provides reasonable basis for my opinion.

1. As required by the Companies [Auditors report] Order 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act 1956 and on the basis of checks of the books and records of the Company as I considered appropriate and according to the information & explanation given to me I enclose in the annexure a statement on the matters specified in the paragraph 4 and 5 of the said order .
2. Further to my comments in the Annexure referred to in paragraph 1 above, I report that :
 - a. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.
 - b. In my opinion , proper books of account as required by the law have been kept by the Company, so far as it appears from my examination of the books of accounts of the Company.
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company
 - d. *The Company has not made provision towards retirement benefit due to employees as per AS 15 on Employees Benefit. The impact on profit of the company and on reserve and surplus that may arise due to adjustment on account of the above comment is unascertainable.*
 - e. On the basis of written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, I report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. *In my opinion and to the best of my information and according to the explanation given to me, the account read together with the notes thereon ; give the information required by the Companies Act, 1956 in the manner so required and subject to the notes thereon give true and fair view;*
 - [1] In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012 and
 - [2] In the case of the Statement of Profit and Loss, of the profit of the company for the year ended on that date; and
 - [3] In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Mahad
Date : 29th May, 2012

JATIN V. SHAH
CHARTERED ACCOUNTANT

Annexure to the Auditor's Report to the members of Caprolactam Chemicals Limited as required by the Companies (Auditor 's Report) Order, 2003 (Refer Para 1of my report)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
(b) As explained to me, these fixed assets have been physically verified by the management in a phased periodical manner. In my opinion the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
(c) The Company has not disposed off any substantial part of it's fixed assets so as to affect is going concern status.
- (ii) (a) As explained to me, inventories have been physically verified by management at reasonable intervals during the year. In my opinion, the frequency of such verification is reasonable.
(b) In my opinion and according to the information and explanations given to me, the procedures of physical verification of inventories 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 and discrepancies noticed on physical verification as compared to the book records have been properly dealt with in the books of accounts.
- (iii) (a) According to the information and explanation given to me, the Company has not granted any loans, secured or unsecured to company, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4 (iii) (b), (c) and (d) of the order are not applicable.

- (b) The Company has taken unsecured loans from two parties whose names are to be covered in the register maintained under section 301 of the Act. The Maximum amount involved during the year was Rs. 1,08,09,000/- and the balance outstanding as on 31st March, 2012 was Rs. 50,10,000/-.
- (c) The rate of interest and other terms and conditions of the loan are not prima facie prejudicial to the interest of the Company.
- (d) The Company has been regular in repaying principal amount wherever stipulated and the Company is also regular in payment of interest wherever applicable.
- (iv) In my opinion and according to the information and explanation provided to me, There is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of the inventory and fixed assets and for the sale of goods & services.
- (v) (a) According to the information and explanation provided by the management, I am of the opinion that all the particulars of contracts or arrangements that need to be entered into a register in pursuance of section 301 of the Act have been so entered.
- (b) According to the information and explanation provided by the management, the transactions made in pursuance of such contracts 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 each party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In my opinion and according to the information and explanations given to me, the Company has not accepted any deposits from the public.
- (vii) The Company has an adequate internal audit system, which in my opinion is commensurate with the size of the Company and the nature of its business.
- (viii) According to information/explanation given to me, the rules made by Central Government under clause (c) of Sub-section (1) of section 209 of the Companies Act 1956, are not applicable to the company.
- (ix) (a) According to the information & explanation given to me and the records of the company examined by me, In my opinion, the company is generally regular in depositing undisputed statutory dues including Provident fund, Employee State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty Excise Duty, Cess & other statutory dues as applicable with appropriate authorities. According to the information & explanation given to me, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2012 for a period of more than six months from the date they becoming payable.
- (b) According to the Information & explanation given to me there are no disputed amount of statutory dues towards Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty Excise Duty, Cess that have not been paid to concerned authorities.
- (x) The company has accumulated losses as at 31st March 2012 and has neither incurred cash losses during the financial year ended on that date nor in the immediately preceding financial year.
- (xi) According to the information & explanation given to me and based on the audit procedures applied by me, the company has not defaulted in repayment of its dues to any financial institution or bank as at the Balance sheet date.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit/ societies are not applicable to the company.
- (xiv) In my opinion and according to the information and explanations given to me, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) According to information & explanation given to me, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to information & explanation given to me, the Company has not taken any Term Loan from banks or Financial Institutions.
- (xvii) According to the information & explanation given to me, and based on the examination of Balance Sheet of the Company, prima facie, the funds raised on short term basis have not been used for long term investment.
- (xviii) According to the information and explanations given to me, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) The company has not issued any secured debentures during the year, and accordingly, no securities were required to be created.
- (xx) The company has not raised any funds by way of a public issue during the year.
- (xxi) During the course of my examination of the books of the accounts and records of the company and according to the information & explanation given to me, I have neither come across any instances of material fraud on or by the Company, noticed or reported during the year.

Place: Mahad

Date: 29th May, 2012

JATIN V. SHAH
CHARTERED ACCOUNTANT

Note 1: BALANCE SHEET AS AT 31ST MARCH 2012

	Note No.	As at 31/03/2012	As at 31/03/2011
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	45,903,000	45,903,000
Reserves and surplus	4	-32,283,471	-33,571,237
		<u>13,619,529</u>	<u>12,331,763</u>
Share Application Money Pending Allotment			
Non- current liabilities			
Long-term borrowings	5	152,666	318,182
Deferred Tax Liabilities (Net)	6	2,774,702	2,975,988
		<u>2,927,368</u>	<u>3,294,170</u>
Current liabilities			
Short-term borrowings	7	5,010,000	8,882,500
Trade Payables	8	2,364,312	1,966,997
Other current liabilities	9	330,034	347,674
		<u>7,704,346</u>	<u>11,197,171</u>
TOTAL		<u><u>24,251,243</u></u>	<u><u>26,823,105</u></u>
ASSETS			
Non - Current Assets			
Fixed Assets			
Tangible assets	10	15,976,650	17,359,345
Intangible assets		-	-
Long term loans and advances	11	1,043,987	1,377,172
		<u>17,020,637</u>	<u>18,736,517</u>
Current Assets			
Inventories	12	1,046,019	1,983,776
Trade receivables	13	3,970,487	4,101,684
Cash and cash equivalents	14	1,758,959	1,655,858
Short-term loans and advances	15	455,140	345,270
		<u>7,230,605</u>	<u>8,086,588</u>
TOTAL		<u><u>24,251,243</u></u>	<u><u>26,823,105</u></u>

Summary of Significant Accounting Policies

Notes on Financial Statements

As per my Report of even Date

Jatin V. Shah

Chartered Accountant

1 to 37

For and On behalf of the Board

Mrs. Z. S. Bhanushali

Managing Director

Mr. S. S. Bhanushali

Director

Date :- 29/05/2012

Place :- Mahad

Note 2: STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

Particulars	Note No.	For the year ended 31/03/2012	For the year ended 31/03/2011
Income			
Revenue from operations	16	27,954,683	23,844,454
Other Income	17	782,534	644,953
Total Revenue		28,737,217	24,489,408
Expenditure			
Cost of materials consumed	18	264,018	2,345,136
Purchases of Stock-in-Trade		-	2,086,207
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		974,068	-984,068
Employee benefit expenses	19	2,155,183	2,236,972
Financial costs	20	46,830	4,438
Depreciation and amortization expense		2,513,051	2,330,431
Manufacturing Expenses	21	18,817,097	13,780,750
Administration Expenses	22	2,624,727	1,908,431
Total Expenses		27,394,973	23,708,298
Profit Before Tax		1,342,243	781,110
Tax expenses			
Less : Current Tax		255,765	144,818
Add : Deferred Tax Benefit		201,286	196,761
Profit for the year		1,287,765	833,053
XVI. Earnings per equity share [nominal value of share of Rs.10/- (as at 31.03.11- Rs. 10/-)]			
Basic and Diluted (in Rs.)		0.28	0.18

Summary of Significant Accounting Policies
Notes on Financial Statements

1 to 37

As per my Report of even Date
Jatin V. Shah
Chartered Accountant

For and On behalf of the Board
Mrs. Z. S. Bhanushali Mr. S. S. Bhanushali
Managing Director Director

Date :- 29/05/2012

Place :- Mahad

Note - 10

FIXED ASSETS

	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 31/03/11	Additions	Deductions	As on 31/03/12	As on 31/03/11	For the year	As on 31/03/12	As on 31/03/12	As on 31/03/11
Tangible Assets									
A. LAND									
1. Leasehold	399,089	-	-	399,089	-	-	-	399,089	399,089
B. BUILDINGS									
1. Factory Building	7,162,007	-	-	7,162,007	6,068,809	109,520	6,176,329	965,678	1,095,198
2. Administration Bldg.	558,415	-	-	558,415	441,138	11,728	452,866	105,549	117,277
C. PLANT & MACHINERY									
1. Glycol Ether Plant	20,251,978	-	-	20,251,978	15,738,928	627,765	16,366,693	3,865,285	4,513,050
2. Vinyl Sulphone Plant	20,797,813	-	-	20,797,813	17,754,009	423,393	18,177,402	2,620,411	3,043,804
3. Ethyl Acetate Plant	35,211,274	1,130,357	-	36,341,631	28,749,449	1,015,205	29,764,654	6,576,977	6,461,825
4. E.O. Storage Plant	1,413,362	-	-	1,413,362	1,274,995	19,247	1,294,242	119,120	138,367
5. E.T.P.	5,954,720	-	-	5,954,720	5,263,244	96,184	5,359,429	595,291	691,476
6. Steel Tank	161,400	-	-	161,400	123,584	5,260	128,844	32,558	37,816
D. OFFICE EQUIPMENTS									
1. Electronic Calculator	6,040	-	-	6,040	5,697	48	5,744	296	343
3. Fax Machine	47,795	-	-	47,795	42,851	729	43,280	4,515	5,244
4. EPABX	102,900	-	-	102,900	93,376	1,325	94,701	8,199	9,524
5. Air Conditioners	237,638	-	-	237,638	193,778	5,101	199,879	37,759	43,860
6. Pagers & Mobile Phone	62,233	-	-	62,233	56,379	814	57,193	5,040	5,854
7. Xerox Machine	58,831	-	-	58,831	52,710	851	53,561	5,270	6,121
8. Software Program	50,000	-	-	50,000	37,010	1,807	38,817	11,183	12,990
E. FURNITURE & FITTINGS									
1. Furniture & Fixtures	746,374	-	-	746,374	678,125	12,353	690,478	55,896	68,249
2. Electrical Installation	1,598,111	-	-	1,598,111	1,522,024	13,772	1,535,795	62,316	76,087
F. VEHICLES									
1. Motor & Motor Cycle	2,033,925	-	-	2,033,925	1,428,268	156,805	1,585,073	448,852	605,657
2. Cycle	800	-	-	800	800	-	800	-	-
3. Truck	1,085,585	-	-	1,085,585	1,076,969	2,585	1,079,554	6,031	8,616
1. Computers	680,811	-	-	680,811	661,914	7,559	669,473	11,338	18,897
TOTAL (Rs.)	98,621,101	1,130,357	-	99,751,458	81,261,756	2,513,051	83,774,807	15,976,651	17,359,345
PREVIOUS YEAR (Rs.)	94,382,757	4,318,344	80,000	98,621,101	76,931,323	2,330,431	81,261,766	17,399,345	15,451,432

Note 3

	As at 31/03/2012	As at 31/03/2011
Share Capital		
Authorised Share Capital :		
Equity Shares		
5,000,000 (Previous Year 5,000,000) of Rs.10/- each	50,000,000	50,000,000
TOTAL	50,000,000	50,000,000
Issued, Subscribed and Paid-up:		
46,00,000 (Previous Year 46,00,000) Equity Shares	46,00,000	46,00,000
of Rs. 10/- each fully paid-up.		
Less : Calls in arrears - by others	97,000	97,000
TOTAL	45,903,000	45,903,000

A. Reconciliation of the Shares Outstanding at the beginning and at the end of the reporting period

Particulars	No. of Shares	As at 31/03/2012	As at 31/03/2011
At the beginning of the period	4,600,000	46,000,000	46,000,000
Outstanding at the end of the period	4,600,000	46,000,000	46,000,000

B. Terms/Rights attached to Equity Shares

The Company has only one class of Equity shares having a par value of Rs 10 per share. Each holder of Equity shares is entitled one vote per share. In the event of liquidation of the company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be proportion to the number of Equity Shares held by shareholders.

C. The company has neither bought back nor forfeited any shares.

D. Details of Shareholders holding more than 5% shares in the Company

Name of the Shareholder	As at 31/3/2012		As at 31/3/2011	
	No. of Shares	% of holding	No. of Shares	% of holding
Siddharth Bhanushali	702,850	15.28%	702,850	15.28%
Shankar G. Bhanushali (HUF)	410,200	8.92%	410,200	8.92%
Shankar G. Bhanushali	382,320	8.31%	382,320	8.31%
Sheetal Bhanushali	238,130	5.18%	238,130	5.18%

Note 4:**Reserves and Surplus**

Surplus/ (deficit) in the statement of profit and loss

As per Last Balance sheet

-3,571,237

Add: Profit for the year

1,287,765

Net Surplus/(deficit) in the statement of profit and loss

-32,283,472 **-33,571,237**

Total Reserves and Surplus

-32,283,472 **-33,571,237**

Note 5:**Long Term Borrowings**

Secured Loans

Car Loan

152,666

318,182

152,666

318,182

A. Car Loan is secured by way of hypothecation of Car

Note 6:**Deferred Tax Liability**

related to Depreciation/amortisation

2,774,702

2,975,988

2,774,702

2,975,988

Note 7:**Short Term Borrowings****Unsecured Loans**

Loan from Directors

5,010,000 8,882,500

5,010,000 8,882,500

Note 8:**Trade Payables**

Micro Small and Medium Enterprises

Others

2,364,312 1,966,997

2,364,312 1,966,997

Note 9:**Other Current Liabilities**

Current Maturities of Long Term Borrowing

165,516 148,141

Interest Accrued But Not Due On Borrowings

2,287 -

Creditors for Fixed Assets

59,925 59,925

Security Deposit

100,000 100,000

Provident Fund Contribution

2,306 31,039

Water Cess Payable

- 347

Excise Duty Payable

- 5,898

Service Tax Payable

- 2,324

330,034 347,674

Note 11:**Long Term Loans and Advances**

Deposits

462,253 515,260

Advance Income Tax (Net of provisions)

581,387 785,571

Other Loans and Advances

347 76,341

1,043,987 1,377,172

Note 12:**Inventories**

For Inventory Valuation referer note 2

(As Certified by the Management)

Raw material

132,913 200,233

Finished goods

221,607 1,195,675

Stores and spares

98,447 341,420

Other

- Packing materials

127,638 136,163

- Utility

93,413 76,158

- Fuel

372,002 34,126

Total

1,046,019 1,983,776

Note 13:**Trade Receivables**

Unsecured and Considered good unless stated otherwise

Outstanding for a period exceeding six months from the date, they are due for payment

584,330 550,314

Others

3,386,157 3,551,370

3,970,487 4,101,684

Note 14:**Cash and Cash Equivalents**

Balances with Bank

-In Current Accounts

1,293,646 1,268,937

-In Deposit Accounts

404,256 374,534

Cash on Hand

61,057 12,387

1,758,959 1,655,858

Note 15:**Short Term Loans and Advances**

Balance with Tax Authorities	409,225	325,270
Prepaid Expenses	45,915	20,000
	<u>455,140</u>	<u>345,270</u>

Note 16:**Revenue from operations**

Sale of products	1,541,250	2,601,481
Job Work Charges	26,558,240	19,063,371
Traded Goods		2,421,970
Less: Excise duty	144,807	242,368
Total	<u>27,954,683</u>	<u>23,844,454</u>

Note 17:**Other Income**

Interest Income	88,239	44,664
Sundry Balances W. Back	340,295	400,289
Other non-operating income		
Rent	354,000	200,000
Total	<u>782,534</u>	<u>644,953</u>

Note 18:**Cost of materials consumed****A) Raw Material Consumed**

Opening Stock	651,938	1,110,712
Add: Purchases	222,829	1,792,312
	<u>874,766</u>	<u>2,903,024</u>
Less: Closing Stock	696,774	651,938
(A)	177,993	2,251,086

B) Packing Materials

Opening Stock	136,163	61,763
Add: Purchases	77,500	168,450
	<u>213,663</u>	<u>230,213</u>
Less: Closing Stock	127,638	136,163
(B)	86,025	94,050

Total (A+B)

	<u>264,018</u>	<u>2,345,136</u>
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Changes in inventories of finished goods, work-in-progress and Stock-in-Trade

Opening Stock		
I. Finished Goods	1,195,675	211,608
Less: Closing Stock		
II. Finished Goods	221,607	1,195,675
TOTAL (I)-(II)	<u>974,068</u>	<u>-984,068</u>

Note 19:**Employee Cost**

Salary and other perquisites	1,908,000	1,936,200
Contribution to Provident Fund and Other Funds	14,712	29,981
Staff Welfare Expenses	232,471	270,791
Total	<u>2,155,183</u>	<u>2,236,972</u>

Note 20:**Financial costs**

Interest on Car Loan	46,830	4,438
Total	<u>46,830</u>	<u>4,438</u>

Note 21:**Manufacturing Expenses:**

Power and Fuel	13,243,033	8,841,198
Stores, Spares and other consumables	527,939	-
Utility Expenses	301,390	245,241
Water Cess	517	1,642
Labour Charges	3,260,724	3,214,766
Water Charges	485,698	299,965
Weighing Charges	14,450	16,350
Repairs & Maintenance - Machinery	247,009	202,096
Lab Expenses	217,030	252,508
Vat Not Elegabal	500,364	-
Round up On Purchase	426	11,584
Testing Charges	-	2,340
Freight	18,516	693,059
Total	18,817,097	13,780,750

Note 22:**Administration Expenses:**

Audit Fees	27,575	27,575
Courier Charges	28,066	30,773
Desiel & Petrol Charges	415,794	560,772
Factory Insurance	67,062	67,062
Gardening & Maintenance	49,250	12,773
General Expenses	198,935	115,683
Bank Charges	1,674	4,206
Conveyance	129,959	74,536
Gram Panchayat Tax	26,565	53,130
Inspection Charges	11,050	10,300
Insurance	20,396	28,073
Insurance Workman Composition	27,752	27,751
Professional fees	422,194	124,720
Motor Car Expenses	82,197	84,931
Insurance Public Liability	11,052	11,051
Professional Tax (company)	2,500	2,500
Internet Service	-	2,500
Insurance Boilers & Transfermers	6,646	6,646
Telephone Charges	87,758	110,040
License Renewal Fees	44,330	11,075
Listing Fees	243,565	11,030
Loading & Unloading	152,329	67,436
Medical Expenses	29,324	26,700
Meeting Fees	35,000	12,000
Packing & Forwarding	-	178,275
Postage & Telegram	84,149	32,109
Printing & Stationary	33,613	15,279
Reppairs & Maintenance- Others	263,571	7,534
ROC Fees	1,500	4,750
Service Tax on Transport	17,075	24,298
SHED Charges	8,800	8,800
Subscription Charges	1,350	350
TDS Interest AY10-11	127	-
Transport Charges	22,745	26,800
Transport Charges on Utility	-	-
Advertidsing Expenses	70,825	126,974
Total	2,624,727	1,908,431

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

1. Corporate Information

Caprolactam Chemicals Limited is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. The company is engaged in manufacturing and DOES Job Work in Chemicals.

2. Summary of significant accounting policies

A. Basis of Preparation:

The financial statements of the company are prepared under historical cost convention on an accrual basis in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, which have been prescribed by the Companies (Accounting Standards) Rules, 2006, and the relevant provisions of the Companies Act, 1956.

B. USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and reported amounts of revenues and expenses during the reporting period. Actual result could differ from these estimates and differences between the actual results and estimates are recognised in the period in which the results are known/ materialised.

C. Fixed Assets:

Fixed Assets are stated at cost including incidental and pre-operative expenses less depreciation.

D. Depreciation:

The Company provides depreciation on written down value method at the rates Specified in the Schedule XIV of the Companies Act, 1956. Depreciation on additions to / deductions from assets is calculated pro-rata from the date the assets are put to use / till the date the assets are sold/ disposed off.

E. Inventories:

- I. Stock in trade comprise of raw materials valued at cost or market value which ever is less.
- II. Finished stock is valued at cost.

F. REVENUE RECOGNITION:

- i) Revenue from sale of goods and job work is recognised on dispatch, which coincides with transfer of significant risk and rewards to customer. Further, sales revenues are net of VAT, excise duties, sales returns and discounts.
- ii) Income on Term deposits is accounted on accrual basis.

G. EMPLOYEE BENEFIT:

- (a) Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- (b) Long term benefits:
 - (i) Defined Contribution Plan: Provident Fund
The eligible employees of the Company are entitled to receive post employment benefits in respect of provident fund, in which both employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to Regional Provident fund Commissioner. Provident Fund is classified as Defined Contribution Plans as the Company has no further obligations beyond making the contribution. The Company's contributions to Defined Contribution Plan are charged to profit and loss account as incurred.
 - (ii) Defined Benefit Plan: Gratuity
Gratuity payable under the Payment of Gratuity Act, 1972 and liability if any, will be accounted on payment basis.

H. TAXATION:

Provision for taxation comprises of Current Tax and Deferred Tax. Current Tax Provision has been made on the basis of relief and deductions available under the Income Tax Act, 1961. The deferred tax for timing difference between the book profit and tax profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the Balance Sheet date.

I. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions are recognised for when the company has at present legal or contractual obligation as a result of past events and there is probability of outflow of resources and the amount is capable of being estimated reliably. Contingent liability is disclosed by way of note when the said conditions are not met. Contingent assets are not recognised /disclosed.

J. PRIOR PERIOD ITEMS:

Significant items of Income and Expenditure, which relate to prior accounting period, are accounted in the Profit and Loss account under the head "Prior Period Adjustments" other than those arising due to events occurring after the close of the year and which are treated as relatable to the current year.

3. In the opinion of Board of Directors, the current assets, loans and advances have realisable value at least equal to the amount at which they are stated.

4. According to information provided by the management no dues are payable to Micro, small and medium enterprises.

5. Details of payment to Auditors (excluding Service Tax)

	2011-12	2010-11
For Audit work	15,000	15,000
For Tax audit	5,000	5,000
For Taxation matter	5,000	5,000

6. Deferred Tax Liability

	2011-12	2010-11
Deferred Tax Liability		
On Account of Depreciation	27, 74,702	29, 75,988

7. EARNINGS PER SHARE

Basic and Diluted Earnings per share has been computed as under:-

Particulars	2011-12	2010-2011
Net Profit/(Loss) after tax and Prior period items	1287765	833053
Weighted Average Number of Equity Shares		
Basic	46,00,000	46,00,000
Add: Effect of Dilutive Shares	0	0
Diluted	46,00,000	46,00,000
Earnings Per Share (in Rs.)		
Basic	0.28	0.18
Diluted earning per share	0.28	0.18

8. Related party disclosures as required by AS 18 :-

Key Management Personnel

Zaver S. Bhanushali - Managing director

Siddharth S. Bhanushali - Director

Relatives of Key Management Personnel – Please give names of relatives

Shankarlal Gopalji Bhanushali

Shankarlal G. Bhanushali (HUF)

Ashmi Tanmay Ganacharya

Shital Siddharth Bhanushali

Entities over which Key Management personnel exercise significant influence –

Adhiraj Chemindustries P.Ltd.

Vamotech Organics Ltd.

Transactions with Related Parties

Expenditure

	2011-12	2010-11
Remuneration		
Zaver S. Bhanushali	4,92,000	4,08,000
Siddharth S. Bhanushali	4,80,000	4,80,000

Unsecured Loans Taken

Zaver S. Bhanushali	65,97,169	80,37,000
Siddharth S. Bhanushali	5,90,556	81,25,000

Unsecured Loans repaid

Zaver S. Bhanushali	54,04,669	86,93,475
Siddharth S. Bhanushali	56,55,556	31,80,000

Unsecured Loans Balance

Zaver S. Bhanushali	50,10,000	38,17,500
Siddharth S. Bhanushali	-	50,65,000

9. VALUE OF IMPORTS

NIL

NIL

10. EXPENDITURE IN FOREIGN CURRENCY

NIL

NIL

11. EARNINGS IN FOREIGN CURRENCY

NIL

NIL

12. Details of Imported and Indigenous Consumption

Particulars	Year ended 31-03-2012		Year ended 31-03-2011	
	Amount	%	Amount	%
Raw Material and Stores				
Imported	-	-	-	-
Indigenous	177,993	100	2,251,086	-

13. The company's activities falls under only one segment namely Chemicals.

14. The figure of the previous year are regrouped or reclassified as wherever necessary.

15. The closing stock of raw material and finished stock is taken as ascertained, valued and certified by the Management.

16. Balance of debtors and creditors are subject to confirmation and reconciliation.

17. Calls unpaid on account of share capital Rs. 97,000 are Subject to Reconciliation.

AS PER MY REPORT OF EVEN DATE

FOR CAPROLACTAM CHEMICALS LIMITED

JATIN V. SHAH
CHARTERED ACCOUNTANT
Place : Mahad
Date : 29th May, 2012

MRS. Z. S. BHANUSHALI S. S. BHANUSHALI
Managing Director Director

The information relating to the Balance Sheet abstracted and the Company's Unsecured Loans Balance general business profit as per Part IV to Schedule VI TO THE companies Act, 1956 is as under:

I Registration Details

Registration No. 11-49683 of 1992 State Code: 11
Balance Sheet Date: 31-03-2011.

II Capital raised during the year

Public Issue Nil Right Issue Nil
Bonus Issue Nil Private Issue Nil

III Position of Mobilization and Deployment of Funds

Total Liabilities 2,17,22,412 Total Assets 2,17,22,412

Sources of Funds

Paid-up Capital 45,903,000 Reserves and Surplus -3,2283,472
Secured Loans 3,18,182 Unsecured Loans 50,10,000
Deferred Tax 27,74,702

Application of Funds

Net Fixed Assets 1,59,76,650 Investment Nil
Net Current Assets 57,45,762 Misc. Expenditure (P&L a/c) Nil

IV Performance of Company

Turnover 2,87,37,217 Total Expenditure 2,73,94,973
Profit / Loss before tax 13,42,243 Profit / Loss after tax 12,87,765
Earning Per Share Rs. 0.28 Dividend Rate % Nil

V Generic Names of Three Principal Products of Company (as per monetary terms)

1. Item Code No. (ITC Code) NA

AS PER MY REPORT OF EVEN DATE

FOR CAPROLACTAM CHEMICALS LIMITED

JATIN V. SHAH
CHARTERED ACCOUNTANT
Place : Mahad
Date : 29th May, 2012

MRS. Z. S. BHANUSHALI S. S. BHANUSHALI
Managing Director Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	For the Year Ended 31/3/2012	For the Year Ended 31/3/2011
A. Cash Flow from Operating Activities		
Profit before Tax	1,342,243	781,110
Adjustments for :-		
Depreciation/Amortisation	2,513,051	2,330,431
Finance charges	46,830	4,438
Operating Profit Before Working Capital Changes	3,902,125	3,115,979
Adjustments for changes in Working Capital		
(Increase)/Decrease in Sundry Debtors	131,197	-2,067,529
(Increase)/Decrease in Inventories	937,757	-599,694
(Increase)/Decrease in Loans and advances	19,131	
Increase/(Decrease) in Current Liabilities	362,300	-262,400
Cash Generated from Operations	5,352,509	186,356
Taxes paid (Including TDS)	-51,581	
Net Cash from Operating Activities - A	5,300,928	186,356
B. Cash Flow from Investing activities		
Purchase of Fixed Assets (Net)	-1,130,357	-4,238,345
Net Cash used in Investing activities - B	-1,130,357	-4,238,345
C. Cash Flow From Financing Activities		
Finance Charges	-46,830	-4,438
Increase in Short Term / Long Term Borrowings	-4,020,641	4,754,849
Net Cash from Financing Activities - C	-4,067,471	4,750,411
Net Increase/ Decrease (+/-) in Cash & Cash Equivalents	103,100	698,422
Cash and Cash Equivalents at the commencement of the year	1,655,858	957,437
Cash and Cash Equivalents at the end of the year	1,758,959	1,655,859

Summary of Significant Accounting Policies

Notes on Financial Statements

1 to 37

As per my Report of even Date

Jatin V. Shah

For and On behalf of the Board

Mrs. Z. S. Bhanushali

Mr. S. S. Bhanushali

Chartered Accountant

Managing Director

Director

Date :- 29/05/2012

Place :- Mahad

CAPROLACTAM CHEMICALS LIMITED

Z. S. BHANUSHALI

Director

CAPROLACTAM CHEMICALS LIMITED

Plant & Regd. Office : B-31, M.I.D.C., Mahad, Dist - Raigad - 402 302, Maharashtra.

ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting of the Company being held on 28th September 2012 at 10.00 a.m. at B-3 1, MIDC, Mahad, Dist. Raigad - 402 302, Maharashtra.

Signature of Shareholder or proxy

Note: - Name of proxy to be written in Block Letters below the signature if the proxy attends. Please bring the Attendance Slip to the meeting Hall and hand it over at the entrance.

Please cut here

PROXY FORM

CAPROLACTAM CHEMICALS LIMITED
B-31, M.I.D.C., Mahad, Dist - Raigad - 402 302, Maharashtra

Folio No.: _____ Sr. No. _____ Number of Shares _____

I/We _____

being a Member / Members of the above named Company hereby appoint _____ Of _____

Or failing him _____

Of _____

As my / our Proxy to VOTE for me / us on my / our behalf at the Annual General Meeting of the Company on 28th September 2012 at 10.00 a.m. at B-31, MIDC, Mahad, Dist. Raigad - 402 302, Maharashtra.

Signed this _____ days of _____ 2012.



Signature

Note: - The Proxy form must be deposited at the Registered Office of the Company not less 48 hours before holding the aforesaid mating.

BOOK POST

IF Undelivered please return to:

CAPROLACTAM CHEMICALS LIMITED

B-31, M.I.D.C., Mahad,

Dist-Riagad-402302, Maharashtra.

Visit us at: www.caprolactam.in