

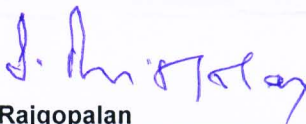



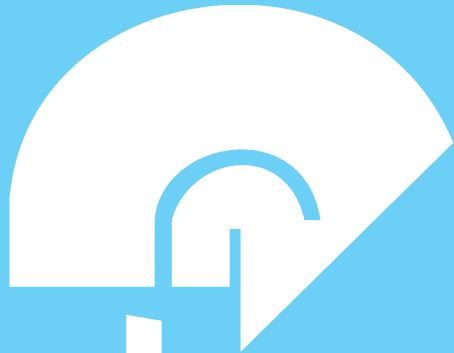
FROM B

[Clause 31 (a) of Listing Agreement]

Format of covering letter of the annual audit report to be filed with the stock exchanges

| | | |
|---|---|--|
| 1 | Name of the Company: | REFNOL RESINS & CHEMICALS LTD. |
| 2 | Annual financial statements for the Year ended | 31st March, 2013 |
| 3 | Type of Audit observation | Unqualified |
| 4 | Frequency of observation | First time |
| 5 | Draw attention to the relevant notes in the annual financial statement and management response to the qualification in the directors report | <p>Observation: Regarding accounts of the Company Prepared on going concern basis. Refer note no. 27 of Annual Report (Page 30 of Annual Report)</p> <p>Management Response:- Refer Point No. 2 & 3 of Director's Report (Page 4 of Annual Report)</p> |
| 6 | Additional comments from the board / audit Committee Chairman | <p>A] As per disclosures made in the Annual Report</p> <p>B] As per disclosures made in the Annual Report</p> |
| 7 | To be signed by | |
| | Managing Director |  Arup Basu |
| | CFO |  Vikas Agarwal |
| | Audit Committee Chairman |  S. Rajgopalan |
| | Auditor of the Company | <p>G. P. Kapadia & Co. Chartered Accountants Registration No. 104768W</p>  Uday R. Parikh (Partner) Membership No. 10217 |

REFNOL



32nd Annual Report
2012 - 2013

REFNOL RESINS AND CHEMICALS LIMITED

ANNUAL REPORT 2012-2013

| | | | |
|--|---|---|---|
| Board Of Directors | : | Mr. Mahendra K. Khatau | Chairman |
| | | Mrs. Asha M. Khatau | Director |
| | | Mr. Bhalchandra Sontakke | Director |
| | | Mr. S. Rajgopalan | Director |
| | | Mrs. H. D. Miller | Additional Director (w.e.f 10 th December 2012) |
| | | Mr. Arup Basu | Managing Director |
| Bankers | : | Indusind Bank Ltd. | |
| Auditors | : | G. P. Kapadia & Co. Chartered Accountants | |
| Registered Office | : | Plot No. 410/411, Khatau House, Mogul Lane, Mahim, Mumbai - 400 016. | |
| Factory & Administrative Office | : | Plot No. 23, Phase - III, G.I.D.C. Naroda, Ahmedabad - 382 330. | |
| Registrar & Transfer Agent | : | Sharepro Services Private Limited 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri East, Mumbai-400072. | |

NOTICE

NOTICE IS HEREBY GIVEN THAT the 32nd Annual General Meeting of the Members of REFNOL RESINS AND CHEMICALS LIMITED will be held on 30th September 2013 at 12.00 Noon at its registered office at Plot No. 410/411, Khatau House, Mogul Lane, Mahim (West), Mumbai-400 016 to transact the following business:

ORDINARY BUSINESS:

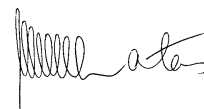
1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013, Profit & Loss Account for the year ended on 31st March 2013 together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Bhalchandra Gopinath Sontakke who retires by rotation and being eligible offer himself for re-appointment.
3. To appoint a Director in place of Smt. Asha M Khatau who retires by rotation and being eligible offer herself for re-appointment.
4. To appoint M/s. G P Kapadia & Co., Auditors' to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Mrs. H D Miller, who was appointed as an Additional Director of the Company w.e.f. 10th December, 2012 by the Board under section 260 of the Companies Act, 1956 and Article 134 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice under section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed a Director of the Company, liable to retire by rotation."

For and on behalf of the Board



Mahendra K. Khatau
Chairman

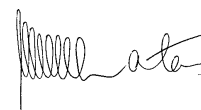
Registered Office:

Plot No. 410/411,
Khatau House, Mogul Lane,
Mahim, Mumbai-400 016.
Date : 3rd September 2013
Place : Mumbai

NOTES:

- (a) Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (c) The Register of Members and the Share Transfer Books of Company will remain closed on 29/09/2013 to 30/09/2013 (Both days inclusive).
- (d) Information required under Clause 49 (IV) (G) of the Listing Agreement with respect to the Directors being re-appointed is provided in the Report on Corporate Governance. Further, the Company has received requisite disclosures as required under clause 49 (IV) (E) (v) of the Listing Agreement and the Companies (Disqualification of Directors under Section 274 (1) (g) of the Companies Act, 1956) Rules, 2003 from the concerned directors.
- (e) Members/proxies are requested to bring the attendance slip sent herewith, duly filled for attending the meeting.
- (f) Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
- (g) Non-Resident Indian Shareholders are requested to inform the Company immediately:
- the change in the Residential Status on return to India for permanent settlement;
 - the particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
- (h) Members seeking any information or clarification on the Accounts and operation of the Company are requested to send in written queries to the Company, at least ten days before the date of the meeting. Replies will be provided in respect of such written queries received only at the meeting.
- (i) Members, who hold shares in the dematerialized form, are requested to bring their depository account number for identification.
- (j) Members are requested to immediately address their communications regarding transfer of shares, change of address, bank account details, dividend mandates, etc. quoting their folio number(s) to the Company's Registrar & Transfer Agent: Sharepro Services Private Limited
Office No. 416 to 420, Devnandan Mall, Opp. Sanyas Ashram, Ashram Road, Ellisbridge, Ahmedabad-380006.
(+91) (079) 26582381/85
- (k) the Company will not entertain any direct request from Members for deletion/change in the bank account details furnished by Depository Participants to the Company.
- (l) Members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail of the nomination facility by filling Form 2B. Blank forms will be supplied by Company's Registrar & Transfer Agent on request. Members holding shares in dematerialized form may contact their Depository Participant for recording nomination in respect of their shares.
- (m) All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days except Saturdays and Sundays between 11.00 a.m. to 1.00 p.m.
- (n) As per Securities and Exchange Board of India (SEBI) Circular, submission of Permanent Account Number (PAN) is compulsorily required for participating in the securities market, deletion of name of deceased shareholder or transmission/transposition of shares. Members holding shares in dematerialized mode are requested to submit the PAN details to their Depository Participant, whereas Members holding shares in physical form are requested to submit the PAN details to the Company's Registrar and Transfer Agents.
- (o) As per the Circular of the Ministry of Corporate Affairs of "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices /documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. Members, who hold the shares in dematerialized form are requested to register their email ids with their depository participants and the members holding the shares in physical form, are requested to register their email ids with the Company's Registrar and Share Transfer Agent on the address given above.

For and on behalf of the Board



Mahendra K. Khatau
Chairman

Registered Office:

Plot No. 410/411,
Khatau House, Mogul Lane,
Mahim, Mumbai-400 016.
Date : 3rd September 2013
Place : Mumbai

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

Item No. 5:

On 9th November, 2012, the Board has appointed Mrs. H D Miller w.e.f. 10th December, 2012 as Independent Director. Mrs. H D Miller, aged 62 years, is a Lawyer by profession and is a Legal Adviser to many companies, having over 35 years' experience in the fields of Labour Law, Industrial law. She is a commerce graduate and also holds a degree of LLB, Master in Labour Studies, her skills and knowledge will be of immense help to the company in compliances with various requirements related to law and keep abreast cordial relations of the employees with management cadre.

Mrs. H D Miller is not holding any equity shares in the Company. She holds directorship in the following companies;

1. Shubhlabh Chemicals Private Limited
2. Indokem Exports Limited
3. Formost Chemicals Private Limited
4. Chemron Texchem Private Limited

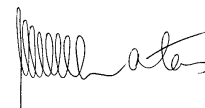
She holds office until the date of this Annual General Meeting, as per the provisions section 260 of the Companies Act, 1956. The Company has received a notice under section 257 (1) of the Companies Act, 1956, in writing from a member proposing the candidature of Mrs. H D Miller for the office of Director liable to retire by rotation, along with the deposit of Rs.500.00 as prescribed under the section.

The Board considers it beneficial and in the interest of the Company to continue to have the guidance and advise of Mrs. H D Miller, and accordingly recommends her appointment as Director of the Company.

Mrs. H D Miller is concerned and is interested in her appointment and none of the other Directors are interested or concerned in the said appointment.

Resolution placed at item No 5 of the accompanying notice is recommended for your approval.

For and on behalf of the Board



Mahendra K. Khatau
Chairman

Registered Office:

Plot No. 410/411,
Khatau House, Mogul Lane,
Mahim, Mumbai-400 016.
Date : 3rd September 2013
Place : Mumbai

DIRECTORS' REPORT

To,
The Members,
 Refnol Resins and Chemicals Limited.
 Mumbai.

The Directors present their 32nd Annual Report together with the Audited Statement of Accounts of Company for the year ended 31st March 2013.

1) FINANCIAL RESULTS:

The financial results of the Company for the year under review are as under: -

| Particulars | 2012-13 | 2011-12 |
|---|----------|----------|
| Profit/(Loss) before Financial Costs and Depreciation | 39.66 | (62.24) |
| Less:- Interest & Financial Charges | 124.82 | 145.60 |
| Less:- Depreciation | 15.27 | 15.41 |
| Profit/(loss) before tax | (100.43) | (223.25) |
| Tax Expenses | - | - |
| Short Provision of Tax in respect of earlier years | - | (0.43) |
| Profit/(loss) after tax (net loss) | (100.43) | (223.68) |
| Profit/(Loss) available for Appropriation | (100.43) | (223.68) |

2) OPERATIONS:

During the year, your company achieved turnover of Rs. 1899.35 Lacs which shows a slight increase around 1% compared to previous year of Rs. 1887 Lacs. Despite a slowdown in the economy and stiff competition your company was able to maintain its position in the market. Exports increased by 9.36% from Rs. 652.07 Lacs to Rs. 713.13 Lacs which shows the improvement of your Company's position in the international market. Further other income for the year ended on 31st March 2013 has increased 32.89% from Rs. 8.21 Lacs to Rs. 10.91 Lacs.

Your company was not able to earn profit this year because of marginal rise in interest and financial charges and also because of sharp increase in the price of raw materials. The company was however able to reduced its losses as compared to the previous year.

3) MARKETING AND EXPORTS:

The textile and garment industry both in India and worldwide continue to be in the group of a sharp down turn in demand. To counter this, strenuous efforts have been made by the company to widen its customer base and strengthen its presence in new markets at home and abroad.

Despite such a critical situation in the international market, your company was able to increase its exports from Rs 652.07 Lacs to Rs 713.13 Lacs which shows an increase of 9.36% as compared to the previous year.

The company will continue its efforts to increase the sales in both export and domestic markets in this year and is making every effort to increase business in the high value added products in its various business areas.

The company strives its best to market its products in India and abroad and enjoys the loyalty of a large group of reputed customers for its various products. Extra efforts are being put in to increase the sales of textile chemicals, laundry and garment processing chemicals with a view to maximizing value added and restore profitability.

4) DIVIDEND:

In view of the accumulated losses, your Directors have not recommended any dividend for the year under review.

5) DEPOSITS:

Your Company has not accepted any public deposit within the meaning of the provisions of Section 58A of the Companies Act, 1956.

6) DIRECTORS:

During the year Mrs. H D Miller was appointed as an Additional Director on the Board of Directors of the Company w.e.f. 10th December, 2012 who holds office till the ensuing Annual General Meeting.

During the year, Ms. Devaki J. Jariwala resigned as a Director of the Company w.e.f. 15th June, 2012. The member of the Board expressed their sincere gratitude for the contribution rendered by her during her tenure of office as director.

Mr. Balchandra Gopinath Sontakke and Mrs. Asha M Khatau Directors of the company, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment.

7) INSURANCE:

All the insurable assets of the company including Plant & machinery, Buildings and Inventories are adequately insured.

8) SUBSIDIARY COMPANY:

Pursuant to Accounting Standard AS 21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial information of its subsidiary/ies. Further, the Company has decided to take benefit of MCA's circular no. 51/12/2007-CL-III dated 8th February 2011 for exemption in respect of mandatory attachment of balance sheet of subsidiary company U/s 212 of the Companies Act, 1956. The Annual Accounts of the Subsidiary company are available for inspection by any member at the registered office during business hours. The Company will send copies thereof to the shareholders who may, if required, write to the company.

9) MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT:

Your company manufactures textile sizing chemicals and auxiliaries, garment wash and laundry chemicals and polyester resins at Plot No. 23, Phase-III, G.I.D.C., Naroda, Ahmedabad, Gujarat. The company caters to both the domestic and international markets. The product range finds application in textile industry, garment processing industry and composites industry. The company has a marketing and distribution network for these chemicals with full technical service break-up. Rapid growth is expected in both the textile chemical and garment chemicals business and steps are being taken to strengthen and deeper the distribution and sales network of the Company.

10) CORPORATE GOVERNANCE:

Your company has taken adequate measures to ensure that the provision of corporate Governance as prescribed under clause 49 of the listing agreement with stock exchanges are complied with. A detailed report as per Appendix-I on corporate governance, along with auditors' certificate on its Compliance by the Company, forms part of this report.

11) DIRECTORS' RESPONSIBILITY STATEMENT:

It is hereby confirmed:

1. That in the preparation of the Accounts for the financial year ended 31st March 2013; the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or loss of the Company for the year under review.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the annual accounts on a going concern basis.

12) EMPLOYEES:

Relations between the employees and the management continued to be cordial during the period under review. The Directors hereby place on record their appreciation for the efficient services rendered by the company's employees at all levels.

The Company has not paid any remuneration attracting the provisions of Companies (Particulars of Employees) Rules, 1975 read with Section 217(2A) of the Companies Act, 1956. Hence, no information is required to be appended to this report in this regard.

13) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Statement giving Particulars with respect to conservation of energy, technology absorption, foreign exchange earnings and out-go, in terms of Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars) Rules, 1988 is given in **Appendix 'II'** forming part of this Report.

14) LISTING:

Your company's shares are listed with The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai. (Stock Code: - 530815). The Company has already paid Annual Listing fees of The Stock Exchange, Mumbai for the ensuing financial year.

15) AUDITORS AND AUDITORS' REPORT:

The present Auditors of the Company M/s. G. P. Kapadia & Co., Chartered Accountants, retires at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment.

The Auditors Report and the notes to the Accounts being self-explanatory, no further explanation is required.

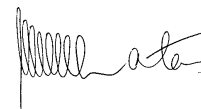
16) COMPLIANCE REPORT:

In accordance with Section 383A of the Companies Act, 1956, the Company has obtained a Certificate from Company Secretary in the whole time practice confirming that the Company has complied with the provisions of the Companies Act, 1956 as mentioned in the Certificate, and a copy of such certificate is annexed to this report.

17) ACKNOWLEDGEMENT:

Your Directors record their appreciation of the Co-operation and assistance extended by Financial Institutions, Banks and Government Authorities as well as valued customers from time to time. They also record their appreciation of the devoted services rendered by the Executives, Staff Members and Workers of the Company.

For and on behalf of the Board,



Mahendra K. Khatau
Chairman

Place : Mumbai
Date : 30th May 2013

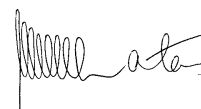
DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that Company has adopted a Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors. Both these Codes are available on the Company's web site.

I confirm that the Company has in respect of the financial year ended on 31st March 2013, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Managing Director, Senior General Manager and employees in the Executive cadre as on March 31, 2013.

For and on behalf of the Board,



Mahendra K. Khatau
Chairman

Place : Mumbai
Date : 30th May 2013

COMPLIANCE CERTIFICATE

To,
The Members,
M/S. REFNOL RESINS AND CHEMICALS LIMITED
410-411, Khatau House,
Mogul Lane, Mahim (W),
Mumbai-400016

I have examined the registers, records, books and papers of **M/s. Refnol Resins and Chemicals 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 Association of the Company for the financial year ended on **31st March 2013**. 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 representatives,

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 of the Act and the rules made there under and all entries therein have been generally recorded.
2. The Company has duly filed online e-forms and returns as stated in **Annexure 'B'** to this certificate, with the Ministry of Corporate Affairs Portal (Registrar of Companies, Maharashtra) and Central Government with the proper filling fees as per schedule- X read with section 611 of the Act during the year under review. However, no form or return was filed with Regional Director, Company Law Board or other authorities during the financial year under review.
3. The Company being a public limited Company having paid-up capital of Rs. 3,08,99,000/-during the year under review.
4. The Board of Directors duly met Seven(7) times respectively on 29th May 2012, 11th June 2012, 9th August 2012, 28th August 2012, 15th October 2012, 9th November 2012 and 14th February 2013 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Books maintained for the purpose.
5. The Company has closed its register of members from 5th September 2012 to 6th September 2012 (both days inclusive) and necessary compliance of Section 154 of the Act has been made during the financial year under review.
6. The annual general meeting for the financial year ended on 31st March 2012 was held on 6th September 2012 after giving notice to the members of the Company and the resolutions passed there at were recorded in Minutes Book maintained for the purpose.
7. No extra-ordinary general meeting was held during the financial year.
8. As per the information and explanation furnished to us by the management and as per the auditors report notes on related party, the Company has not advanced any loans to the persons referred to in Section 295 of the Act of during the year under review. Though, the advances given in the past have continued to remain outstanding during the year under review.
9. As, confirmed by the management, the Company has entered in to the transactions which attracts the provisions 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 during the year under review.
11. The Company has not passed any resolution under Section 314 of the Act during the year under review, though the salary to one of the relatives of directors been continuously paid since long.
12. The Company has not issued any duplicate certificates during the financial year.
13. The Company has:
 - (a) delivered all the certificates on lodgment thereof for transfer of securities in accordance with the provisions of the Act. However the Company has not made any allotment during the year under review.
 - (b) not declared any dividend during the financial year.
 - (c) was not required to post warrants to any members of the Company as no dividend was declared during the financial year.

- (d) no amount lying in the Books of Account in respect of unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon.
- (e) complied with the provisions of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. The appointment of additional director has been duly made during the year under review. However, there was no appointment of alternate directors and directors to fill casual vacancy during the year under review.
15. The Company has taken approval of Central Government for remuneration of Managing Director in compliance with the provisions of Section 198, 269, 309 read with Schedule XIII and other applicable provisions of the Act during the year under review.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company has obtained necessary approval of Central Government for remuneration of Managing Director during the year under review. However, The Company has not obtained any approval from Regional Director, Company Law Board, Registrar of Companies and/or such authorities prescribed under the various provisions of the act during the year under review.
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 financial year ended on 31st March 2013.
21. There being no preference shares or debentures hence 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 accepted any deposits falling within the purview of Section 58A during the financial year under review.
24. The amount borrowed by the Company from directors, member, public, financial institutions, banks and other during the financial year ending 31st March 2013 is / are within the borrowing limits of the company.
25. The Company has not made any investment in Bodies Corporate during the year under review. However the investments already made are in accordance with the limits prescribed under Section 372A of the Act and the Company has made necessary entries 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 financial year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the financial year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the financial year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the financial year under scrutiny.
30. The Company has not altered its Articles of Association during the year under review.
31. As confirmed by the management, there were no prosecutions initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.
32. As confirmed by the management, the Company has not received any money as security from its employees during the financial year.
33. As confirmed by the management, the Company has not been generally regular in depositing both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

For, **Sandip Sheth & Associates**
Company Secretaries

(Sandip Sheth)
Proprietor
C.P. No. 4354

Place : Ahmedabad
Date : 30th May 2013

ANNEXURE-'A'**Statutory & Other Registers maintained by the Company/RTA:**

| | |
|---|-------------|
| 1. Register of Members | u/s. 150(1) |
| 2. Minutes of the General Meetings | u/s. 193(1) |
| 3. Minutes of the Board Meetings | u/s. 193(1) |
| 4. Register of Contracts | u/s. 301(1) |
| 5. Register of Directors, Managing Directors etc. | u/s. 303(1) |
| 6. Register of Director's Shareholdings | u/s. 307(1) |
| 7. Register of Investments | u/s. 372A |
| 8. Register of Transfers | u/s. 108 |

ANNEXURE-'B'**E-forms and returns filed by the Company with Ministry of Corporate Affairs Portal and Central Government on-line during the financial year ended 31st March 2013.**

| Sr. No. | Form No. | Filed U/S | Details of Forms | Period of Filing As per Law | Date of Actual filing | Remarks |
|---------|-----------------------------------|---|---|--|-----------------------|--|
| 1 | Schedule-V (e-form 20B) | 159 | Annual Return made upto 06.09.12 | Within 60 days from AGM Date | 03.11.12 | Filed vide SRN No. P94207446. |
| 2 | Schedule-VI (e-form 23AC & 23ACA) | 220 | Annual Accounts as at 31.03.12 | Within due date i.e. upto 31.01.13 | 10.01.13 | Filed vide SRN No. Q05718614. |
| 3 | Compliance Certificate E-form-66 | 383A(1) | To be attached with Board report | Within 30 Days From AGM date | 13.09.12 | Filed vide SRN No. P88896451. |
| 4 | Form No.23 | 192 | Resolution for approval of the remuneration of Shri Arup Basu at AGM w.e.f. 15.06.12 | Within 30 days from the date of passing resolution | 11.09.12 | Filed vide SRN No.B57311839 |
| 5 | Form No.23 | 192 | Board Resolution for remuneration of Shri Arup Basu as a Managing Director w.e.f 15.06.12. | Within 30 days from the date of passing resolution | 10.07.12 | Filed vide SRN No.B42951418 |
| 6 | Form No.23 | 192 | Board resolution and Suppl. Agree. for reappointment of Shri Arup Basu as a MD and his remuneration w.e.f 15.06.12 at Board Meeting | Within 30 days from the date of passing resolution | 11.09.12 | Filed vide SRN No.B57311433 |
| 7 | E-Form 32 | 303(2) | Resignation of Ms. Devaki Jariwala from Directorship w.e.f. 15.06.12 | Within 30 days from the Date of resignation | 06.07.12 | Filed vide SRN No. B42754150 |
| 8 | E-Form 32 | 303(2) | To Appoint Mrs. H D Miller as an Additional Director w.e.f. 10.12.12 | Within 30 days from the Date of Such | 31.12.12 | Filed vide SRN No. B64971542 resignation |
| 9 | Form 25A | 198, 269, 309, 310, 311 read with Schedule XIII | Application to obtain approval of Central Govt. for remuneration of MD. | Within 90 days from the date of passing resolution for remuneration. | 08.09.12 | Filed vide SRN No. B57148264 |

Signature for Annexure 'A' and Annexure 'B'For, **Sandip Sheth & Associates**
Company Secretaries**(Sandip Sheth)**
Proprietor
C.P. No. 4354Place : Ahmedabad
Date : 30th May 2013

APPENDIX - I
REPORT ON CORPORATE GOVERNANCE
(Pursuant to Clause 49 of the Listing Agreement)

1. Company's Philosophy on Corporate Governance:

As a policy Refnol Resins and Chemicals Limited (RRCL) gives utmost importance to achieving high standards of Corporate Governance and is committed to achieve the highest level of Corporate Governance in order to enhance long-term shareholder value by integration of systems and actions for enhancement of corporate performance. The Company places due emphasis on regulatory compliance.

The Company gives equal importance for maintaining as well as improving the quality of its products and to achieve this, the Company carries out continuous product developments and quality controls. Over the years, the Company has shown a commitment towards effective corporate governance and has always been at the forefront of benchmarking its internal systems and policies with global standards. Consistent with this commitment, RRCL believes that it needs to show a great degree of responsibility and accountability.

The Company gives utmost importance for developing a team of competitive professional managers. Overall, policy is set by the Board of Directors and implemented by a team of professional managers in their respective field. The Company gives fair amount of freedom to the employees to get their best contribution to the Company and rewards and incentives are given in recognition thereof.

2. Board of Directors:

A. Composition & size of the Board.

The present strength of the Board is six Directors. The Board of Directors of the Company comprises of optimum mix of both Executive and Non-executive Directors with independent Directors. The Board members consist of persons with professional expertise and experience in various fields of Finance, Accounts, Management, Law, Labour Welfare etc.

The details of the Directors on the Board of your Company are given below:

a. PROMOTER DIRECTORS

| Name | Date of Appointment | Designation |
|---------------------|---------------------|-----------------------------------|
| Mr. Mahendra Khatau | 01/07/1994 | Non Executive Director & Chairman |
| Mrs. Asha M Khatau | 30/12/1993 | Non Executive Director |

Executive Director

| Name | Date of Appointment | Designation |
|---------------|---------------------|-------------------|
| Mr. Arup Basu | 15/06/1999 | Managing Director |

Independent Director

| Name | Date of Appointment | Designation |
|--------------------------|---------------------|------------------------|
| Mr. Bhalchandra Sontakke | 01/10/2004 | Non Executive Director |
| Mr. S. Rajgopalan | 20/05/2005 | Non Executive Director |
| Mrs. H D Miller | 10/12/2012 | Non Executive Director |

B. Number of Board Meeting held during the year along with the dates of Meeting.

Seven Board Meetings were held during the year 2012-13 the dates on which the said meetings were held are as follows:

- | | | | |
|----------------------------------|----------------------------------|-----------------------------------|---------------------------------|
| 1) 29 th May 2012 | 2) 11 th June 2012 | 3) 9 th August 2012 | 4) 28 th August 2012 |
| 5) 15 th October 2012 | 6) 9 th November 2012 | 7) 14 th February 2013 | |

Attendance of each Director at Board Meeting and the last Annual General Meeting (AGM) and the number of Companies and Committees where he/she is Director/Member are as under.

| Name of Director | No. of Board Meeting Attended | Attendance at the last AGM | No. of Directorship in other Companies (Excluding Pvt. Ltd. Companies) | No. of specified Committees (Other than RRCL) in which Chairman / Member | |
|--------------------------|-------------------------------|----------------------------|--|--|--------|
| | | | | Chairman | Member |
| Mr. Mahendra K. Khatau | 6 | No | 4 | - | 2 |
| Mrs. Asha M. Khatau | 6 | No | 3 | - | - |
| Mr. Arup Basu | 5 | Yes | - | - | - |
| Ms. Devaki J. Jariwala* | 2 | No | 4 | - | - |
| Mr. Bhalchandra Sontakke | 7 | Yes | 1 | 1 | 1 |
| Mr. S. Rajgopalan | 7 | No | 1 | - | 1 |
| Mrs. H. D. Miller # | 1 | Yes | 1 | - | - |

❖ The committees mentioned above include only Audit Committee and Share holders Investors' Grievance Committee.

❖ None of the Directors of the Company was a member of more than ten Committees of Boards as stipulated under Clause 49 of the Listing Agreement nor was a Chairman of more than five such committees across all companies in which he was a director.

* Resigned w.e.f. from 15th June 2012 from the post of directorship of the company.

Appointed as director of the company w.e.f. 10th December 2012.

C. Information about Directors seeking appointment and re-appointment:

1. Shri Balchandra gopinath sontakke

Shri Balchandra Gopinath Sontakke, director of the company is seeking re-appointment at the ensuing Annual General Meeting.

Mr. Bhalchandra Sontakke aged 68 years, is a B. Com, LLB, Master in Labour Studies commerce graduate, having over 36 years' experience. He possesses excellent skills in the fields of Labour Law, Industrial law and by profession he is lawyer and legal advisors to many leading companies. His skills and knowledge is of immense help to the Company in compliances with various requirements related to law and keep abreast cordial relations of the employees with management cadre.

Mr. Balchandra Sontakke holds directorship in the following companies;

1. Indokem Limited

2. Smt. Asha M Khatau

Shri Asha M Khatau, director of the company is seeking re-appointment at the ensuing Annual General Meeting.

Mrs. Asha Khatau aged 55 years, is a B A Graduate, having over 24 years' experience.

Mrs. Asha Khatau holds directorship in the following companies;

- 1) Priyamvada Holding Ltd.
- 2) Emerald Capital Services Pvt. Ltd.
- 3) Indokem Overseas Ltd.
- 4) Asha Marine Products Pvt. Ltd.
- 5) Prism Plantations Pvt. Ltd.
- 6) Indokem Limited

D. Information placed before the Board of Directors:

All major decisions regarding resource mobilization, capital expenditure, etc. are considered by the Board, in addition to day-to-day matters, which are statutorily required to be placed before the Board of Directors for its approval. Following information is regularly put up before the Board for its consideration and approval:

- Review of operational results
- Quarterly financial results
- Minutes of the meeting of Audit Committee and Shareholder's/Investors' Grievance Committee of the Board.
- Compliance with various statutory requirements.

The Board is informed of all material, financial and commercial decision from time to time.

3. Audit Committee:

The Audit Committee of the Company comprises of following three Non-Executive Directors and all of them are Independent Director:

1. Mr. S. Rajgopalan Chairman/NED and Independent
2. Mr. Bhalchandra Sontakke Member/NED and Independent
3. Mrs. H D Miller Member/NED and Independent

Ms. Devaki Jariwala, who was member of audit committee resigned w.e.f. 15th June 2012 and Mrs. H D Miller was appointed as members of audit committee to constitute its composition.

Meeting and the attendance during the year.

Four meetings of the Audit Committee were held during the year, which were attended by Members present on the Board as per the table given herein below.

The power and role of the Audit Committee are as per Guidelines set out in Clause 49 of the Listing Agreement with the Stock Exchange.

The Terms of the reference of the Audit Committee include approving and implementing the audit procedures and techniques, reviewing the financial reporting systems, internal control systems and control procedures and ensuring compliance with the regulatory guidelines. The Audit Committee met prior to the finalization of Accounts for the year ended 31st March 2013.

The details of attendance of the members at these Audit Committee Meetings are as follows:

| Name of the Members | Attendance of the Audit Committee held on; | | | |
|--------------------------|--|----------|----------|----------|
| | 29.05.12 | 09.08.12 | 09.11.12 | 14.02.13 |
| Mr. S. Rajgopalan | Yes | Yes | Yes | Yes |
| Ms. Devaki Jariwala | Yes | No | No | No |
| Mr. Bhalchandra Sontakke | Yes | Yes | Yes | Yes |
| Mrs. H. D. Miller | No | No | No | Yes |

The Chairman of the Audit Committee was not present at 31st Annual General Meeting of the Company held on 6th September 2012.

4. Remuneration Committee:

- i) The Company constituted remuneration Committee of Directors on 27th June 2005. However, No remuneration committee meeting was held during the financial year.
- ii) The Company does not have any ESOP Scheme.
- iii) Remuneration Policy:

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the company endeavors to attract, retain, develop and motivate a high performance workforce. The company pays remuneration by way of salary, benefits, perquisites and allowances to its Managing Director. Annual increments are decided by the Remuneration Committee within the salary scale approved by the Members and Central Government.

The Company pays Sitting Fees of Rs. 750 per meeting to its Non-Executive Directors (NEDs) for attending the meeting of the Board. However, the Company does not pay any sitting fees to the members for attending any other committee meetings.

The details of the remuneration paid to the directors for the year 2012-13 are as follows:

| Directors | Salary | Perquisites | Fixed Commission | Sitting Fees | (Rs. in lacs.) |
|--------------------------|--------|-------------|------------------|--------------|----------------|
| | | | | | Total |
| Mr. Mahendra K. Khatau | — | — | — | 0.045 | 0.045 |
| Mrs. Asha M. Khatau | — | — | — | 0.045 | 0.045 |
| Ms. Devaki L. Jariwala | — | — | — | 0.015 | 0.015 |
| Mr. Bhalchandra Sontakke | — | — | — | 0.053 | 0.053 |
| Mr. S. Rajgopalan | — | — | — | 0.053 | 0.053 |
| Mr. Arup Basu | 15.93 | 2.24 | — | — | 18.17 |
| Mrs. H. D. Miller | — | — | — | 0.008 | 0.008 |

Company has not issued any convertible instrument. However, the details of the Shares held by Non-Executive Directors as at 31st March 2013 are as follows:

| Sr. No. | Name of Non-Executive Director | No. of Shares Held |
|---------|--------------------------------|--------------------|
| 1 | Mr. Mahendra K. Khatau | 300 |
| 2 | Mrs. Asha M. Khatau | Nil |
| 3 | Ms. Devaki Jariwala | Nil |
| 4 | Mr. Bhalchandra Sontakke | Nil |
| 5 | Mr. S. Rajgopalan | Nil |
| 6 | Mrs. H. D. Miller | Nil |

5. Shareholders/Investors' Grievance Committee:

RRCL constituted a Shareholders/Investors' Grievance Committee to ensure timely services to the Member/Investors and to supervise the performance of the Registrar and Share Transfer Agent and to provide the best services to the Investors. It is also empowered to approve transfer, transmission and transposition of shares, issue duplicate share certificates, etc. from time to time.

The Committee consists of following three Non-Executive Directors, as under;

- Mrs. Asha M. Khatau Chairperson/NED
- Mr. Mahendra K. Khatau Member/NED
- Mrs. H D Miller Member/NED

Smt. Asha. M. Khatau, who is a non-executive director, is a Chairperson of the Committee and Mr. Arup Basu, Managing Director of the Company is designated as Compliance Officer appointed by the Board.

The number of shareholder's complaints received through Stock Exchange or SEBI during the year 2012-13 and status of the same are as follows:

| Complaints received from | No. of Complaints received | No. of Complaints disposed off satisfactorily | No. of Complaints outstanding as on 31.03.2013 |
|--------------------------|----------------------------|---|--|
| SEBI | None | None | None |
| Shareholders | None | None | None |

All the complaints/queries are promptly attended and resolved to the satisfaction of shareholders, whenever issued. All shares received for transfer were registered and dispatched within the stipulated time, wherever documents were correct and valid in all respects.

6. General Body Meetings:

Details of the location and time of last three Annual General Meetings (AGM), and the details of the resolutions passed are as under.

| AGM for the F.Y. ended on | Date and Time of AGM | Location | Particulars of Special resolution passed, if any |
|---------------------------|--|---|--|
| 2011-12 | 6 th Sept 12 at 12.00 noon | Khatau House, 410/411, Mogul Lane, Mahim (W), MUMBAI-400 016. | Special Resolution for approval of remuneration of Shri Arup Basu. |
| 2010-11 | 29 th Sept'11 at 12.00 Noon | Khatau House, 410/411, Mogul Lane, Mahim (W), MUMBAI-400 016. | Special Resolution for adoption of new set of Articles of Association. |
| 2009-10 | 23 rd Sept'10 at 11.00 A.M | 45/47, Mint Chambers, 103/104, 1st Floor, Mint Road, opp. G.P.O., Fort, MUMBAI-400 001. | NONE |

No Extra Ordinary General Meeting was held during any of the last three financial years.

The shareholders passed all the resolutions set out in the respective notices. No item requiring for postal ballot under the statute was applicable at the aforesaid meetings. At the forthcoming AGM, there is no item on the agenda that needs approval by postal ballot.

7. Disclosure:

There were no transactions of material nature between the Company and its Directors or Management and their relatives or Promoters that may have potential conflict with the interest of the Company. Transactions with the related parties are disclosed in Note No. 30 of the Accounts in the Annual Report.

- The Company continuously endeavors to ensure its employees about their right of access are communicated through means of internal circulars. Your Company has always followed fair business and corporate practices. The Company affirms that no personnel have been denied access to the audit committee.

- ii) As a non-mandatory requirements your Company has adopted the following clauses;
 a) The Company has set up Remuneration Committee to determine remuneration package of executive director.

8. Means of Communication with shareholders:

- (i) Quarterly Results : Quarterly results were taken on record by the Board of Directors and submitted to the Stock Exchanges in terms of the requirements of clause 41 of the Listing Agreement. Quarterly results are normally published in English and Marathi newspapers.
- (ii) Website : www.refnol.com
- (iii) Whether it also displays official News releases; : Press release, if any made by the Company are also displayed from time to time.
- (iv) The presentations made to institutional investors or to the analysts : No such presentation has been made during the year.
- (v) Whether MD&A is Part of Annual Report : Yes

9. General Shareholders Information :

- (i) Annual General Meeting : Date : 30th September 2013
 Time : 12:00 noon.
 Venue : 410/411, Khatau House, Mogul Lane, Mahim (west), Mumbai-400 016.
- (ii) Financial Calendar : Quarterly results of the Company have been announced within stipulated time period for the respective quarter.
 whenever, the audited results are published for the fourth Quarter, they are announced within 2 months of the quarter as prescribed.
- (iii) Book Closure dates : 29th September 2013 to 30th September 2013 (Both days inclusive)
- (iv) Dividend Payment Date : The Company has not declared any dividend during last three years.
- (v) Listing on Stock Exchanges : Your Company's share is listed with The Bombay Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai -1.
 The Company is regular in payment of Annual Listing fees of The Stock Exchange, Mumbai for the respective financial year.
- (vi) Stock Code : BSE - 530815
- (vii) Market Price Data : As Below

Month wise high/low prices during last year at BSE are as under:

| Period | High (Rs.) | BSE | Low (Rs.) | No. of Shares Traded |
|----------|------------|-----|-----------|----------------------|
| Apr' 12 | 9.84 | | 7.80 | 23838 |
| May' 12 | 8.80 | | 7.42 | 3808 |
| Jun' 12 | 9.80 | | 7.05 | 26692 |
| July' 12 | 10.10 | | 6.67 | 35172 |
| Aug' 12 | 10.00 | | 8.29 | 1061 |
| Sept' 12 | 9.85 | | 6.90 | 12687 |
| Oct' 12 | 8.00 | | 6.94 | 12568 |
| Nov' 12 | 8.10 | | 6.40 | 6447 |
| Dec' 12 | 8.20 | | 6.09 | 43977 |
| Jan' 13 | 7.69 | | 6.53 | 30022 |
| Feb' 13 | 7.45 | | 6.32 | 14612 |
| Mar' 13 | 7.49 | | 6.27 | 18553 |

- (viii) Registrar & Transfer Agents Address : Sharepro Services Private Limited
 Office No. 416 to 420, Devnandan Mall, Opp. Sanyas Ashram, Ashram Road, Ellisbridge, Ahmedabad-380006.
 (+91) (079) 26582381/85
- (ix) Share Transfer System : The Company has hired the services of SEBI registered Registrar and Transfer Agent, Sharepro Services Pvt. Ltd for physical transfer as well as electronic connectivity.

(x) Distribution of Shareholding :

a. Distribution of Shareholding as on 31st March 2013

| Share Holding of Nominal value | | Share Holders | | Share Amount | |
|--------------------------------|--------|---------------|----------------|--------------|----------------|
| Rs. (1) | | Number (2) | % of Total (3) | In Rs. (4) | % of Total (5) |
| Upto | 5000 | 822 | 66.61 | 1983390 | 6.42 |
| 5001 To | 10000 | 211 | 17.10 | 1813950 | 5.87 |
| 10001 To | 20000 | 85 | 6.89 | 1341340 | 4.34 |
| 20001 To | 30000 | 34 | 2.75 | 874610 | 2.83 |
| 30001 To | 40000 | 16 | 1.30 | 584770 | 1.89 |
| 40001 To | 50000 | 19 | 1.54 | 889960 | 2.88 |
| 50001 To | 100000 | 25 | 2.03 | 1807220 | 5.85 |
| 100001 And | 200000 | 10 | 0.81 | 1620830 | 5.25 |
| Above | 200000 | 12 | 0.97 | 19982930 | 64.67 |
| TOTAL | | 1234 | 100 | 30899000 | 100 |

(Note:- These shares includes does not 4,33,600 forfeited shares.)

b. Shareholding pattern as on 31st March 2013.

| Sr. No. | Category | No. of Shares Held | % of Total Shares |
|---------|--------------------------|--------------------|-------------------|
| 1 | Promoters | 16,25,000 | 52.59 |
| 2 | Mutual Funds/UTI | 0 | 0.00 |
| 3 | Private Corporate Bodies | 311052 | 10.07 |
| 4 | Public | 1062548 | 34.39 |
| 5 | NRIs/OCBs | 91300 | 2.95 |
| 6 | Any Other | 0 | 0.000 |
| TOTAL | | 3089900 | 100.00 |

(Note: - These shares does not includes 4,33,600 forfeited shares.)

(xi) Dematerialization of Shares and Liquidity:

Number of shares held in dematerialized and physical mode as on 31st March 2013

| Particulars | No. of Equity Shares | % to Share Capital |
|-------------|----------------------|--------------------|
| NSDL | 2289278 | 74.10 |
| CDSL | 536102 | 17.35 |
| Physical | 264520 | 8.55 |
| TOTAL | 3089900 | 100.00 |

(Note:- These shares does not includes 4,33,600 forfeited shares.)

As per SEBI's Directive, effective from 27th November 2000 trading in equity shares of the Company has been made compulsory in dematerialized form for all the categories of investors. The Company has already established connectivity with National Securities Depository Ltd. and Central Securities Depository Ltd. through Sharepro Services Private Limited, Registrar & Share Transfer Agent, so as to facilitate the dematerialization of its shares.

(xii) Outstanding GDRs/ADRs/warrants or any convertible instruments, conversion date and likely impact on Equity : The Company has not issued any of these instruments.

(xiii) Plant Locations : Plot No. 23, Phase-III, G.I.D.C, Naroda, Ahmedabad-382 330.

(xiv) Address for Correspondence : 1. Share Transfer in Physical Form and other communication in that regard including share certificates, dividend and change of address etc., may be addressed to our Registrar & Share Transfer Agents at the address mentioned above.
2. Shareholders may also contact the Compliance Officer, Refnol Resins And Chemicals Limited, Plot No. 23, Phase-III, G.I.D.C Naroda, Ahmedabad-382 330 for any assistance.
3. Shareholders holding shares in electronic mode should address all their correspondence to their respective depository participants.

Auditors' Certificate on Corporate Governance

To,
The Members,
Refinol Resins & Chemicals Ltd.

We have examined the compliance of conditions of Corporate Governance by Refinol Resins and Chemicals Limited for the year ended March 31, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange in India.

The Compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination has been limited to a review procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **G. P. Kapadia & Co.**
Chartered Accountants
(Registration No. 104768 w)

Place : Ahmedabad
Date : May 30th, 2013

Uday R. Parikh
Partner
Membership No. : 10217

APPENDIX - II

Information in accordance with the Companies (Disclosures of Particulars in the Report of Directors) Rules, 1988 and forming part of Directors' Report for the year ended on 31st March, 2013

CONSERVATION OF ENERGY / TECHNOLOGY ABSORPTION / FOREIGN EXCHANGE EARNINGS AND OUTGO.**A. CONSERVATION OF ENERGY**

- (a) Measures taken : Energy consumption is regularly monitored and measures taken to rectify in case of deviation from norms. Regular maintenance of efficiencies are done.
- (b) Investment and Proposals : No major investment made.
- (c) Impact of the above measures : The Company's operations do not involve substantial consumption of energy in comparison to the cost of production, however constant attention and maintenance of norms has led to better control.
- (d) Total energy consumption and energy consumption per unit of production is as per Form "A".

FORM A**Disclosure of particulars with respect to Conservation of Energy : 2012-13****I Power and Fuel Consumption**

| | Units | <u>Current Year</u> | <u>Previous Year</u> |
|-------------------------------------|-------------|---------------------|----------------------|
| 1 Electricity | | | |
| (a) Purchase from Electricity Board | Kwh | 436500 | 417094 |
| Total amount | Rs. in lacs | 26.79 | 24.44 |
| Average Cost/Unit | Rs / Kwh | 6.14 | 5.86 |
| (b) Own Generation | Kwh | 7800 | 12000 |
| Total Amount | Rs. in lacs | 0.90 | 0.74 |
| Average Cost/Unit | Rs / Kwh | 11.59 | 6.16 |
| 2 Others (LSHS / LDO) | | | |
| Quantity | Ltrs | 106010 | 106586 |
| Total Cost | Rs. in lacs | 53.80 | 44.34 |
| Average Rate | Rs / Ltrs | 50.75 | 41.60 |

II Consumption per unit of Production

| Products | Quantity | Item | Unit/Qty | <u>Current Year</u> | <u>Previous Year</u> |
|-----------|----------------|-------------------|---------------|---------------------|----------------------|
| Chemicals | 3448504.67 kgs | Electricity | 0.13 Kwh/Kg. | 0.80 Rs./Kg. | 0.76 Rs./kg. |
| | | Furnace Oil / LDO | 0.03 Ltrs/Kg. | 1.26 Rs./Kg. | 1.39 Rs./kg. |

B. TECHNOLOGY ABSORPTION**FORM B****Disclosure of Particulars with respect to Technology Absorption : 2012-13****(I) Research and Development :****1. Specific area in which R & D is carried out by the company :**

The R & D activities of the company are focussed on the following objectives :

- (i) Substitution of imported raw materials and across the spectrum of available raw materials to optimise cost and improve product properties.
- (ii) Improving performance of existing products and modifying to meet customers requirements.
- (iii) Development of new products to meet specific applications.
- (iv) Improvement in process technology.

2. Benefit derived as a result of R & D :

- (i) Company has commercialised a number of new grades of resins as well as garment chemicals and textile chemicals for specific application in export and domestic markets.
- (ii) Improvement in product quality and consistency .
- (iii) Product and packaging made suitable for export markets.

3. Future Plan of action :

The company is focussed on continuous improvement in product quality and to develop new products in response to market requirements.

4. Expenditure on R & D

- (i) Capital : Nil
- (ii) Recurring : Rs. 2.88 Lacs

(II) Technology, Absorption, Adoption and Innovation :**1 Efforts, in brief made towards technology absorption, adoption and innovation**

Technology development in-house is a continuous process and is tailored to meet changing requirement of the market. The Company has a full-fledged R & D division with equipment and instruments conforming to global standards to carry out Research & Development programmes. Continuous research is carried out for process improvements.

2 Benefit derived as a result of the above efforts

The company has been able to satisfactorily produce sizing chemicals, which are import substitutes and introduced a wide range of synthetic resins and garment and textile chemicals tailored to the requirement of domestic and overseas customers.

C. FOREIGN EXCHANGE USED & EARNED

(a) Activities relating to exports, initiatives to increase exports, development of new Export market for products and service and export plans : As mentioned in the Directors' Report

(b) Total foreign exchange used & earned

(Rupees in lacs)

(i) Foreign exchange earned

- FOB Value of Exports : Rs. 651.15

(ii) CIF value of imports : Rs. 53.13

(iii) Expenditure in foreign exchange

- Travelling : Rs. 1.87

- Professional fees : Nil

- Commission : Rs. 5.41

INDEPENDENT AUDITORS' REPORT

To the Members of Refnol Resins and Chemicals Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227 (3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ;
 - e. on the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. attention is invited to note No. 27 regarding preparation of Accounts on going concern basis in spite of company's net worth having turned negative.

For G. P. Kapadia & Co.
Chartered Accountants
 (Registration no. 104768 W)

Place : Ahmedabad
 Date : May 30th, 2013

Uday R. Parikh
 Partner
 Membership No.10217

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 of our report on Other Legal and Regulatory Requirements)

1. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. No substantial part of Fixed Assets has been disposed off during the year, which has bearing on the going concern assumption.
2. In respect of its inventories:
 - a. As explained to us, inventories have been physically verified by the management at reasonable intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, 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 inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the book records.
3.
 - a. The company has not granted any secured or unsecured loans to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - b. The company has taken unsecured loan from a director, Mr. Mahendra K. Khatau of Rs. 40.00 Lac during the year which remains outstanding as on 31st March, 2013.
 - c. In our opinion, the rate of interest and other terms and conditions of this loan are not prima facie prejudicial to the interest of the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5.
 - a. According to the information and explanations given to us, we are of the opinion that during the year, the particulars of the contracts / arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the Register required to be maintained under that section.
 - b. According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. According to information and explanations given to us, the company has not accepted any deposits from public. Therefore, provisions of clause (iv) of paragraph 4 of the order are not applicable to the company.
7. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
8. The Central Government has prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 in respect of all manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
9. In respect of statutory dues:
 - a. According to the information and explanations give to us and the records of the company examined by us, in our opinion, the company is not regular in depositing the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and other Material statutory dues as applicable with the appropriate authorities.
 - b. According to information and explanations give to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2013 for a period of more than six months from the date of becoming payable.
 - c. There are no statutory disputed dues pending under any statue.

10. Due to accumulated losses, Company's Net Worth has become negative at the end of the year. The company has incurred cash loss in the current financial year as well as in the preceding financial year.
11. According to the books of account and records of the company, there has been no default in repayment of dues to bank.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, on the basis of information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no material frauds on or by the company has been noticed or reported during the year.

For G. P. Kapadia & Co.
Chartered Accountants
(Registration no. 104768 W)

Place : Ahmedabad
Date : May 30th, 2013

Uday R. Parikh
Partner
Membership No.10217

BALANCE SHEET AS AT 31ST MARCH 2013

(Rs. in lacs)

| | Notes | As At 31st March, 2013 | As At 31st March, 2012 |
|---|-------|------------------------------|------------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 330.67 | 330.67 |
| Reserves and Surplus | 3 | 43.65 | 167.75 |
| | | 374.32 | 498.42 |
| Non-current liabilities | | | |
| Long-term borrowings | 4 | 53.99 | - |
| Other Long term liabilities | 5 | 235.95 | 234.75 |
| Long-term provisions | 6 | 37.47 | 40.89 |
| | | 327.41 | 275.64 |
| Current liabilities | | | |
| Short-term borrowings | 7 | 467.20 | 460.29 |
| Trade payables | 8 | 307.63 | 372.87 |
| Other current liabilities | 9 | 63.75 | 71.46 |
| Short-term provisions | 10 | 10.31 | 10.29 |
| | | 848.89 | 914.91 |
| TOTAL | | 1550.62 | 1688.97 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets (Tangible) | 11 | 582.18 | 593.77 |
| Non-current investment | 12 | 89.13 | 89.13 |
| Long-term loans & advances | 13 | 99.69 | 101.69 |
| | | 771.00 | 784.59 |
| Current Assets | | | |
| Inventories | 14 | 272.78 | 326.48 |
| Trade receivables | 15 | 427.70 | 450.54 |
| Cash and cash equivalents | 16 | 30.91 | 66.36 |
| Short-term loans and advances | 17 | 48.23 | 61.00 |
| | | 779.62 | 904.38 |
| TOTAL | | 1550.62 | 1688.97 |
| Significant Accounting Policies | 1 | | |
| Accompanying notes form integral part of the financial statements | | | |

In terms of our Report of even date
For **G. P. KAPADIA & CO.**
Chartered Accountants

For and on behalf of the Board,

Uday R. Parikh
Partner

Mahendra K. Khatau
Chairman

Arup Basu
Managing Director

Place : Ahmedabad
Date : May 30th, 2013

Place : Mumbai
Date : May 30th, 2013

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

| | Notes | 2012-2013 | (Rs. in lacs) 2011-2012 |
|---|-------|-----------------|----------------------------|
| INCOME | | | |
| Revenue from operations | 18 | 1899.35 | 1887.34 |
| Other Income | 19 | 10.91 | 8.21 |
| | | 1910.26 | 1895.55 |
| EXPENSES | | | |
| Cost of Materials Consumed | 20 | 1129.54 | 1195.27 |
| Change in Inventories | 21 | 34.60 | (0.31) |
| Employees benefit expenses | 22 | 223.00 | 249.17 |
| Financial Costs | 23 | 124.82 | 145.60 |
| Other expenses | 24 | 483.46 | 513.66 |
| Depreciation and amortization expense | | 38.94 | 39.08 |
| Less : Transfer from Revaluation Reserve | | 23.67 | 23.67 |
| | | 2010.69 | 2118.80 |
| Profit/(Loss) before taxes | | (100.43) | (223.25) |
| Tax expense | | - | - |
| Short provision of tax in respect of earlier year | | - | (0.43) |
| Net Profit/(Loss) After Tax | | (100.43) | (223.68) |
| Basic and diluted earnings per share (in Rs.) | | (3.25) | (7.24) |
| Significant Accounting Policies | 1 | | |
| Accompanying notes form integral part of the financial statements | | | |

In terms of our Report of even date
For **G. P. KAPADIA & CO.**
Chartered Accountants

For and on behalf of the Board,

Uday R. Parikh
Partner

Mahendra K. Khatau
Chairman

Arup Basu
Managing Director

Place : Ahmedabad
Date : May 30th, 2013

Place : Mumbai
Date : May 30th, 2013

Notes to the Financial Statements**1. SIGNIFICANT ACCOUNTING POLICIES****A. ACCOUNTING CONCEPTS**

The financial accounts are prepared under the historical cost convention on the accrual basis of accounting and in accordance with Accounting Standards.

B. FIXED ASSETS

Fixed assets are stated at cost (including other expenses related to acquisition and installation) less accumulated depreciation / amortisation adjusted by revaluation of certain fixed assets.

C. DEPRECIATION

Depreciation on fixed assets including revalued assets i.e. Building and Plant & Machineries is provided on straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. The cost of lease hold land (revalued) is amortized over the unexpired period of lease from the date of lease.

D. INVESTMENTS

Investments are shown at cost.

E. INVENTORIES

Inventories are valued at lower cost and Net Realizable value.

The cost of raw materials, consumables and packing materials is computed on first-in-first-out basis, Stock in process is valued at cost comprising of raw materials and direct expenses.

Finished goods include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

F. CLASSIFICATION OF ASSETS AND LIABILITIES AS CURRENT AND NON-CURRENT

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

G. RETIREMENT BENEFITS

Retirement benefits consisting of gratuity and leave encashment in respect of employees are accounted on the basis of valuation done by Kotak Mahindra Old Mutual Life Insurance Ltd. and an independent firm of actuaries respectively to arrive at year end figures.

H. SALES

Sales is exclusive of Excise Duty / Taxes and also does not include recoveries such as transportation, insurance etc. which are set off against the respective expense heads.

I. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions, on initial recognition, are recorded by applying to the foreign currency amount the exchange rate at the date of the transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate in foreign currency.

J. PROVISIONS / CONTINGENCIES

Contingent liabilities are not recognized but are disclosed in the financial statements. Claims against the Company where the possibility of materialization is remote are not considered as contingent liabilities.

Contingent assets are neither recognized nor disclosed in the financial statements.

2 SHARE CAPITAL

| 2.1 Schedule | | (Rs. in lacs) | |
|-------------------------|-------------------------------|---------------|------------|
| | | 31.03.2013 | 31.03.2012 |
| Authorised | | | |
| 40,00,000 | Equity Shares of Rs.10/- each | 400.00 | 400.00 |
| | | 400.00 | 400.00 |
| Issued | | | |
| 35,23,500 | Equity Shares of Rs.10/- each | 352.35 | 352.35 |
| | | 352.35 | 352.35 |
| Subscribed & fully paid | | | |
| 3,089,900 | Equity Shares of Rs.10/- each | 308.99 | 308.99 |
| Add: Forfeited Shares | | 21.68 | 21.68 |
| | | 330.67 | 330.67 |

2.2 Equity Shares carry voting rights at the General Meeting of the company and are entitled to participate in surplus, if any, in the event of winding up.

2.3 Reconciliation of number of shares

| | Equity Shares of Rs. 10 each | Rs. in lacs |
|---|---------------------------------|-------------|
| Outstanding as at the beginning of the year | 3,089,900 | 308.99 |
| Issued and Allotted during the year | - | - |
| Outstanding as at the end of the year | 3,089,900 | 308.99 |

2.4 Shareholders holding more than 5% shares in the Company

| | 31.03.2013 | | 31.03.2012 | |
|--|---------------|-----------|---------------|-----------|
| | No. of Shares | % holding | No. of Shares | % holding |
| Equity Shares of Rs. 10 each | | | | |
| Khatau Capacitors Pvt. Ltd. | 1,274,400 | 41.24 | 1,274,400 | 41.24 |
| Khatau Leasing & Finance Company Pvt. Ltd. | 350,000 | 11.33 | 350,000 | 11.33 |

3 RESERVES & SURPLUS

| | 31.03.2011 | Addition/ Deduction during theYear | 31.03.2012 | Addition/ Deduction during theYear | 31.03.2013 |
|----------------------------|------------|--|------------|--|-----------------|
| Securities Premium Reserve | 201.18 | - | 201.18 | - | 201.18 |
| Revaluation Reserve | 493.97 | 23.67 | 470.30 | 23.67 | 446.63 |
| Profit & Loss Account | (280.05) | (223.68) | (503.73) | (100.43) | (604.16) |
| | 415.10 | (200.01) | 167.75 | (76.76) | 43.65 |

(Rs. in lacs)

4 LONG TERM BORROWINGS

| | 31.03.2013 | 31.03.2012 |
|---|--------------|------------|
| Term loan (Secured) (From Financial Institution against hypothecation of car) | 13.99 | - |
| Loan from Director (Unsecured) (From Mr. Mahendra K. Khatau) | 40.00 | - |
| | 53.99 | - |

| | | (Rs. in lacs) | |
|-----------|---|---------------|---------------|
| | | 31.03.2013 | 31.03.2012 |
| 5 | OTHER LONG TERM LIABILITIES | | |
| | Trade payables (From M/s. Texcare Middle East LLC, subsidiary of M/s. Refnol Overseas Ltd.) | 226.61 | 225.00 |
| | Distributors Deposits | 9.34 | 9.75 |
| | | <u>235.95</u> | <u>234.75</u> |
| 6 | LONG TERM PROVISIONS | | |
| | Provision for employee's benefits | 37.47 | 40.89 |
| | | <u>37.47</u> | <u>40.89</u> |
| 7 | SHORT TERM BORROWINGS | | |
| | Working Capital (Secured) | | |
| | From Bank | 457.20 | 448.79 |
| | [Secured by a first charge over the entire fixed and current assets and personally guaranteed by two Promoter Directors of the Company] | | |
| | Other Loans (Unsecured) | 10.00 | 11.50 |
| | | <u>467.20</u> | <u>460.29</u> |
| 8 | TRADE PAYABLES | | |
| | Acceptances | 307.63 | 372.87 |
| | | <u>307.63</u> | <u>372.87</u> |
| | Company is awaiting information from the suppliers to identify enterprises falling under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006. | | |
| 9 | OTHER CURRENT LIABILITIES | | |
| | Current maturities of long-term loans | 3.03 | 1.92 |
| | Other payables | 46.00 | 53.04 |
| | Advance From customers | 14.11 | 16.42 |
| | Other payables (Staff) | 0.61 | 0.08 |
| | | <u>63.75</u> | <u>71.46</u> |
| 10 | SHORT-TERM PROVISIONS | | |
| | Provision for employees benefits | 2.20 | 4.12 |
| | Others | 8.11 | 6.17 |
| | | <u>10.31</u> | <u>10.29</u> |

| 11 FIXED ASSETS | | | | | | | | | | | (Rs. in lacs) |
|---|-------------------|-----------|-------------------|---|-----------------------------|-----------------|------------------|--------------------|--------------------|--------------------|---------------|
| Assets | GROSS BLOCK | | | | DEPRECIATION / AMORTIZATION | | | | NET BLOCK | | |
| | As at 1.4.2012 | Additions | Sale/ Transfer | As at 31.3.2013 | As at 1.4.2012 | For the year | Adjust- ments | Up to 31.3.2013 | As at 31.3.2013 | As at 31.3.2012 | |
| Tangible | | | | | | | | | | | |
| Lease Hold Land | 306.19 | - | - | 306.19 | 14.64 | 4.35 | - | 18.99 | 287.20 | 291.55 | |
| Building | 169.60 | - | - | 169.60 | 51.33 | 5.25 | - | 56.58 | 113.02 | 118.27 | |
| Plant and Machineries | 517.56 | 1.69 | - | 519.25 | 356.19 | 24.35 | - | 380.54 | 138.71 | 161.37 | |
| Furniture & Fixtures | 12.32 | - | 0.08 | 12.24 | 11.54 | 0.10 | 0.03 | 11.61 | 0.63 | 0.78 | |
| Office Equipments | 34.42 | 0.72 | - | 35.14 | 24.90 | 1.92 | - | 26.82 | 8.32 | 9.52 | |
| Vehicles | 23.85 | 28.72 | 10.38 | 42.19 | 11.57 | 2.97 | 6.65 | 7.89 | 34.30 | 12.28 | |
| TOTAL | 1063.94 | 31.13 | 10.46 | 1084.61 | 470.17 | 38.94 | 6.68 | 502.43 | 582.18 | 593.77 | |
| Previous Year | 1070.51 | 3.20 | 9.77 | 1063.94 | 436.54 | 39.08 | 5.45 | 470.17 | 593.77 | | |
| The gross block of fixed assets includes Rs. 541.33 lacs (Previous year Rs. 541.33 lacs) on account of revaluation of fixed assets carried out on 31/03/09. Consequent to the said revaluation, there is an additional charge of depreciation of Rs. 23.67 lacs (Previous year Rs. 23.67) and an equivalent amount has been withdrawn from Revaluation Reserve and credited in the profit and loss statement. This has no impact on loss of the year. | | | | | | | | | | | |
| | | | | | | | | | 31.03.2013 | 31.03.2012 | |
| 12 NONCURRENT INVESTMENT | | | | | | | | | | | |
| Subsidiary Company (unquoted) | | | | | | | | | 89.13 | 89.13 | |
| 240000 Equity shares of Refnol Overseas Limited of US \$ 1/ each | | | | | | | | | 89.13 | 89.13 | |
| 13 LONG-TERM LOANS & ADVANCES | | | | | | | | | | | |
| Advances to related parties | | | | | | | | | 89.68 | 89.68 | |
| Other Deposits | | | | | | | | | 10.01 | 12.01 | |
| | | | | | | | | | 99.69 | 101.69 | |
| Disclosure as per Clause 32 of the Listing Agreement: | | | | | | | | | | | |
| Advances given to Associates | | | | | | | | | | | |
| | | | | Maximum Balance outstanding during the | | | | | | | |
| | | | | Current Year | Previous Year | | | | | | |
| Name of the Company | | | | 35.00 | 35.00 | | | | | | |
| M/s. Indokem Ltd. | | | | 54.68 | 54.68 | | | | | | |
| M/s. Khatau Capacitors Pvt. Ltd. | | | | 89.68 | 89.68 | | | | | | |
| 14 INVENTORIES | | | | | | | | | | | |
| Raw Materials* | | | | | | | | | 113.78 | 134.17 | |
| Packing Materials | | | | | | | | | 6.94 | 5.86 | |
| Fuel | | | | | | | | | 3.60 | 3.39 | |
| Stock in Process | | | | | | | | | 3.42 | 12.72 | |
| Finished Goods | | | | | | | | | 145.04 | 170.34 | |
| | | | | | | | | | 272.78 | 326.48 | |
| *Includes materials in transit Current year Rs. Nil Previous year 0.64 lacs. | | | | | | | | | | | |
| 15 TRADE RECEIVABLES | | | | | | | | | | | |
| Unsecured | | | | | | | | | | | |
| Over six months | | | | | | | | | | | |
| Considered good | | | | | | | | | 39.44 | 36.37 | |
| Considered doubtful | | | | | | | | | 2.18 | 2.18 | |
| | | | | | | | | | 41.62 | 38.55 | |
| Less : Provision | | | | | | | | | 2.18 | 2.18 | |
| | | | | | | | | | 39.44 | 36.37 | |
| Others, considered good | | | | | | | | | 388.26 | 414.17 | |
| | | | | | | | | | 427.70 | 450.54 | |

| | (Rs. In lacs) | |
|---|------------------|------------------|
| | 31.03.2013 | 31.03.2012 |
| 16 CASH AND CASH EQUIVALENTS | | |
| Cash on hand | 0.04 | 0.01 |
| Balances with Banks | | |
| - Current Accounts | 22.55 | 28.57 |
| Other Bank Balances | | |
| - Margin Money (Fixed Deposits) | 8.32 | 37.78 |
| | <u>30.91</u> | <u>66.36</u> |
| 17 SHORT-TERM LOANS AND ADVANCES | | |
| Unsecured considered good | | |
| Advances recoverable in cash or kind | 39.58 | 54.88 |
| Advance Tax | 6.10 | 5.98 |
| Advance to contractor labour | 0.02 | 0.14 |
| Prepaid interest | 2.53 | - |
| | <u>48.23</u> | <u>61.00</u> |
| | <u>2012-2013</u> | <u>2011-2012</u> |
| 18 REVENUE FROM OPERATIONS | | |
| Sales - Domestic | 1353.51 | 1409.48 |
| Less : Excise Duty / Taxes | 167.29 | 174.21 |
| | <u>1186.22</u> | <u>1235.27</u> |
| Sales - Exports | 713.13 | 652.07 |
| | <u>1899.35</u> | <u>1887.34</u> |
| 19 OTHER INCOME | | |
| Interest Income | 8.37 | 5.07 |
| Insurance Claim | 1.51 | 0.68 |
| Job Work | - | 0.18 |
| Balances Written off | 1.03 | 1.81 |
| Misc. Income | - | 0.47 |
| | <u>10.91</u> | <u>8.21</u> |
| 20 COST OF MATERIALS CONSUMED | | |
| Opening Stock | 134.17 | 140.55 |
| Purchases | 1109.15 | 1188.89 |
| | <u>1243.32</u> | <u>1329.44</u> |
| Less : Closing Stock | 113.78 | 134.17 |
| Raw Material Consumed | <u>1129.54</u> | <u>1195.27</u> |
| 21 CHANGE IN INVENTORIES | | |
| Stock as at 31 st March, 2013 | | |
| Stock in Process | 3.42 | 12.72 |
| Finished Goods | 145.04 | 170.34 |
| | <u>148.46</u> | <u>183.06</u> |
| Less : Stock as at 31 st March, 2012 | | |
| Stock in Process | 12.72 | 13.83 |
| Finished Goods | 170.34 | 168.92 |
| | <u>183.06</u> | <u>182.75</u> |
| | <u>(34.60)</u> | <u>0.31</u> |

| | | (Rs. In lacs) | |
|-----------|--|---------------|---------------|
| | | 2012-2013 | 2011-2012 |
| 22 | EMPLOYEES BENEFIT EXPENSES | | |
| | Salaries, Wages & Bonus etc. | 177.95 | 201.15 |
| | Contribution to Provident Fund & other Funds | 20.58 | 22.91 |
| | Staff Welfare expenses | 24.47 | 25.11 |
| | | <u>223.00</u> | <u>249.17</u> |
| 23 | FINANCE COST | | |
| | Interest expense | 118.36 | 120.97 |
| | Other borrowing costs | 6.46 | 24.63 |
| | | <u>124.82</u> | <u>145.60</u> |
| 24 | OTHER EXPENSES | | |
| | Stores & Spares Consumed | 7.08 | 7.30 |
| | Packing Materials Consumed | 117.50 | 107.81 |
| | Power, Fuel & Water Charges | 92.39 | 87.93 |
| | Repairs - Machineries | 6.45 | 6.36 |
| | - Building | 0.15 | 0.31 |
| | - Others | 0.71 | 1.26 |
| | Inward Freight, Clearing & Forwarding | 28.97 | 20.97 |
| | Laboratory & Testing Expenses | 2.88 | 3.40 |
| | Labour Charges | 14.21 | 14.80 |
| | Insurance | 1.67 | 3.46 |
| | Rent | 4.90 | 5.58 |
| | Rates & Taxes | 14.36 | 7.26 |
| | Postage & Telephone | 10.86 | 8.94 |
| | Legal & Professional Charges* | 12.80 | 19.57 |
| | Exchange rate difference | 20.46 | 9.98 |
| | Conveyance & Vehicle Expenses | 29.72 | 39.37 |
| | Printing & Stationery | 2.47 | 2.38 |
| | Misc. Expenses | 3.91 | 4.67 |
| | Directors' Fees | 0.22 | 0.26 |
| | Service Tax | 0.18 | 1.09 |
| | Loss on sale of asset | 1.73 | 2.82 |
| | Commission | 8.94 | 39.48 |
| | Outward Freight & Export Expenses | 86.20 | 88.54 |
| | ample Expenses | 0.51 | 0.87 |
| | Advertisement & Sales Promotion | 1.17 | 1.48 |
| | avelling Expenses | 6.95 | 15.82 |
| | Stock Transfer tax | 6.07 | 9.77 |
| | Doubtful Debts | - | 2.18 |
| | | <u>483.46</u> | <u>513.66</u> |
| | *Payment to Auditors : | 2012-2013 | 2011-2012 |
| | Statutory Auditors | | |
| | As Auditors | 0.73 | 0.62 |
| | For Tax Audit | 0.28 | 0.24 |
| | For other services | 0.38 | 0.30 |
| | | <u>1.39</u> | <u>1.16</u> |
| | Cost Auditors | | |
| | As Auditors | 0.56 | 0.25 |

| | <u>2012-13</u> | <u>2011-12</u> |
|--|------------------|----------------|
| 25 CONTINGENT LIABILITIES (not provided for) | | |
| Claim against company not acknowledged as Debt | 0.50 | 0.50 |
| Bills discounted with bank | 129.54 | 149.92 |
| 26 In view of uncertainty that sufficient future taxable income will be available against unabsorbed depreciation and carried forward losses under tax laws, deferred tax assets has not been recognized. | | |
| 27 Company's Accounts are prepared on a going concern basis inspite of net worth of the company having turned negative at the end of the year. | | |
| 28 The company's operations fall under single segment namely "Chemicals". | | |
| 29 Earning per share: | <u>2012-13</u> | <u>2011-12</u> |
| Net Profit/(Loss) After Tax | (100.43) | (223.68) |
| Number of equity shares outstanding | 3,089,900 | 3,089,900 |
| Basic and diluted earning per share (Par value of Rs.10 each) | (3.25) | (7.24) |
| 30 Related Party Disclosure | | |
| a. Parties where control exists : | | |
| Refinol Overseas Limited | Subsidiary | |
| Tex Care Middle East LLC | Sub-subsidiary | |
| Tex Care Bahrain WLL | Sub-subsidiary | |
| Indokem Limited | Associate | |
| Indokem Export Limited | Associate | |
| Priyamvada Holdings Limited | Associate | |
| Khatau Capacitors Pvt. Ltd | Associate | |
| Shubhlabh Chemicals Pvt. Ltd. | Associate | |
| Formost Chemicals Pvt. Ltd. | Associate | |
| Chemron Texchem Pvt. Ltd. | Associate | |
| Orchard Acres | Associate | |
| b. Other related parties with whom transactions have taken place during the year : | | |
| Key Management Personnel & Relatives : | | |
| 1. Mr. Mahendra K. Khatau, Chairman | | |
| 2. Mr. Arup Basu, Managing Director | | |
| 3. Mrs. Leela K. Khatau, Executive (Mother of Mr. Mahendra K. Khatau, Chairman) | | |
| Other : | | |
| 1. Curiosity Workshop - proprietary firm of Mrs. Manisha Arup Basu (Wife of Mr. Arup Basu, Managing Director) | | |
| c. Nature of Transaction | | (Rs. In lacs) |
| | <u>2012-13</u> | <u>2011-12</u> |
| (i) Sales | | |
| Indokem Limited | 244.65 | 224.95 |
| Indokem Export Limited | 2.45 | 0.45 |
| Shubhlabh Chemicals Pvt. Ltd. | 7.78 | 13.71 |
| Formost Chemicals Pvt. Ltd. | 21.53 | - |
| Chemron Texchem Pvt. Ltd. | 4.42 | - |
| Orchard Acres | 31.15 | 20.32 |
| Texcare Middle East LLC | 108.51 | 55.36 |
| | <u>420.49</u> | <u>314.79</u> |
| (ii) Purchase | | |
| Texcare Middle East LLC | 5.06 | - |
| (iii) Payment for other services / interest | | |
| Curiosity Workshop (Interest) | 0.22 | 2.42 |
| Priyamvada Holdings Limited (Commission) | - | 0.23 |
| Smt. Leela K. Khatau (Salary) | 2.17 | 1.50 |
| Mr. Mahendra K. Khatau (Interest) | 0.50 | - |
| | <u>2.89</u> | <u>4.15</u> |
| (iv) Loan from Related Party | | |
| Mr. Mahendra K. Khatau | 40.00 | - |
| (v) Outstanding Balances as at 31st March 2013 | | |
| a. Receivables | | |
| Indokem Limited | 158.77 | 202.47 |
| Indokem Export Limited | 0.73 | - |
| Shubhlabh Chemicals Pvt. Ltd. | 60.24 | 62.72 |
| Formost Chemicals Pvt. Ltd. | 3.10 | - |
| | <u>222.84</u> | <u>265.19</u> |

| | 2012-13 | (Rs. In lacs) 2011-12 |
|---|---------------|--------------------------|
| b. Acceptances | | |
| Texcare Middle East LLC | 252.03 | 276.54 |
| Priyamvada Holdings Limited | 1.94 | 2.24 |
| | 253.97 | 278.78 |
| c. Loan from Related Parties | | |
| Curiosity Workshop | - | 11.50 |
| Mr. Mahendra K. Khatau | 40.00 | - |
| | 40.00 | 11.50 |
| d. Advances to Related Parties | | |
| Indokem Limited (Security Deposit) | 35.00 | 35.00 |
| Khatau Capacitors Pvt. Ltd | 54.68 | 54.68 |
| | 89.68 | 89.68 |
| e. Other payable | | |
| Smt. Leela K. Khatau (Salary) | 0.18 | 0.18 |
| (vi) Managing Directors' Remuneration : | | |
| Computation of Managing Directors' remuneration u/s 309 (5) of the Companies Act, 1956. | | |

| | 2012-13 | (Rs. in lacs) 2011-12 |
|--------------------|--------------|--------------------------|
| Salary | 15.93 | 17.12 |
| Contribution to PF | 1.18 | 1.22 |
| Gratuity | 0.47 | 0.47 |
| Perquisites | 0.59 | 0.55 |
| | 18.17 | 19.36 |

31 Value of consumables

| | 2012-13 | | 2011-12 | |
|-------------------|---------------|----------------|---------------|----------------|
| | % | Rs. | % | Rs. |
| Raw materials | | | | |
| Imported | 4.39 | 49.57 | 4.45 | 53.21 |
| Indigenous | 95.61 | 1079.97 | 95.55 | 1142.06 |
| TOTAL | 100.00 | 1129.54 | 100.00 | 1195.27 |
| Packing Materials | | | | |
| Indigenous | 100.00 | 117.50 | 100.00 | 107.81 |
| Stores & spares | | | | |
| Indigenous | 100.00 | 7.08 | 100.00 | 7.30 |

32 Foreign Currency Transactions

| | 2012-13 | 2011-12 |
|---|---------|---------|
| i Value of Imports on CIF basis | | |
| Raw materials | 53.13 | 79.99 |
| ii Earnings in foreign exchange | | |
| Exports at FOB Value (including deemed exports) | 651.15 | 739.67 |
| iii Expenditure in Foreign Currency | | |
| Travelling expenses | 1.87 | 2.19 |
| Professional fees | - | 0.78 |
| Commission | 5.41 | 23.49 |

33 The figures of the previous year have been regrouped / reclassified / rearranged, wherever necessary.

In terms of our Report of even date
For **G. P. KAPADIA & CO.**
Chartered Accountants

For and on behalf of the Board,

Uday R. Parikh
Partner

Mahendra K. Khatau
Chairman

Arup Basu
Managing Director

Place : Ahmedabad
Date : May 30th, 2013

Place : Mumbai
Date : May 30th, 2013

CASH FLOW STATEMENT FOR 2012-2013

| | 2012-2013 | (Rs. in lacs) 2011-2012 |
|--|--------------------|----------------------------|
| A. Cash flow from operating activities | | |
| Net profit after tax and extra ordinary items | (100.43) | (223.68) |
| Adjustments for : | | |
| Depreciation | 15.27 | 15.41 |
| Interest expenses & finance charges | 124.82 | 145.60 |
| Interest income | (8.37) | (5.07) |
| Loss on sale of fixed assets | 1.73 | 2.82 |
| | <u>133.45</u> | <u>158.76</u> |
| Operating profit / loss before working capital changes | 33.02 | (64.92) |
| Adjustments for : | | |
| Trade and other receivables | 37.61 | 144.93 |
| Inventories | 53.70 | 8.65 |
| Trade and other payables | (75.15) | (75.54) |
| | <u>16.16</u> | <u>78.04</u> |
| Net cash used in operating activities | (a) <u>49.18</u> | <u>13.12</u> |
| B. Cash flow from investing activities | | |
| Interest received | 8.37 | 5.07 |
| Purchase of fixed assets | (31.13) | (3.20) |
| Sale of fixed assets | 2.05 | 1.50 |
| | <u>(20.71)</u> | <u>3.37</u> |
| Net cash used in investing activities | (b) <u>(20.71)</u> | <u>3.37</u> |
| C. Cash flow from financing activities | | |
| Proceeds from borrowings (net) | 60.90 | 122.92 |
| Interest & finance charges paid | (124.82) | (145.60) |
| Net cash used in financing activities | (c) <u>(63.92)</u> | <u>(22.68)</u> |
| Net increase in cash and cash equivalents (a+b+c) | 35.45 | 6.19 |
| Cash and cash equivalents-opening balance | 66.36 | 72.55 |
| Cash and cash equivalents-closing balance | 30.91 | 66.36 |

1 Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3.

2 Cash and Cash equivalents represents cash and bank balances.

In terms of our Report of even date
For **G. P. KAPADIA & CO.**
Chartered Accountants

For and on behalf of the Board,

Uday R. Parikh
Partner

Mahendra K. Khatau
Chairman

Arup Basu
Managing Director

Place : Ahmedabad
Date : May 30th, 2013

Place : Mumbai
Date : May 30th, 2013

**CONSOLIDATED
FINANCIAL STATEMENTS
&
NOTES**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors Refnol Resins and Chemicals Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Refnol Resins and Chemicals Limited** ("the Company") and its subsidiaries (collectively referred to as "the group"), which comprise the Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements / consolidated financial statements of subsidiaries as noted below, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
- (ii) in the case of the Consolidated Statement of Profit & Loss, of the 'Loss' of the Group for the year ended on that date and
- (iii) in the case of the Consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

Other Matter

We did not audit the financial statements of three subsidiaries whose financial statements reflect total assets of Rs.515.56 lacs as at 31st March 2013, total revenues of Rs. 1339.24 lacs and net cash outflows amounting of Rs. 42.79 lacs. For the year ended on that date, reflect group's share of net loss of Rs. 64.66 lacs as considered in the Consolidated Financial Statements. These Financial Statements are audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of other auditors.

For G. P. Kapadia & Co.
Chartered Accountants
 (Registration no. 104768 W)

Place : Ahmedabad
 Date : May 30th, 2013

Uday R. Parikh
 Partner
 Membership No.10217

BALANCE SHEET (CONSOLIDATED) AS AT 31ST MARCH 2013

(Rs. in lacs)

| | Notes | As At 31st March, 2013 | As At 31st March, 2012 |
|---|-------|------------------------------|------------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 330.67 | 330.67 |
| Reserves and Surplus | 3 | 555.87 | 617.93 |
| | | <u>886.54</u> | <u>948.60</u> |
| Non-current liabilities | | | |
| Long-term borrowings | 4 | 72.73 | 26.46 |
| Other Long term liabilities | 5 | 9.33 | 9.75 |
| Long-term provisions | 6 | 69.10 | 65.94 |
| | | <u>151.16</u> | <u>102.15</u> |
| Current liabilities | | | |
| Short-term borrowings | 7 | 478.80 | 471.54 |
| Trade payables | 8 | 414.11 | 446.40 |
| Other current liabilities | 9 | 124.94 | 117.86 |
| Short-term provisions | 10 | 10.63 | 10.44 |
| | | <u>1,028.48</u> | <u>1,046.24</u> |
| TOTAL | | <u>2066.18</u> | <u>2096.99</u> |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets (Tangible) | 11 | 638.96 | 649.34 |
| Long-term loans & advances | 12 | 99.69 | 103.20 |
| | | <u>738.65</u> | <u>752.54</u> |
| Current Assets | | | |
| Inventories | 13 | 395.66 | 435.69 |
| Trade receivables | 14 | 783.90 | 712.21 |
| Cash and cash equivalents | 15 | 71.14 | 113.93 |
| Short-term loans and advances | 16 | 76.83 | 82.62 |
| | | <u>1327.53</u> | <u>1344.45</u> |
| TOTAL | | <u>2066.18</u> | <u>2096.99</u> |
| Significant Accounting Policies | 1 | | |
| Accompanying notes form integral part of the financial statements | | | |

In terms of our Report of even date
For **G. P. KAPADIA & CO.**
Chartered Accountants

For and on behalf of the Board,

Uday R. Parikh
Partner

Mahendra K. Khatau
Chairman

Arup Basu
Managing Director

Place : Ahmedabad
Date : May 30th, 2013

Place : Mumbai
Date : May 30th, 2013

PROFIT AND LOSS STATEMENT (CONSOLIDATED) FOR THE YEAR ENDED 31ST MARCH 2013

| | Notes | 2012-2013 | (Rs. in lacs) 2011-2012 |
|---|-------|----------------|----------------------------|
| INCOME | | | |
| Revenue from operations | 17 | 3238.59 | 2907.24 |
| Other Income | 18 | 22.39 | 16.11 |
| | | 3260.98 | 2923.35 |
| EXPENSES | | | |
| Cost of Materials Consumed | 19 | 1890.06 | 1776.66 |
| Change in Inventories | 20 | 34.60 | (0.31) |
| Employees benefit expenses | 21 | 338.59 | 344.57 |
| Financial Costs | 22 | 145.14 | 161.93 |
| Other expenses | 23 | 870.72 | 798.60 |
| Depreciation and amortization expense | | 70.18 | 59.13 |
| Less : Transfer from Revaluation Reserve | | 23.67 | 23.67 |
| | | 3325.62 | 3116.91 |
| Profit/(Loss) before taxes | | (64.66) | (193.56) |
| Tax expense | | - | - |
| Short provision of tax in respect of earlier year | | - | (0.43) |
| Net Profit/(Loss) After Tax | | (64.66) | (193.98) |
| Basic and diluted earnings per share (in Rs.) | | (2.09) | (6.28) |
| Significant Accounting Policies | 1 | | |
| Accompanying notes form integral part of the financial statements | | | |

In terms of our Report of even date
For **G. P. KAPADIA & CO.**
Chartered Accountants

For and on behalf of the Board,

Uday R. Parikh
Partner

Mahendra K. Khatau
Chairman

Arup Basu
Managing Director

Place : Ahmedabad
Date : May 30th, 2013

Place : Mumbai
Date : May 30th, 2013

1. SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS

A. PRINCIPLES OF CONSOLIDATION

- The financial statements of the company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standards (AS) 21- "Consolidated Financial Statements"
- In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the exchange fluctuation reserve.
- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- The Consolidated Financial Statement comprises Audited Financial Statements (except as mentioned otherwise) of the Company, its Subsidiaries and its interest for the year ended 31st March, 2013, which are as under:

| Name of the Company | Nature | Country of Incorporation | % of Share Holding | | % of Voting power | |
|---------------------------------|--------------------|--------------------------|--------------------|----------|-------------------|----------|
| | | | 31.03.13 | 31.03.12 | 31.03.13 | 31.03.12 |
| Refnol Overseas Limited (ROL) | Subsidiary | Mauritius | 100% | 100% | 100% | 100% |
| Texcare Middle East LLC (TCME)* | Subsidiary of ROL | Dubai | 49% | 49% | 49% | 49% |
| Texcare Bahrain WLL (TCB)** | Subsidiary of TCME | Bahrain | 49% | 49% | 49% | 49% |

* Texcare Middle East LLC (TCME), Represented by Mr. Mahendra Khatau (49% of share holding) & Shaikh Faisal Bin Sultan Al Qasemi (51% of share holding).

** Texcare Bahrain WLL (TCB), Represented by Texcare Middle East LLC (49% of share holding) & Karan Anne Farangi Hinkly (51% of share holding).

B. OTHER SIGNIFICANT ACCOUNTING POLICIES

These are set out under "Significant Accounting Policies" as given in the Company's separate financial statements.

2 SHARE CAPITAL

| 2.1 Schedule | | (Rs. in lacs) | |
|-------------------------|-------------------------------|---------------|------------|
| | | 31.03.2013 | 31.03.2012 |
| Authorised | | | |
| 40,00,000 | Equity Shares of Rs.10/- each | 400.00 | 400.00 |
| | | 400.00 | 400.00 |
| Issued | | | |
| 35,23,500 | Equity Shares of Rs.10/- each | 352.35 | 352.35 |
| | | 352.35 | 352.35 |
| Subscribed & fully paid | | | |
| 3,089,900 | Equity Shares of Rs.10/- each | 308.99 | 308.99 |
| Add: Forfeited Shares | | 21.68 | 21.68 |
| | | 330.67 | 330.67 |

2.2 Equity Shares carry voting rights at the General Meeting of the company and are entitled to participate in surplus, if any, in the event of winding up.

2.3 Reconciliation of number of shares

| | Equity Shares of Rs. 10 each | Rs. in lacs |
|---|---------------------------------|-------------|
| Outstanding as at the beginning of the year | 3,089,900 | 308.99 |
| Issued and Allotted during the year | - | - |
| Outstanding as at the end of the year | 3,089,900 | 308.99 |

2.4 Shareholders holding more than 5% shares in the Company

| | 31.03.2013 | | 31.03.2012 | |
|--|------------------|--------------|---------------|-----------|
| | No. of Shares | % holding | No. of Shares | % holding |
| Equity Shares of Rs. 10 each | | | | |
| Khatau Capacitors Pvt. Ltd. | 1,274,400 | 41.24 | 1,274,400 | 41.24 |
| Khatau Leasing & Finance Company Pvt. Ltd. | 350,000 | 11.33 | 350,000 | 11.33 |

3 RESERVES & SURPLUS

| | 31.03.2011 | Addition/ Deduction during theYear | 31.03.2012 | Addition/ Deduction during theYear | 31.03.2013 |
|----------------------------|---------------|--|---------------|--|---------------|
| Securities Premium Reserve | 201.18 | - | 201.18 | - | 201.18 |
| Statutory Reserve | 22.45 | - | 22.45 | 1.87 | 24.32 |
| Revaluation Reserve | 493.97 | (23.67) | 470.30 | (23.67) | 446.63 |
| Profit & Loss Account | 24.45 | (193.99) | (169.54) | (66.51) | (236.05) |
| Capital reserve | 30.00 | - | 30.00 | - | 30.00 |
| Exchange Flucation Reserve | - | - | 63.54 | 26.25 | 89.79 |
| | 772.05 | (217.66) | 617.93 | (62.06) | 555.87 |

(Rs. in lacs)

| 31.03.2013 | 31.03.2012 |
|------------|------------|
|------------|------------|

4 LONG TERM BORROWINGS

| | | |
|--|--------------|-------|
| Vehicle loan (Secured) (From Financial Institution against hypothecation of car) | 32.73 | 15.59 |
| Term loan (Secured) (From bank for working capital) | - | 10.87 |
| Loan from Director (Unsecured) (From Mr. Mahendra K. Khatau) | 40.00 | - |
| | 72.73 | 26.46 |

| | | (Rs. in lacs) | |
|-----------|---|---------------|---------------|
| | | 31.03.2013 | 31.03.2012 |
| 5 | OTHER LONG TERM LIABILITIES | | |
| | Distributors Deposits | 9.33 | 9.75 |
| | | <u>9.33</u> | <u>9.75</u> |
| 6 | LONG TERM PROVISIONS | | |
| | Provision for employee's benefits | 69.10 | 65.94 |
| | | <u>69.10</u> | <u>65.94</u> |
| 7 | SHORT TERM BORROWINGS | | |
| | Working Capital (Secured) | | |
| | From Bank* | 468.80 | 460.04 |
| | Other Loans (Unsecured) | 10.00 | 11.50 |
| | | <u>478.80</u> | <u>471.54</u> |
| | *1. Comprises of Rs. 457.20 lacs against first charge over the entire fixed and current assets and personally guaranteed by two Promoter Directors. | | |
| | *2. Rs. 11.60 lacs as working capital term loan personally guaranteed by one of the director along with post dated cheques. | | |
| 8 | TRADE PAYABLES | | |
| | Acceptances | 414.11 | 446.40 |
| | | <u>414.11</u> | <u>446.40</u> |
| 9 | OTHER CURRENT LIABILITIES | | |
| | Current maturities of long-term loans | 22.51 | 18.35 |
| | Other payables | 87.71 | 83.01 |
| | Advance From customers | 14.11 | 16.42 |
| | Other payables (Staff) | 0.61 | 0.08 |
| | | <u>124.94</u> | <u>117.86</u> |
| 10 | SHORT-TERM PROVISIONS | | |
| | Provision for employees benefits | 2.52 | 4.27 |
| | Others | 8.11 | 6.17 |
| | | <u>10.63</u> | <u>10.44</u> |

11 FIXED ASSETS (Rs. in lacs)

| Assets | GROSS BLOCK | | | DEPRECIATION / AMORTIZATION | | | | NET BLOCK | | |
|-----------------------|-------------------|-----------|-------------------|-----------------------------|-------------------|-----------------|------------------|--------------------|--------------------|--------------------|
| | As at 1.4.2012 | Additions | Sale/ Transfer | As at 31.3.2013 | As at 1.4.2012 | For the year | Adjust- ments | Up to 31.3.2013 | As at 31.3.2013 | As at 31.3.2012 |
| Tangible | | | | | | | | | | |
| Lease Hold Land | 315.63 | - | - | 315.63 | 23.20 | 4.63 | - | 27.83 | 287.80 | 292.43 |
| Building | 169.60 | - | - | 169.60 | 51.33 | 5.25 | - | 56.58 | 113.02 | 118.27 |
| Plant and Machineries | 581.04 | 9.66 | - | 590.70 | 402.58 | 33.75 | - | 436.33 | 154.37 | 178.46 |
| Furniture & Fixtures | 21.43 | 0.20 | 0.08 | 21.55 | 20.46 | 0.28 | 0.03 | 20.71 | 0.84 | 0.97 |
| Office Equipments | 62.50 | 0.93 | - | 63.43 | 50.73 | 3.39 | - | 54.12 | 9.31 | 11.77 |
| Vehicles | 108.41 | 52.78 | 26.18 | 135.01 | 60.97 | 22.88 | 22.46 | 61.39 | 73.62 | 47.44 |
| TOTAL | 1258.61 | 63.57 | 26.26 | 1295.92 | 609.27 | 70.18 | 22.48 | 656.96 | 638.96 | 649.34 |
| Previous Year | 1249.03 | 26.88 | 17.30 | 1258.61 | 562.51 | 59.13 | 12.37 | 609.27 | 649.34 | |

The gross block of fixed assets includes Rs. 541.33 lacs (Previous year Rs. 541.33 lacs) on account of revaluation of fixed assets carried out on 31/03/09. Consequent to the said revaluation, there is an additional charge of depreciation of Rs. 23.67 lacs (Previous year Rs. 23.67) and an equivalent amount has been withdrawn from Revaluation Reserve and credited in the profit and loss statement. This has no impact on loss of the year.

(Rs. In lacs)

12 INVENTORIES

| | 31.03.2013 | 31.03.2012 |
|-------------------|---------------|------------|
| Raw Materials* | 113.78 | 134.17 |
| Packing Materials | 6.94 | 5.86 |
| Fuel | 3.60 | 3.39 |
| Stock in Process | 3.42 | 12.72 |
| Finished Goods | 267.92 | 279.55 |
| | 395.66 | 435.69 |

*Includes materials in transit Current year Rs. Nil previous year Rs.0.64 Lacs.

13 LONG-TERM LOANS & ADVANCES

| | | |
|-----------------------------|--------------|--------|
| Related parties | - | 1.51 |
| Indokem Ltd. | 35.00 | 35.00 |
| Khatau Capacitors Pvt. Ltd. | 54.68 | 54.68 |
| Other Deposits | 10.01 | 12.01 |
| | 99.69 | 103.20 |

14 TRADE RECEIVABLES

| | | |
|-------------------------|---------------|--------|
| Unsecured | | |
| Over six months | | |
| Considered good | 395.64 | 298.04 |
| Considered doubtful | 2.25 | 6.24 |
| | 397.89 | 304.28 |
| Less : Provision | 2.25 | 6.24 |
| | 395.64 | 298.04 |
| Others, considered good | 388.26 | 414.17 |
| | 783.90 | 712.21 |

| | (Rs. In lacs) | |
|---|------------------|------------------|
| | 31.03.2013 | 31.03.2012 |
| 15 CASH AND CASH EQUIVALENTS | | |
| Cash on hand | 3.69 | 4.05 |
| Balances with Banks | | |
| - Current Accounts | 59.13 | 72.10 |
| Other Bank Balances | | |
| - Margin Money (Fixed Deposits) | 8.32 | 37.78 |
| | <u>71.14</u> | <u>113.93</u> |
| 16 SHORT-TERM LOANS AND ADVANCES | | |
| Unsecured considered good | | |
| Advances recoverable in cash or kind | 57.08 | 65.70 |
| Advance Tax | 6.10 | 5.98 |
| Advance to contractor labour | 2.27 | 2.23 |
| Prepaid interest and others | 11.38 | 8.71 |
| | <u>76.83</u> | <u>82.62</u> |
| | <u>2012-2013</u> | <u>2011-2012</u> |
| 17 REVENUE FROM OPERATIONS | | |
| Sales - Domestic | 2282.80 | 2126.30 |
| Less : Excise Duty / Taxes | 167.29 | 174.21 |
| | <u>2115.51</u> | <u>1952.09</u> |
| Sales - Exports | 1123.08 | 955.15 |
| | <u>3238.59</u> | <u>2907.24</u> |
| 18 OTHER INCOME | | |
| Interest Income | 16.82 | 12.79 |
| Insurance Claim | 1.51 | 0.68 |
| Job Work | - | 0.18 |
| Balances Written off | 1.03 | 1.81 |
| Profit on sale of asset | 2.99 | - |
| Misc. Income | 0.04 | 0.65 |
| | <u>22.39</u> | <u>16.11</u> |
| 19 COST OF MATERIALS CONSUMED | | |
| Opening Stock | 243.38 | 239.29 |
| Purchases | 1883.33 | 1780.75 |
| | <u>2126.71</u> | <u>2020.04</u> |
| Less : Closing Stock | 236.65 | 243.38 |
| Raw Material Consumed | <u>1890.06</u> | <u>1776.66</u> |
| 20 CHANGE IN INVENTORIES | | |
| Stock as at 31 st March, 2013 | | |
| Stock in Process | 3.42 | 12.72 |
| Finished Goods | 145.04 | 170.34 |
| | <u>148.46</u> | <u>183.06</u> |
| Less : Stock as at 31 st March, 2012 | | |
| Stock in Process | 12.72 | 13.83 |
| Finished Goods | 170.34 | 168.92 |
| | <u>183.06</u> | <u>182.75</u> |
| | <u>(34.60)</u> | <u>0.31</u> |

| | | (Rs. In lacs) | |
|-----------|--|---------------|---------------|
| | | 2012-2013 | 2011-2012 |
| 21 | EMPLOYEES BENEFIT EXPENSES | | |
| | Salaries, Wages & Bonus etc. | 293.54 | 296.55 |
| | Contribution to Provident Fund & other Funds | 20.58 | 22.91 |
| | Staff Welfare expenses | 24.47 | 25.11 |
| | | <u>338.59</u> | <u>344.57</u> |
| 22 | FINANCE COST | | |
| | Interest expense | 138.68 | 137.30 |
| | Other borrowing costs | 6.46 | 24.63 |
| | | <u>145.14</u> | <u>161.93</u> |
| 23 | OTHER EXPENSES | | |
| | Stores & Spares Consumed | 7.08 | 7.30 |
| | Packing Materials Consumed | 117.50 | 107.81 |
| | Power, Fuel & Water Charges | 92.39 | 87.93 |
| | Repairs - Machineries | 16.40 | 16.31 |
| | - Building | 0.15 | 0.31 |
| | - Other | 0.71 | 1.26 |
| | Inward Freight, Clearing & Forwarding | 132.35 | 96.75 |
| | Laboratory & Testing Expenses | 2.88 | 3.40 |
| | Labour Charges | 14.21 | 14.80 |
| | Insurance | 2.42 | 4.82 |
| | Rent | 23.99 | 18.67 |
| | Rates & Taxes | 14.36 | 7.26 |
| | Postage & Telephone | 21.62 | 19.69 |
| | Legal & Professional Charges | 31.94 | 36.66 |
| | Exchange rate difference | 20.46 | 9.98 |
| | Conveyance & Vehicle Expenses | 29.72 | 39.37 |
| | Printing & Stationery | 2.76 | 3.54 |
| | Misc. Expenses | 30.58 | 12.61 |
| | Directors' Fees | 0.74 | 0.74 |
| | Service Tax | 0.18 | 1.09 |
| | Loss on sale of asset | - | 1.57 |
| | Commission | 105.40 | 119.35 |
| | Outward Freight & Export Expenses | 102.58 | 97.33 |
| | Sample Expenses | 0.51 | 0.87 |
| | Advertisement & Sales Promotion | 44.75 | 28.94 |
| | Travelling Expenses | 27.39 | 37.29 |
| | Stock Transfer tax | 6.07 | 9.77 |
| | Bad debts | 21.58 | 11.00 |
| | Doubtful Debts | - | 2.18 |
| | | <u>870.72</u> | <u>798.60</u> |

24. Information relating to Subsidiaries including subsidiaries of subsidiaries: (In terms of Government of India, Ministry of Corporate Affairs general Circular No. 2/2011, No: 5/12/27007-CL-III dated 8th February, 2011)

(Amount in lacs)

| Sr. No. | Name of Subsidiary Company | Year | Currency | Share Capital | Reserves & Surplus | Total Assets (Non Current Assets + Current Assets) | Total Liabilities (Non Current Lia. + Current Lia.) | Details of Current & Non -Current investments | Net Turn over | Profit/(Loss) before taxation | Provision for Taxation | Profit/(Loss) after taxation | Proposed Dividend |
|---------|----------------------------|---------|----------|---------------|--------------------|--|---|---|---------------|-------------------------------|------------------------|------------------------------|-------------------|
| 1 | Refinol Overseas Limited | 2012-13 | US \$ | 2.40 | 0.80 | 1.44 | 0.03 | 1.78 | 0.16 | 0.10 | - | 0.10 | - |
| | | | INR | 89.13 | 77.67 | 71.42 | 1.46 | 96.84 | 8.45 | 5.03 | - | 5.03 | - |
| | | 2011-12 | US \$ | 2.40 | 0.70 | 1.34 | 0.02 | 1.78 | 0.16 | 0.10 | - | 0.10 | - |
| | | | INR | 89.13 | 63.53 | 62.72 | 0.98 | 90.92 | 7.72 | 4.59 | - | 4.59 | - |
| 2 | Texcare Middle East LLC | 2012-13 | AED | 3.00 | 30.43 | 52.59 | 20.03 | 0.87 | 75.81 | 1.31 | - | 1.31 | - |
| | | | INR | 33.25 | 454.80 | 773.46 | 296.02 | 10.61 | 1,085.28 | 24.78 | - | 24.78 | - |
| | | 2011-12 | AED | 3.00 | 29.12 | 51.02 | 19.77 | 0.87 | 63.95 | 0.85 | - | 0.85 | - |
| | | | INR | 33.25 | 409.37 | 705.83 | 273.84 | 10.61 | 837.15 | 21.22 | - | 21.22 | - |
| 3 | Texcare Bahrain WLL | 2012-13 | BD | 0.20 | 0.28 | 0.93 | 0.45 | - | 1.81 | 0.03 | - | 0.03 | - |
| | | | INR | 22.59 | 46.56 | 134.02 | 64.86 | - | 253.96 | 5.98 | - | 5.98 | - |
| | | 2011-12 | BD | 0.20 | 0.25 | 0.82 | 0.37 | - | 1.43 | 0.01 | - | 0.01 | - |
| | | | INR | 22.59 | 38.22 | 111.05 | 50.24 | - | 182.75 | 3.88 | - | 3.88 | - |

Note : For converting the figures given in the foreign currency appearing in the accounts of the subsidiary companies in to equivalent INR, following exchange rates are used for 1 INR.

| Sr. No. | Currency | Balance Sheet (Closing Rate) | | P & L Account (Avg. Rate) | |
|---------|---------------------|------------------------------|---------|---------------------------|---------|
| | | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| 1 | US Dollar (US\$) | 0.0184 | 0.0196 | 0.0190 | 0.0208 |
| 2 | UAE Dirham (AED) | 0.0677 | 0.0722 | 0.0698 | 0.0764 |
| 3 | Bahrain Dirham (BD) | 0.0069 | 0.0074 | 0.0071 | 0.0078 |

25 CONTINGENT LIABILITIES (not provided for)

| | 2012-13 | 2011-12 |
|--|---------|---------|
| Claim against company not acknowledged as Debt | 0.50 | 0.50 |
| Bills discounted with bank | 129.54 | 149.92 |

26 In view of uncertainty that sufficient future taxable income will be available against unabsorbed depreciation and carried forward losses under tax laws, deferred tax assets has not been recognized.

27 The company's operations fall under single segment namely "Chemicals".

| 28 Earning per share: | 2012-13 | 2011-12 |
|---|-----------|-----------|
| Net Profit/(Loss) After Tax | (64.66) | (193.98) |
| Number of equity shares outstanding | 3,089,900 | 3,089,900 |
| Basic and diluted earning per share (Par value of Rs.10 each) | (2.09) | (6.28) |

29 Related Party Disclosure

a. Parties where control exists :

| | |
|-------------------------------|-----------|
| Indokem Limited | Associate |
| Indokem Export Limited | Associate |
| Priyamvada Holdings Limited | Associate |
| Khatau Capacitors Pvt. Ltd | Associate |
| Shubhlabh Chemicals Pvt. Ltd. | Associate |
| Formost Chemicals Pvt. Ltd. | Associate |
| Chemron Texchem Pvt. Ltd. | Associate |
| Orchard Acres | Associate |

b. Other related parties with whom transactions have taken place during the year :

Key Management Personnel & Relatives :

1. Mr. Mahendra K. Khatau, Chairman
2. Mr. Arup Basu, Managing Director
3. Mrs. Leela K. Khatau, Executive (Mother of Mr. Mahendra K. Khatau, Chairman)

Other :

1. Curiosity Workshop - proprietary firm of Mrs. Manisha Arup Basu (Wife of Mr. Arup Basu, Managing Director)

c. Nature of Transaction

| | 2012-13 | (Rs. In lacs) 2011-12 |
|--|----------------|--------------------------|
| (i) Sales | | |
| Indokem Limited | 244.65 | 224.95 |
| Indokem Export Limited | 2.45 | 0.45 |
| Shubhlabh Chemicals Pvt. Ltd. | 7.78 | 13.71 |
| Formost Chemicals Pvt. Ltd. | 21.53 | - |
| Chemron Texchem Pvt. Ltd. | 4.42 | - |
| Orchard Acres | 31.15 | 20.32 |
| | 311.98 | 259.43 |
| (ii) Payment for other services / interest | | |
| Curiosity Workshop (Interest) | 0.22 | 2.42 |
| Priyamvada Holdings Limited (Commission) | - | 0.23 |
| Smt. Leela K. Khatau (Salary) | 2.17 | 1.50 |
| Mr. Mahendra K. Khatau (Interest) | 0.50 | - |
| | 2.89 | 4.15 |
| (iii) Loan from Related Party | | |
| Mr. Mahendra K. Khatau | 40.00 | - |

| | (Rs. In lacs) | |
|---|---------------|---------|
| | 2012-13 | 2011-12 |
| (iv) Outstanding Balances as at 31st March 2013 | | |
| a. Receivables | | |
| Indokem Limited | 158.77 | 202.47 |
| Indokem Export Limited | 0.73 | - |
| Shubhlabh Chemicals Pvt. Ltd. | 60.24 | 62.72 |
| Formost Chemicals Pvt. Ltd. | 3.10 | - |
| | 222.84 | 265.19 |
| b. Acceptances | | |
| Priyamvada Holdings Limited | 1.94 | 2.24 |
| | 1.94 | 2.24 |
| c. Loan from Related Parties | | |
| Curiosity Workshop | - | 11.50 |
| Mr. Mahendra K. Khatau | 40.00 | - |
| | 40.00 | 11.50 |
| d. Advances to Related Parties | | |
| Indokem Limited (Security Deposit) | 35.00 | 35.00 |
| Khatau Capacitors Pvt. Ltd | 54.68 | 54.68 |
| | 89.68 | 89.68 |
| e. Other payable | | |
| Smt. Leela K. Khatau (Salary) | 0.18 | 0.18 |
| (V) Managing Directors' Remuneration : | | |
| Computation of Managing Directors' remuneration u/s 309 (5) of the Companies Act, 1956. | | |

| | (Rs. in lacs) | |
|--------------------|---------------|---------|
| | 2012-13 | 2011-12 |
| Salary | 15.93 | 17.12 |
| Contribution to PF | 1.18 | 1.22 |
| Gratuity | 0.47 | 0.47 |
| Perquisites | 0.59 | 0.55 |
| | 18.17 | 19.36 |

In terms of our Report of even date
For **G. P. KAPADIA & CO.**
Chartered Accountants

For and on behalf of the Board,

Uday R. Parikh
Partner

Mahendra K. Khatau
Chairman

Arup Basu
Managing Director

Place : Ahmedabad
Date : May 30th, 2013

Place : Mumbai
Date : May 30th, 2013

CONSOLIDATED CASH FLOW STATEMENT FOR 2012-2013

| | 2012-2013 | (Rs. in lacs) 2011-2012 |
|--|--------------------|----------------------------|
| A. Cash flow from operating activities | | |
| Net profit after tax and extra ordinary items | (64.66) | (193.99) |
| Adjustments for : | | |
| Depreciation | 46.51 | 35.46 |
| Interest expenses & finance charges | 145.14 | 161.93 |
| Interest Income | (16.82) | (12.79) |
| Unrealised Exchange Rate Difference | 26.25 | 39.59 |
| Profit / Loss on sale of fixed assets (Net) | (2.99) | 1.57 |
| | 198.09 | 225.76 |
| Operating profit / loss before working capital changes | 133.43 | 31.77 |
| Adjustments for : | | |
| Trade and other receivables | (62.39) | 289.91 |
| Inventories | 40.03 | (1.06) |
| Trade and other payables | (22.28) | (110.57) |
| | (44.64) | 178.28 |
| Net cash used in operating activities | (a) 88.79 | 210.05 |
| B. Cash flow from investing activities | | |
| Interest received | 16.83 | 12.79 |
| Purchase of fixed assets | (63.57) | (26.88) |
| Sale of fixed assets | 6.77 | 2.74 |
| Net cash used in investing activities | (b) (39.97) | (11.35) |
| C. Cash flow from financing activities | | |
| Proceeds from borrowings (net) | 53.53 | (37.19) |
| Interest & finance charges paid | (145.14) | (161.93) |
| Net cash used in financing activities | (c) (91.61) | (199.12) |
| Net increase in cash and cash equivalents (a+b+c) | 42.79 | 0.42 |
| Cash and cash equivalents-opening balance | 113.93 | 114.35 |
| Cash and cash equivalents-closing balance | 71.14 | 113.93 |

1 Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3.

2 Cash and Cash equivalents represents cash and bank balances.

In terms of our Report of even date
For **G. P. KAPADIA & CO.**
Chartered Accountants

For and on behalf of the Board,

Uday R. Parikh
Partner

Mahendra K. Khatau
Chairman

Arup Basu
Managing Director

Place : Ahmedabad
Date : May 30th, 2013

Place : Mumbai
Date : May 30th, 2013

REFNOL RESINS AND CHEMICALS LIMITED

Regd. Office : 410/411, Khatau House, Mogul Lane, Mahim (West), Mumbai - 400016.

ATTENDANCE SLIP

I hereby record my presence at the Thirty Second Annual General Meeting to be held on 30th September 2013 at 12.00 Noon at its registered office at Plot No. 410/411, Khatau House, Mogul Lane, Mahim (West), Mumbai-400 016

| | |
|--------------------|--------|
| Folio No. | Status |
| Name : | |
| No. of Shares Held | |
| Venue : Mumbai. | |
| Time : 12:00 noon | |

Signature of the Attending Member/Proxy:

REFNOL RESINS AND CHEMICALS LIMITED

Regd. Office : 410/411, Khatau House, Mogul Lane, Mahim (West), Mumbai - 400016.

PROXY FORM

Folio No. _____ No. of Shares Held _____

I/We _____ of _____

_____ being a Member / Members of REFNOL RESINS AND CHEMICALS LIMITED, hereby appoint

_____ of _____

or failing him of _____ of _____

as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Thirty Second Annual General Meeting of the Company to be held on 30th September, 2013 or at any adjournment thereof.

Signed this _____ day of _____ 2013.

Signature _____

| |
|--------------------------------------|
| Affix 1 Rupee Revenue Stamp |
|--------------------------------------|

* Strike out whichever is not applicable.

Note : Shareholders/proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.

Shareholders/proxy holder desiring to attend the meeting should bring his/her copy of Annual Report for reference at the meeting.

The Proxy form must be deposited at the Registered Office of the Company at 410/411, Khatau House, Mogul Lane, Mahim (west), Mumbai - 400016 not less than 48 hours before the commencement of the meeting. i.e. latest by 12:00 noon on Saturday the 28th September, 2013. The Proxy need not be a member of the Company.

