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## ATREYA PETROCHEM LIMITED

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--: CORPORATE INFORMATION :--

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### BOARD OF DIRECTORS

Jayesh Raichandbhai Thakkar	:	Managing Director
Santosh Ranchhodbhai Kahar	:	Director
Sombhai Shankarbhai Thakkar	:	Director
Bachubhai Shankarlal Thakkar	:	Director
Jigar Premchand Motta	:	Director
Kiran Jethalal Soni	:	Director
Nikhil Pranay Pednekar	:	Director
Amit Tarachand Shah	:	Director

### BANKERS

Bank of Baroda, Vadodara  
UCO Bank, Vadodara

### STATUTORY AUDITORS

**N. R. Parikh & Co.**  
Chartered Accountants  
401, Paradise Complex,  
Behind Yashkamal Bldg,  
Sayajigunj, Vadodara-390005.

### REGISTERED OFFICE AND WORKS

Vill: Tundao, Tal: Savli  
Vadodara - 391775  
Gujarat, India

### STOCK EXCHANGE(S)

Bombay Stock Exchange Ltd.  
Vadodara Stock Exchange Ltd.  
Ahmedabad Stock Exchange Ltd.

### REGISTRAR & TRANSFER AGENT

**M/s. Link Intime India P. Ltd**

C-13, Pannalal Silk Mills Compound, L.B.S. Marg,  
Bhandup (W), Mumbai - 400078 | Tel. (22) 25963838 Fax (22) 25946969  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**ATREYA PETROCHEM LIMITED**

Regd. Office: Village: Tundao, Tal.: Savli, Vadodara - 391775

**NOTICE**

NOTICE is hereby given that the Annual General Meeting of ATREYA PETROCHEM LIMITED will be held on Saturday, the 29<sup>th</sup> September, 2012 at 11.00 a.m. at Village: Tundao, Taluka: Savli, Vadodara - 391775 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 and Profit & Loss Account for the year ended even date alongwith the Report of Auditors' and Directors' thereon.
2. To appoint a Director in place of Mr. Sombhai Thakkar, who retires by rotation and being eligible offers himself for appointment.
3. To appoint a Director in place of Mr. Bachubhai Thakkar who retires by rotation and being eligible offers himself for appointment.
4. To appoint a Director in place of Mr. Santosh Kahar who retires by rotation and being eligible offers himself for appointment.
5. To appoint Auditors and fix their remuneration.

**Place** : Vadodara

For and on behalf of The Board

**Date** : 1<sup>st</sup> September, 2012

Sd/-

**Jayesh Raichandbhai Thakkar**  
Chairman

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM 26<sup>TH</sup> SEPTEMBER, 2012 TO 29<sup>TH</sup> SEPTEMBER, 2012 (BOTH DAYS INCLUSIVE)

---: **DIRECTORS' REPORT** :---

Dear Members,

Your Directors have pleasure in presenting their Annual Report together with the Audited Statement of Accounts for the Financial Year ended on 31st March, 2012.

**(1) FINANCIAL AND WORKING RESULTS:**

<b>PARTICULARS</b>	<b>2011-2012 (9 months) (Rs.)</b>	<b>2010-2011 (15 months) (Rs.)</b>
<b>PROFIT BEFORE DEPRECIATION AND TAX :</b>	6,99,656	99,29,277
(LESS) : Depreciation	(6,15,893)	(16,02,003)
<b>PROFIT BEFORE TAXATION :</b>	83763	77,85,482
(LESS): Current Tax	(15,850)	(2,50,000)
<b>PROFIT FOR THE YEAR</b>	67,913	75,35,482

**(2) DEPOSITS:**

The Company has not accepted deposits during the year within the meaning of the provisions of Companies (Acceptance of Deposits) Rules, 1975.

**(3) DIVIDENDS:**

In view of long term interests of the Company, your Directors do not recommend any dividend.

**(4) PARTICULARS OF EMPLOYEES:**

There was no employee drawing remuneration of Rs.60,00,000 p.a. or Rs.5,00,000 p.m. for part of the year or more and hence no particulars have been furnished as required under Section 217(2A) of the Companies Act, 1956.

**(5) PARTICULARS RELATING TO CONSERVATION OF ENERGY:**

**A. CONSERVATION OF ENERGY:**

The Company does not have material information required under Section 217 (1) (e) of the Companies Act, 1956 read with the

Companies (Disclosures of Particulars in the Board of Directors) Rules, 1988 to offer and hence no particulars have been furnished.

**B. FOREIGN EXCHANGE EARNING & OUTGO:**

During the year, the Company has neither earned nor spent any amount on foreign exchange during the year.

**(6) DIRECTORATE:**

Mr. Santosh Kahar, Mr. Sombhai Thakkar & Mr. Bachubhai Thakkar retire at this Annual General Meeting and being eligible, offer themselves for reappointment as Director liable to retire by rotation.

**(7) DIRECTORS' RESPONSIBILITY STATEMENT:**

- (i) The Directors have followed the applicable accounting standards along with proper explanation relating to material departure while preparing the annual accounts;
- (ii) 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 financial year and of the profit of the Company for the period;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts on a going concern basis.

**(8) AUDITORS:**

M/s. N.R. Parikh & Co., Chartered Accountants, Vadodara, Auditors of the Company retire at the conclusion of this Annual General Meeting. They have confirmed that their reappointment, if made, would be within the limit under section 224(1B) of the Companies Act, 1956. You are requested to appoint Auditor and fix their remuneration.

**(9) ACKNOWLEDGMENTS:**

Your Directors wish to thank the Government Authorities, Banks, Customers, Suppliers, and Shareholders for their continued support. Your Directors also take this opportunity to record their appreciation for the contributions made by all the employees to the operations of the Company during the year.

**Place :** Vadodara  
**Date :** 01.09.2012

For and on behalf of the board

Sd/-  
**(Jayesh Raichandbhai Thakkar)**  
Chairman

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Good Governance practices stem from the culture and mindset of the Organization. These are the Organizations that succeed consistently in the market place gain a greater share of market opportunities and sustainably drive their top and bottom lines. At **Atreya Petrochem Limited**, it is our belief that as we move closer towards our aspirations, our corporate governance standards must be equally benchmarked. That gives us the confidence of having put in the right pedestal blocks for future growth and ensuring that we achieve our ambitions in a prudent and sustainable manner.

### 2. BOARD OF DIRECTORS

Composition and category of Directors

The Board of Directors consists of Eight Directors

Name of Directors	Category
Shri Jayesh Raichandbhai Thakkar	Managing director
Shri Santosh Ranchhodbhai Kahar	Director
Shri Sombhai Shankarbhai Thakkar	Director
Shri Bachubhai Shankerlal Thakkar	Director
Shri Jigar Premchand Motta	Director
Shri Kiran Jethalal Soni	Director
Shri Nikhil Pranay Pednekar	Director
Shri Amit Tarachand Shah	Director

#### Meetings and Attendance

The Board of Directors meets at least once in every quarter to approve the financial results in compliance with Listing Agreement and more often, if considered necessary, to transact any other business.

No Director is a member of more than ten committees or Chairman of more than five committees in other Companies in which they are Directors.

During the year under review, **FOUR** Board meetings were held on; **15th August, 2011; 2nd November, 2011; 14th November, 2011 and 2nd February, 2012.**

Attendance of directors at the meetings of the Board of Directors held during the year and Annual General Meeting held on 29.09.2012 was as follows:

Name of Director	No. of Board Meetings attended during 2011-12.	Whether present at the last AGM
Shri Jayesh Raichandbhai Thakkar	4	Yes
Shri Santosh Ranchhodbhai Kahar	4	Yes
Shri Sombhai Shankarbhai Thakkar	4	Yes
Shri Bachubhai Shankerlal Thakkar	4	Yes
Shri Jigar Premchand Motta	3	Yes
Shri Kiran Jethalal Soni	3	Yes
Shri Nikhil Pranay Pednekar	3	Yes
Shri Amit Tarachand Shah	5	Yes

#### **AUDIT COMMITTEE**

The terms of reference and powers of the Audit Committee are as mentioned in Clause 49 II (D) of the Listing Agreement entered into with stock Exchanges read with Section 292A of the Companies Act, 1956. The Audit Committee comprises of Mr. Jigar Motta, Chairman, Mr. Kiran Soni, Mr. Nikhil Pednekar and Mr. Bachubhai Thakkar.

During the year under review, Audit committee meetings were held **Five times on 15th August, 2011; 2nd November, 2011; 14th November, 2011 and 2nd February, 2012;** under the Chairmanship of Shri Jigar Motta, which were attended by all the Members of the Audit committee.

#### **REMUNERATION COMMITTEE**

Composition of the Audit Committee

Member	Designation	Category of Director
Mr. Jigar Motta	Chairman	Independent Director
Mr. Kiran Soni	Member	Independent Director
Mr. Nikhil Pednekar	Member	Independent Director
Mr. Bachubhai Thakkar	Member	Executive Director



## SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

Your Company has constituted a Shareholders Grievance Committee in line with the requirement of Clause 49 of the Listing Agreement.

Member	Designation	Category of Director
Mr. Jigar Motta	Chairman	Independent Director
Mr. Kiran Soni	Member	Independent Director
Mr. Nikhil Pednekar	Member	Independent Director
Mr. Bachubhai Thakkar	Member	Executive Director

## GENERAL BODY MEETINGS

Locations and time of last three Annual General Meetings held.

Year	Location	Date & Time
2008	Tundav Anjesar Road, Village Tundav, Savli, Vadodara - 391775	30/09/2009 at 11:00 a.m.
2009	-do-	30/09/2010 at 11:00 a.m.
2010	-do-	28/12/2011 at 8:00 a.m.

\* No special resolutions were passed in any of the aforesaid meetings.

## DISCLOSURES

None of the transactions with any of the related parties were in conflict with the interest of the Company.

There has been no non-compliance by the Company, no penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during last three years.

## GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting: **Date** : 29th September, 2012  
**Time** : 11:00 a.m.  
**Venue** : Registered office of the Company  
at  
Village: Tundao, Tal. Savli,  
Vadodara - 391775

## Financial calendar

Unaudited results for the quarter ending on 30th June, 2012	14.08.2012
Unaudited results for the quarter ending on 30th September, 2012	14.11.2012
Unaudited results for the quarter ending on 31st December, 2012	14.02.2013
Audited results for the quarter ending on 31st March, 2013	30.05.2013

Dates of book closure : 26/09/2012 to 29/09/2012  
(both days inclusive)

Listing on the Stock Exchanges : Bombay Stock Exchange Ltd.  
Vadodara Stock Exchange Ltd.  
Ahmedabad Stock Exchange Ltd.

Stock code : 524444 (BSE)

ISIN of the Company's Equity Shares in demat form : INE313M01014

Depository Connectivity : CDSL

Registrar and share transfer Agent : LINK INTIME INDIA PRIVATE LTD.  
B- 102 & 103, Shangrila Complex,  
First Floor, Opp. HDFC Bank,  
Nr. Radhakrishna Char Rasta,  
Akota,  
Vadodara 390020 (Gujarat) India

Share transfer, transmission and dematerialization of shares are registered and returned well within the stipulated period.

## Stock Market Data

Since no trading of shares has taken place at any of the stock exchanges where shares of the Company are listed, stock market data have not been furnished.

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

Range of Holding	Number of shareholders	% to total shareholders	Number of shares	% to total shares
1-500	3763	75.3203	10,44,729	16.1973
501 - 1000	750	15.0120	6,66,420	10.3321
1001 - 2000	268	5.3643	4,10,046	6.3573
2001 - 3000	77	1.5412	1,97,100	3.0558
3001 - 4000	31	0.6205	1,14,600	1.7767
4001 - 5000	21	0.4203	1,01,700	1.5767
5001 - 10000	36	0.7206	2,70,038	4.1866
10001 & above	50	1.0008	36,45,367	56.5173
<b>TOTAL</b>	<b>4996</b>	<b>100.0000</b>	<b>64,50,000</b>	<b>100.0000</b>

**Shareholding pattern (as on 31st March, 2012)**

Category	No. of Shares held	% of total shares
Promoters	24,65,600	38.2264
<b>Institutional Investors</b>		
a. Mutual funds	1,40,000	2.1705
b. Banks, FIs, Insurance Companies	1,48,828	2.3074
Other Bodies Corporate	45,334	0.7029
NRI/OCBs (other than Promoters)	7700	0.1194
Indian Public	36,42,538	56.4735
<b>Total</b>	<b>64,50,000</b>	<b>100.00</b>

**Break up of shares in physical and Demat Segment (As on 31st March, 2012)**

Segment	No. of Shares held	% to total Shares
Physical	26,60,900	41.25 %
Demat	37,89,100	58.75 %
<b>Total</b>	<b>64,50,000</b>	<b>100.00 %</b>

Address for communication:

**LINK INTIME INDIA PRIVATE LTD.**

B- 102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank,  
Near Radhakrishna Char Rasta, Akota, Vadodara 390020 (Gujarat) India  
E-mail: Vadodara@intimespectrum.com

**Outstanding GDR / ADRs / Warrants or any Convertible Instruments,  
conversion date and likely impact on equity**

Not Applicable as the Company has not issued such instruments.

**Project location**

Village: Tundao, Tal. Savli,  
Vadodara - 391775

## **CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members,  
Atreya Petrochem Limited  
Vadodara

We have examined all relevant records of Atreya Petrochem Limited as made available to us for the purpose of certifying compliance under clause 49 of Listing Agreements of the said Company with Stock Exchanges in India for the financial year 2011-12.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced and explanations furnished to us, the Company has materially complied with all the mandatory conditions of the Clause - 49 of Listing Agreement.

**Date** : 01st September, 2012  
**Place** : Vadodara

**For N. R. Parikh & Co.**  
FRN No. 107563  
Chartered Accountants

Sd/-  
**N. R. Parikh**  
Partner  
Membership No.007854

## **CEO/CFO Certification**

The Chairman and CFO have issued requisite certificates to Board Pursuant to clause 49 of the Listing Agreement.

**Date** : 01st September, 2012

**Place** : Vadodara

**Jayesh Raichandbhai Thakkar**

Sd/-  
Chairman

## **Code of Conduct Compliance**

As provided under clause 49 of the Listing Agreement with the Stock Exchanges, the Board of Members and the senior personnel have confirmed compliance with the code of conduct for the year ended on 31st March, 2012.

**Date** : 01st September, 2012

**Place** : Vadodara

**Jayesh Raichandbhai Thakkar**

Sd/-  
Chairman

## **MANAGEMENT DISCUSSION AND ANALYSIS**

This analysis report is Management's perspective of economy, market and Company's performance. The analysis statements can be termed as company's perspective of the situation and can also be explained with the words like planning, estimation, expectation, anticipation, etc. The Company is not in a position to guarantee to make changes or modifications in the analysis report based on future Changes of situation and announce it publically.

### **(A) THE ECONOMY :**

The financial year 2011-12 was a challenging period for both businesses and policy makers. At the global level, the debt crisis in European countries like Greece, Ireland and Portugal Remained a cause for concern. There were also uncertainties about the pace of economic Recovery in the western world and the likely spike in commodity prices. The international Markets continue to remain volatile. The rising prices and the gradual withdrawal of the fiscal stimulus in many countries are likely to taper the pace of growth. The major earthquake and the resultant tsunami in Japan added to the woes of the markets. The political crisis in several countries in the Middle East and North Africa has also impacted the global economy. On the domestic front, the key issue remains the inflationary pressures being faced by the economy despite several measures taken by the Government and the Reserve Bank of India. At the same time, policy makers have been alive to the need to nurture economic recovery in the face of global uncertainty. Interest rates have been on the uptrend and this will have an impact on the profitability of businesses. Despite the challenges encountered, India's Gross Domestic Product (GDP) is estimated to have grown by 8.5% in 2010-11. The good monsoon across the country has contributed towards healthy growth of the agriculture sector. However, the manufacturing sector grew at a slower pace as compared to the previous year. With key commodity prices expected to remain at elevated levels in 2011-12, there could be an impact on the pace of economic growth.

### **(B) THE INDUSTRY:**

Petrochemical industry plays a vital role in economic growth and development of manufacturing sector. The value addition in the petrochemicals industry is higher than most of the other industry sectors. The Petrochemical industry, which entered in the Indian industrial scene in



1970s, registered a rapid growth in the 1980s and 1990s. Today, petrochemical products permeate the entire spectrum of daily use items and cover almost every sphere of life like clothing, housing, construction, furniture, automobiles, household items, agriculture, horticulture, irrigation, packaging, medical appliances, electronics and electrical etc. In India, demand for the petroleum products has increased by 2.6% in 2010-11 compared with 3.4% in 2009-10. About 142 million tons of petroleum products were consumed during the year. The growth in demand was confined mainly to transport and residential fuels. Petrol and diesel recorded a growth rate of about 11% and 7% respectively. Aviation fuel demand increased by about 10% reflecting turnaround in the sector. LPG demand also increased by a healthy 10% indicating rising penetration. Demand for industrial fuels such as FO/LSHS, however, declined due to availability of cheaper alternatives such as natural gas. For the first time in last five years, bitumen consumption fell by about 7%.

### **(C) INDUSTRY STRUCTURE AND DEVELOPMENTS :**

The chemical and petrochemical sector in India presently constitutes 14% of the domestic Industrial activity. It should be noted that investments in this sector are highly capital intensive with long gestation periods. The growth of petrochemicals is projected at 12.6% in the 11th Five Year Plan.

The automotive industry saw very good growth in 2010. The growth was across categories, with the passenger vehicles segment growing by over 29% and the commercial vehicles segment growing by 28%. It is believed this upward trend will be sustained in the foreseeable future strong domestic market.

### **(D) ABOUT ATREYA :**

ATREYA was established to manufacture various petrochemical downstream products such as specialty oils, petroleum sulphonates, solvents, etc. for industrial applications such as rubber, leather, ink and paint industries. We market and sell our products under the Brand “**Ecrol Lubricants**”. We have an up to date processing plant situated at Tundav Village in Gujarat on an eight acre plot. Our plant is classified as Mini-Refinery to process crude oil and hydrocarbons to various end products.

Ecrol is a well-entrenched brand in industrial oils. Ecrol products are manufactured to meet the norms laid down by BIS, API and JASO. High Quality Standards have been a critical element in the marketing strategy

of Ecol to capture a sizeable share in the domestic market in a short span of time. We are focused of delivering the best quality at an affordable price and continuous up-gradation to the State of the Art Technology.

❖ Our Product Line:

Your Company produces many products like ERL 15W40 (API-CF4), APL 20W40 (API-CF), ECY 4T - OIL (API-SL), ECY 2T (API-TC), ERL GEAR EP90 (GL-4), ERL GEAR EP140 (GL-4), and many others which can be used for equipments like Auto, Car LMV, Trucks, Buses, Excavators, Tippers & Dozers Fitted with Tata, Ashok layland, Iveco, Hino engines as well as two wheeler, three wheeler, LMV, Commercial vehicles, Tractors, MUV such as Safari, Scorpio, Sumo etc. & heavy-duty commercial vehicles. A brochure of our products is available on our website, [www.atreyapetrochem.com](http://www.atreyapetrochem.com).

❖ Our Strategy:

The lubricant industry in India is broadly divided into three major market sectors:

- ⇒ Automotive,
- ⇒ Industrial and
- ⇒ Marine & Energy Applications.

The Industry is led by four major players (Castrol India Limited, Bharat Petroleum Corporation Limited, Indian Oil Corporation Limited and Hindustan Petroleum Limited) who contribute to approximately 70% of the market. These corporations earn a huge share of their revenues from the metros and Tier I Cities. The consumers in these locations are not very price sensitive and hence would prefer a big brand over an upcoming brand even at a very high premium. Hence this makes it very difficult for us to compete these huge corporations in their home ground.

Thus, in order to grab a pie in the market share, we are targeting the Tier II & Tier III cities Where the consumers are more price-sensitive and are not very brand conscious. This shall enable us to sell our low cost products and build customer loyalty.

We shall focus on innovative and cost-effective methods of marketing our products which shall help us maintain higher margins.

**(E) OPPORTUNITIES AND THREATS.**

**(I) Opportunities**

**a. Overall economic activity:**

With an expected GDP growth of around 8% in 2011 and growth in the industry and Infrastructure services sector, the basic consumption drivers for lubricants remain intact and are all set to make the industry grow. We expect growth in the economy to impact directly the movement of goods and hence increase consumption of commercial vehicle engine oils.

**b. Growth in personal mobility:**

Growing personal disposable incomes, double income households and aggressive marketing by automobile manufacturers continue to drive demand for passenger cars and two wheelers. This growth in the personal mobility segment would have a positive impact on your Company's performance.

**c. Original Equipment Manufacturers:**

India is home to a vibrant automobile market. It has been one of the few markets worldwide which saw growth in passenger car sales even during the global downturn. In fact, 2010 has recorded the highest volumes ever in terms of vehicle production. While the Indian automobile industry seeks to double total sales on the back of steady growth over the next decade, the relatively under-tapped demand segments like rural markets, youth, women, luxury cars and infrastructure growth, are expected to play a significant role. Your Company is strongly poised to leverage this emerging boom in India's auto industry.

**d. Infrastructure growth:**

In the 2010 Finance Bill, the government announced that it would significantly increase spending on various infrastructure projects. This move will stimulate demand growth in the building and construction sector and thereby have a positive impact on lubricant demand.

**(II) Threats**

❖ **Automotive sector**

**a. Input costs:**

With crude oil prices pushing up cost of base oils, additives and packaging material, margins are expected to be under pressure during the year and potentially impact demand as the lubricant industry passes a portion of the increased costs to customers.

**b. Competitive activity:**

The Indian lubricant market is highly competitive. Given the fact that most international players have identified India as a focus market, this is likely to intensify.

**c. Longer oil drain intervals:**

This can significantly impact volume growth in the market, especially in the commercial vehicle segment.

❖ **Non Automotive sector**

**a. Input costs:**

Manufacturing companies will continue to feel the heat of rise in raw material prices and if not mitigated, this might impact the growth momentum. Crude oil prices have been going up persistently. Higher base oil prices, coupled with increase in other raw material costs, are likely to impact input costs adversely.

**b. Industrial growth:**

Whilst the manufacturing sector has recovered and is in the growth phase, the global situation may still impact its trajectory. Further, in spite of robust growth in the industrial environment, the focus on operational efficiency could dampen the growth rate for lubricants.

**(F) RISKS, CONCERNS AND OUTLOOK**

The overall business environment remains extremely challenging. Atreya is therefore, likely to encounter several risks in the course of its operations. The possible upward movement in international oil prices

remains a major area of concern, given the level of dependency on imports for meeting the crude oil requirements of the refineries. While there is optimism on the sustained growth of the Indian economy, developments around the globe could lead to a slowing down in the pace of growth. This in turn, may cause a fall in demand for energy, thereby affecting the growth of the petroleum sector. If the current high interest rate scenario were to persist for a considerable period of time, the cost of borrowings could increase substantially and thereby, erode the company's profitability and affect its ability to raise resources needed to fund its capital expenditure plans.

**Thus to summarize, the key business risks for the company can be around the following:**

**Areas:**

- ❖ Continued increase in drain intervals in the commercial vehicle segment.
- ❖ High levels of employee attrition.
- ❖ Reviving economy leading to inflationary pressure resulting in a sharp increase of input costs.
- ❖ Price under-cutting by low-cost as well as international competitors in an attempt to gain volume share.
- ❖ Hardening interest rates leading to slowdown in sale of commercial and personal mobility vehicles. While the risks and concerns appear to be quite significant, Atreya remains confident of being able to mitigate the same and effectively deal with the challenges. Further your Company has put together a plan to address the impact of the identified risks and has put in place the necessary mitigating actions. Thus Atreya continues to concentrate on achieving greater operational efficiencies and enhancing the focus on execution and is geared up to continue delivering excellence in all areas of operations in the days to come.

**(G) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company maintains an adequate and effective Internal Control system commensurate with its size and complexity. We believe that these internal control systems provide, among other things, a reasonable

assurance that transactions are executed with management authorization and that they are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles and that the assets of your Company are adequately safe-guarded against significant misuse or loss. An independent Internal Audit function is an important element of your Company's internal control system. The internal control system is supplemented through an extensive internal audit program and periodic review by management and audit committee.

## **(H) HEALTH, SAFETY, SECURITY AND ENVIRONMENT**

Health, Safety, Security and Environment (HSSE) is a core value of your Company. Simply stated, our goals are: no accidents, no harm to people and no damage to environment. The health, safety and security of everyone who works for your Company is critical to the success of the business.

Your Company has always striven to be responsible and sensitive to ecological and environmental matters. This is ensured by protecting, conserving and restoring all natural Resources, often far beyond what is mandated by government and other institutional policies. Your Company is committed to complying in full measure with all regulations relating to the preservation of the environment around its operations. By constantly upgrading technologies and by applying the best of sustainable processes and practices, the Company endeavors to provide environmental issues the priority they deserve. Further your Company is also dedicated to constantly improving its performance on prevention of pollution, proper use of natural resources and minimization of any hazardous impact stemming from production, development, use and disposal of any of its products and services.

## **(I) HUMAN RESOURCES**

Your Company firmly believes that its employees are the key to driving performance and

Developing competitive advantage. The emphasis has been on proper recruitment of talent and empowerment while devoting resources for their continuous development. The structured recruitment process, which the Company employs, focuses on recruiting people who have the right mindset for working at Atreya, supported by structured training

programmes and internal growth opportunities. The basic objective has been to unlock the people potential and further developing their functional operational and behavioral competencies so as to build a team of dedicated employees who work with passion, zeal and a sense of belongingness and play a defining role in significantly accelerating the growth and transformation of the Company, thereby, consolidating its position in the market as one of the top petrochemical industries in the country.

**Place :** Vadodara

For and on behalf of the board

**Date :** 01.09.2012

Sd/-

**(Jayesh Raichandbhai Thakkar)**

Chairman

## AUDITOR'S REPORT

To,  
**The Members of  
Atreya Petrochem Ltd.**

1. We have audited the attached Balance Sheet of **Atreya Petrochem Ltd.** as at 31st March, 2012 the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date (i.e. 01.07.2011 to 31.03.2012) annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on matters specified in paragraphs 4 and 5 of the said Order, subject to notes 1-E.

Reference is invited: -

- a) The company has not complied with the provision of Section 383A of the Companies Act, 1956 relating to appointment of a whole time secretary. Therefore, we are unable to comment on the maintenance of various statutory registers, records, compliance of Stock Exchange listing agreement, SEBI Rules & Regulation and The Companies Act, 1956.



- b) For continuing contravention of Section 372A of the Companies Act, 1956 for aggregate inter-corporate Loan of Rs. 406.92 Lacs and investment of Rs. 40.62 Lacs in excess of the limit specified thereto.
  - c) As explain to us by the board, Rs. 139.64 Lacs loan given to directors, Firms and to the Companies in which Director/ relative are/were interested as director / partner / proprietor which is continuing contravention of Section 295 of companies Act, 1956.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that -
- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - (c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Profit and Loss and Cash Flow Statement Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, subject to notes on accounts.
  - (e) On the basis of written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted

in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as on 31st March, 2012;
- (ii) in the case of the Profit and Loss Account, of the profit of the company for the year ended on that date (i.e. 01.07.2011 to 31.03.2012); and
- (iii) in the case of the Cash Flow Statement, of the Cash Flow of the company for the year ended on that date (i.e. 01.07.2011 to 31.03.2012).

**For N. R. PARIKH & CO.  
Chartered Accountants  
FRN No. 107563W**

Sd/-  
**CA N. R. Parikh  
(Partner)  
Membership No. - 007854  
Vadodara**

## **ANNEXURE TO AUDITOR'S REPORT**

**Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2012 of Atreya Petrochem Ltd.**

- (i)
  - (a) AS informed to us, The Company is in the process of compiling records to showing full particulars including quantitative details and situation of fixed assets. However the same is not available for our verification.
  - (b) As explained to us, fixed assets, according to the practice of the Company are physically verified by the management at reasonable intervals, in a phased verification-programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business. As informed to us, no material discrepancies have been noticed on verification;
  - (c) No disposal of a substantial part of fixed assets of the company has taken place during the year.
- (ii)
  - (a) As informed to us, The Inventory were physical verified by the management at reasonable intervals during the year.
  - (b) In our opinion and according to the information and explanations given to us, company has reasonable and adequate procedure for physical verification of inventories in relation to the size of the company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventory, and no major discrepancy reported by the management.
- (iii) The Company has granted unsecured loans to 2 companies, and 1 Interested Party listed in the register maintained under Section 301 of the Companies Act, 1956. The year balance of loans granted to these was Rs. 140.07 Lacs.

In our opinion and according to the information and explanations given to us, the terms and condition of loan given to the parties covered under in the register maintained under section 301 of the

Companies Act, 1956 are not prima facie prejudicial to the interest of the company except interest free loan given to party. Register maintained, if any u/s. 301 of the Companies Act, 1956 is not available for our verification

According to the information and explanations given to us, no repayment schedule has been specified and accordingly the question of regularity in payment of principal amount and interest wherever applicable does not arise. However the said loan is repayable on demand.

The Company has taken unsecured loans from 3 companies and 1 Directors listed in the register maintained under Section 301 of the Companies Act, 1956. The year balance of loans taken from these was Rs. 112.44 Lacs.

In respect of above Loans taken, no repayment schedule has been specified with regard to the Interest / Repayment or any other terms and conditions.

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business.
- (v) According to the information and explanations given to us, the details of transaction that needed to be entered in the register in pursuance of section 301 of the Company Act. 1956, have been so entered.

According to information and explanations given to us, the transactions of purchase and sale of goods/services made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- (vi) The company has not accepted deposits from other corporate which attracting the provisions of section 58A and 58AA of the Companies Act, 1956, and the rules framed there under.
- (vii) The system of internal audit of the company needs to be strengthened and commensurate with the size and nature of its business.

(viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.

(ix) In respect of statutory dues:

(a) Account to the records of the Company examined by us, Company is not liable to Pay Provident Fund, Investor Education and Protection fund, Employees State Insurance, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise Duty, Cess no undisputed amounts payable in respect of such statutory dues which have remained outstanding as on 31st March, 2012 for a period of more than Six Month from the day they become payable except the following -

Central Sales Tax	Rs. 6,77,642
Motor Spirit Tax	Rs. 2,26,238

(b) According to the Information and explanation given to us there are no dues of Sales Tax, Custom Duty, Wealth Tax, Services Tax, Custom Duty, Excise Duty and Cess Which have not been deposited on account of any dispute except the Following -

Name of Status	Rs.	Period	Pending at
Income Tax Act 1961	24,89,300	A.Y.1999-00	ITAT-Ahmedabad
Income Tax Act 1961	1,41,41,065	A.Y.2000-01	ITAT-Ahmedabad
Income Tax Act 1961	35,830	A.Y.2002-03	CIT(A)-Vadodara
Income Tax Act 1961	12,830	A.Y.2003-04	CIT(A)-Vadodara
Central Excise Act, 1944	8,87,65,288	A.Y.2000-01	Remanded by Authority.

(X) Accumulated losses at the end of financial year ended on 31st March, 2012 is Rs. 1,39,58,268/- which does not exceed 50% of its net worth and it has not incurred cash losses in the financial year ended on the date and in the immediately preceding financial Year.

(xi) According to the information and explanations given to us and records of the company examined by us, the Company has not obtained any loan from financial institutions or banks and has not

issued any debentures. Therefore reporting on whether company has defaulted in repayment of dues is not applicable.

- (xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) As the Company is not a chit fund or a nidhi / mutual benefit fund / society to which the provisions of special statute relating to chit fund are applicable, the provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) The company is dealing in or trading in share, securities, Debenture or other investment. The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. Further such securities have been held by the company in its own name or are in the process of transfer in its on company name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us and as per records made available for our verification, the Company has not taken any term loan during the year
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment, this clause is not applicable.
- (xviii) As the Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Act, the provisions of clause 4(xviii) of the Order are not applicable to the Company.
- (xix) As the Company has not issued any debentures, the provisions of clause 4(xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money by public issue during the year.

- (xxi) According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during year.

**For N. R. PARIKH & CO.  
Chartered Accountants  
FRN No. 107563W**

Sd/-  
**N. R. Parikh  
(Partner)  
Membership No. - 007854  
Vadodara**

**BALANCE SHEET AS AT MARCH 31, 2012**

Particulars	Note No.	As at 3/31/2012	As at 6/30/2011
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholders' Funds			
(a) Share capital	2	64,500,000	64,500,000
(b) Reserves and surplus	3	(13,958,268)	(14,026,181)
		<b>50,541,732</b>	<b>50,473,819</b>
(2) Share application money pending allotment		—	—
(3) Non-current liabilities			
(a) Long-term borrowings	4	15,016,351	17,773,116
(b) Deferred tax liabilities (Net)		—	—
(c) Other long term liabilities	5	41,908,120	41,908,120
		<b>56,924,471</b>	<b>59,681,236</b>
(4) Current liabilities			
(a) Trade payables	6	794,523	818,169
(b) Other current liabilities	7	1,209,321	4,127,343
(c) Short-term provisions	8	494,355	471,676
		<b>2,498,199</b>	<b>5,417,188</b>
<b>TOTAL</b>		<b>109,964,402</b>	<b>115,572,243</b>
<b>II. ASSETS</b>			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible assets	9	16,104,633	15,994,387
(ii) Intangible assets		—	—
(iii) Capital work-in-progress		542,628	542,628
		<b>16,647,261</b>	<b>16,537,015</b>
(b) Non-current investments	10	4,062,730	4,062,730
(c) Long-term loans and advances	11	40,692,932	43,121,806
(d) Other non-current assets	12	38,202,422	44,464,629
		<b>82,958,084</b>	<b>91,649,165</b>
(2) Current Assets			
(a) Inventories	13	5,083,000	2,975,287
(b) Trade receivables	14	3,957,070	3,212,613
(c) Cash and cash equivalents	15	284,492	456,401
(d) Short-term loans and advances		—	—
(e) Other Current Assets	16	1,034,495	741,762
		<b>10,359,057</b>	<b>7,386,063</b>
<b>TOTAL</b>		<b>109,964,402</b>	<b>115,572,243</b>
Significant Accounting Policies & Notes to the Balance Sheet	1		

In terms of our report of even date  
For **N. R. Parikh & Co.**  
Chartered Accountants  
Sd/-

**C.A. N.R. Parikh (Partner)**  
Membership No. 007854

**Place : Vadodara**  
**Date : 1st September 2012**

For and on behalf of the Board of Directors of  
**ATREYA PETROCHEM LIMITED**

Sd/-  
Chairman & MD

Sd/-  
Director

**Place : Vadodara**  
**Date : 1st September 2012**



**PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012**

Particulars	Note No.	Year ended 3/31/2012 9 Months	Year ended 6/30/2011 15 Months
I. Revenue from operations	17	272,876	25,855,704
II. Other income	18	972,233	7,949,242
<b>III. Total Revenue (I + II)</b>		<b>1,245,109</b>	<b>33,804,946</b>
IV. Expenses:			
Cost of materials consumed	19	1,284,718	10,325,254
Purchases of stock-in-trade	20	—	13,982,425
Changes in inventories of finished goods, WIP	21	(1,349,913)	(1,324,588)
Employee benefits expense	22	558,449	839,389
Finance costs	23	52,200	53,189
Depreciation and amortization expense	9	—	541,792
Other expenses	24	615,893	1,602,003
<b>Total Expenses</b>		<b>1,161,346</b>	<b>26,019,464</b>
V. Profit before tax (III - IV)		<b>83,763</b>	<b>7,785,482</b>
VI. Tax Expenses:			
(1) Current Tax		15,850	250,000
(2) Deferred Tax		—	—
VII. Profit/(Loss) for the year (V-VI)		<b>67,913</b>	<b>7,535,482</b>
VIII. Earnings per equity share:	25		
(1) Basic		0.01	1.17
(2) Diluted		0.01	1.17
Significant Accounting Policies & Notes to the Balance Sheet	1		

In terms of our report of even date  
For **N. R. Parikh & Co.**  
Chartered Accountants  
Sd/-

**C.A. N.R. Parikh (Partner)**  
Membership No. 007854

**Place :** Vadodara  
**Date :** 1st September 2012

For and on behalf of the Board of Directors of  
**ATREYA PETROCHEM LIMITED**

Sd/-  
Chairman & MD

Sd/-  
Director

**Place :** Vadodara  
**Date :** 1st September 2012

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

	Year ended 3/31/2012 9 Months	Year ended 6/30/2011 15 Months
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before taxation	83,763	7,785,482
<u>Adjustments for:</u>		
Depreciation on fixed assets	—	541,792
Other non-operating income (Incl Written - off)	296,687	—
Interest expense	35,789	20,658
Deduct:		
Profit on sale of Investment	—	6,833,574
Dividend Income	546	—
<b>Operating Profit before Working Capital changes</b>	<b>415,693</b>	<b>1,514,358</b>
<u>Adjustments for :</u>		
(Increase) / Decrease in inventories	(2,107,713)	(2,765,962)
(Increase) / Decrease in trade receivables	5,517,750	(28,285,486)
(Increase) / Decrease in trade payable	(23,647)	29,032,023
(Increase) / Decrease in loans and advances and other assets	(461,322)	—
Increase/(Decrease) in liabilities	(3,214,709)	2,523,158
Increase/(Decrease) in provisions	6,829	320,000
<b>Cash Generated From Operations</b>	<b>132,881</b>	<b>2,338,091</b>
Income tax Paid ( Net of Refund)	168,589	—
<b>Net Cash inflow from/ (outflow) from Operating activities</b>	<b>301,470</b>	<b>2,338,091</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of fixed assets	(110,247)	(1,893,215)
Sale Proceeds from investments	—	12,655,246
Interest received		
Dividend received	546	
<b>Net Cash inflow from/ (outflow) from Investing activities</b>	<b>(109,701)</b>	<b>10,762,031</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds / Repayment from Long Term Borrowing(Net)	(2,756,763)	3,072,511
Proceeds/ Repayment from Loans and Advances (Net)	2,428,874	(15,853,852)
Interest paid (35,789)	(20,658)	
<b>Net Cash inflow from/ (outflow) from Financing activities</b>	<b>(363,678)</b>	<b>(12,801,999)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(171,909)</b>	<b>298,123</b>
<b>Opening Cash and Cash Equivalents</b>		
Cash in hand 92,206	15,945	
Bank balances	364,195	142,333
	<b>456,401</b>	<b>158,278</b>
<b>Closing Cash and Cash Equivalents</b>		
Cash in hand	9,521	92,206
Bank balances	274,971	364,195
	<b>284,492</b>	<b>456,401</b>

In terms of our report of even date  
For N. R. Parikh & Co.  
Chartered Accountants  
Sd/-

C.A. N.R. Parikh (Partner)  
Membership No. 007854

Place : Vadodara  
Date : 1st September 2012

For and on behalf of the Board of Directors of  
**ATREYA PETROCHEM LIMITED**

Sd/-  
Chairman & MD

Sd/-  
Director

Place : Vadodara  
Date : 1st September 2012

**NOTES FORMING PART ON FINANCIAL STATEMENTS**

**2 SHARE CAPITAL**

a. Details of authorised, issued and subscribed share capital

Particulars	As at March 31, 2012	As at June 30, 2011
<b>Authorised Capital</b> 6500000 Equity Shares of Rs 10/- each	650,000,000	65,000,000
<b>Issued Capital</b> 64,50,000 Equity Shares of Rs10 /- each	64,500,000	64,500,000
<b>Subscribed and Paid up</b> 64,50,000 Equity Shares of Rs10 /- each	64,500,000	64,500,000
	<b>64,500,000</b>	<b>64,500,000</b>

**b. Information on shareholders**

Name of Shareholder	As at March 31, 2012		As at June 30, 2011	
	No of Equity shares held	Percentage	No of Equity shares held	Percentage
Jayeshbhai Raichand Thakkar	1,302,600	20.20%	1,302,600	20.20%

**c. Reconciliation of number of shares**

Particulars	Equity Shares		Preference Shares	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	6,450,000	64,500,000	—	—
Shares outstanding at the end of the year	6,450,000	64,500,000	—	—

Company has only one class of shares referred to above as Equity Shares having par value of Rs. 10/- each. Each holder of equity share is entitled to one vote per share

**3 RESERVES AND SURPLUS**

Particulars	As at March 31, 2012	As at June 30, 2011
<b>a. Surplus</b>		
Opening balance	(14,026,181)	(21,561,663)
(+) Net Profit/(Net Loss) For the current year	67,913	7,535,482
Closing Balance	(13,958,268)	(14,026,181)
<b>GRAND TOTAL</b>	<b>(13,958,268)</b>	<b>(14,026,181)</b>

**4 LONG-TERM BORROWINGS**

Particulars	As at March 31, 2012	As at June 30, 2011
<b>SECURED</b>		
From Bank	—	—
	—	—
Particulars	As at March 31, 2012	As at June 30, 2011
<b>UN-SECURED</b>		
(a) Loans and advances from related parties		

**NOTES FORMING PART ON FINANCIAL STATEMENTS**

From Director	2,684,640	3,274,640
From Intercorporate Loan	8,559,274	11,200,037
<b>(b) Other loans and advances</b>		
From Intercorporate Loan	2,772,850	2,798,850
Other Loans and Advnaces	999,587	499,588
<b>TOTAL</b>	<b>15,016,351</b>	<b>17,773,116</b>
<b>TOTAL OF SECURED AND UN-SECURED</b>	<b>15,016,351</b>	<b>17,773,116</b>

In respect of Unsecured Loan, No repayment schedule has been specified with regard to the Interest / Repayment or any other terms and conditions

**5 - OTHER LONG-TERM LIABILITIES**

Particulars	As at March 31, 2012	As at June 30, 2011
<b>Trade Payables</b>		
Due to Micro and Small Enterprises Other than Micro and Small Enterprises ( Refer Note. 1-I)	— 41,908,120	— 41,908,120
<b>Total</b>	<b>41,908,120</b>	<b>41,908,120</b>

**6 TRADE PAYABLES**

Particulars	As at March 31, 2012	As at June 30, 2011
<b>Trade Payables</b>		
Due to Micro and Small Enterprises Other than Micro and Small Enterprises ( Refer Note. 1-I)	794,523 794,523	818,169 818,169

**7 OTHER CURRENT LIABILITIES**

Particulars	As at March 31, 2012	As at June 30, 2011
Tax Deducted At Source	17,860	8,180
Brockrage & Underwriting Commission	—	192,750
Advances From Customers	315,068	2,873,070
CST	649,555	750,029
Excise Duty	—	69,487
Motor Spirit Tax	226,838	226,838
VAT	—	6,989
<b>Total</b>	<b>1,209,321</b>	<b>4,127,343</b>

**8 SHORT-TERM PROVISIONS**

Particulars	As at March 31, 2012	As at June 30, 2011
<b>Provision for employee benefits:</b>		
Salary and Reimbursement	50,000	70,000
<b>Others:</b>		
Provison for taxation	265,850	250,000
Provision for Expenses	178,505	151,676
<b>Total</b>	<b>494,355</b>	<b>471,676</b>

**ATREYA PETROCHEM LIMITED**  
**NOTES FORMING PART ON FINANCIAL STATEMENTS**  
**9 - FIXED ASSETS (Refer Note : 1-D)**

PARTICULARS	Gross Block				Accumulated Depreciation				Net Block		
	As at July 1, 2011	Additions (Deletions) during the Year	Acquired through business combinations	Revaluations/(Impairments)	As at March 31, 2012	As at July 1, 2011	Depreciation charge for the year	Adjustment due to revaluations	Adjustments on disposals	As at March 31, 2012	As at June 30, 2011
<b>Tangible Assets</b>											
Land - Owned	1,294,309	-	-	-	1,294,309	-	-	-	-	-	1,294,309
Building - (Factory)	6,508,297	-	-	-	6,508,297	2,789,007	-	-	-	2,789,007	3,719,290
Plant & Machinery	21,701,258	-	-	-	21,701,258	11,441,946	-	-	-	11,441,946	10,259,312
Furniture & Fixtures	309,982	8,510	-	-	318,492	248,337	-	-	-	248,337	61,645
Office Equipment	620,752	66,682	-	-	687,434	584,449	-	-	-	584,449	36,303
Computers	158,040	-	-	-	158,040	157,469	-	-	-	157,469	571
Weigh Bridge	647,905	-	-	-	647,905	290,421	-	-	-	290,421	357,484
Labouratory Equipment	386,216	35,055	-	-	421,271	222,147	-	-	-	222,147	164,069
Air Conditioner	198,612	-	-	-	198,612	97,209	-	-	-	97,209	101,403
<b>Total</b>	<b>31,825,371</b>	<b>110,247</b>	-	-	<b>31,935,618</b>	<b>15,830,985</b>	-	-	-	<b>15,830,985</b>	<b>16,104,633</b>
<b>Previous Year</b>	<b>30,474,785</b>	<b>1,893,214</b>	-	-	<b>32,367,999</b>	<b>15,289,192</b>	<b>541,792</b>	-	-	<b>15,830,984</b>	<b>16,537,015</b>
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Previous Year</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>31,825,371</b>	<b>110,247</b>	-	-	<b>31,935,618</b>	<b>15,830,985</b>	-	-	-	<b>15,830,985</b>	<b>16,104,633</b>

**NOTES FORMING PART ON FINANCIAL STATEMENTS**

**10 NON-CURRENT INVESTMENTS**

Particulars	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	Amt Rs.	No. of Shares	Amt Rs.
<b>Trade Investments</b>				
Long Term, Unquoted, Fully Paid up Equity Shares				
Prraneta Industries Ltd.			4,062,730	4,062,730
51599 Eq. Share at cost fully paid up (P.Y. 51599)				
			4,062,730	4,062,730

Note: Above Investment held for the long term period, Hence deminution in value of shares has not work out and the provision for the same has not provided.

**11 LONG-TERM LOANS AND ADVANCES**

Particulars	As at	As at
	March 31, 2012	June 30, 2011
<b>a. Loans and advances to related parties</b>		
<b>Unsecured, considered good</b> (Company in which director is member or substantial interest in company)		
Intercompany Loan	11,534,000	13,570,674
Loan to Others	2,429,908	3,693,108
	<b>13,963,908</b>	<b>17,263,782</b>
<b>b. Other loans and advances</b>		
<b>Unsecured, considered good</b>		
Intercompany Loan	23,378,024	24,463,024
Loan to Others	3,351,000	1,395,000
	<b>26,729,024</b>	<b>25,858,024</b>
<b>TOTAL</b>	<b>40,692,932</b>	<b>43,121,806</b>

**Note : 11- A**

No repayment schedule has been specified hence we are unable to justified regarding regularity in payment of principal amount and interest wherever applicable.

**12 OTHER NON-CURRENT ASSETS**

Particulars	As at	As at
	March 31, 2012	June 30, 2011
<b>Unsecured, considered good</b>		
Trade receivables outstanding for a period exceeding six months	36,971,140	43,233,347
Sales Tax	600,000	600,000
Excise Duty Balance in PLA	6,771	6,771
Excise Duty - MODVAT Receivable	118,511	118,511
Deposits Civil Supply Dept.	500,000	500,000
National Saving Certificate	6,000	6,000
<b>TOTAL</b>	<b>38,202,422</b>	<b>44,464,629</b>

**NOTES FORMING PART ON FINANCIAL STATEMENTS****13 INVENTORIES**

Particulars	As at March 31, 2012	As at June 30, 2011
(As taken valued and certified by the Managing Director)		
a. Raw Materials and components (Valued at Cost)	2,408,500	1,650,700
b. Finished goods (Valued at Cost)	2,674,500	1,324,587
<b>TOTAL</b>	<b>5,083,000</b>	<b>2,975,287</b>

**14 TRADE RECEIVABLES**

Particulars	As at March 31, 2012	As at June 30, 2011
<b>Unsecured, considered good</b>		
Trade receivables outstanding for a period exceeding six months	3,957,070	—
Trade receivables outstanding for a period less than six months	—	3,212,613
	<b>3,957,070</b>	<b>3,212,613</b>

**15 CASH AND CASH EQUIVALENT**

Particulars	As at March 31, 2012	As at June 30, 2011
Balances with banks	274,971	364,195
Cash on hand	9,521	92,206
	<b>284,492</b>	<b>456,401</b>

**16 OTHER CURRENT ASSETS**

Particulars	As at March 31, 2012	As at June 30, 2011
Excise Duty	52,236	—
VAT	40,183	—
Advance Tax	168,589	—
TDS Receivable	165,000	97,500
Advances to Suppliers	608,487	644,262
	<b>1,034,495</b>	<b>741,762</b>

**17 REVENUE FROM OPERATIONS**

Particulars	As at March 31, 2012	As at June 30, 2011
Sale of Products (Net)	272,876	11,824,382
Trading - Others	—	14,031,322
	<b>272,876</b>	<b>25,855,704</b>

**18 OTHER INCOME**

Particulars	As at March 31, 2012	As at June 30, 2011
Rent Income	675,000	975,000
Dividend Income	546	—

**NOTES FORMING PART ON FINANCIAL STATEMENTS**

Net gain/loss on sale of investments	–	6,833,574
Other non-operating income (net of expenses directly attributable to such income incl Written off)	296,687	140,668
	<b>972,233</b>	<b>7,949,242</b>

**19 COST OF MATERIAL CONSUMED**

Particulars	As at March 31, 2012	As at June 30, 2011
Opening Stock of Raw Materials	1,650,700	209,325
Add: Purchases of Raw Materials	2,042,518	11,766,629
Less: Closing Stock of Raw Materials	2,408,500	1,650,700
	<b>1,284,718</b>	<b>10,325,254</b>

**20 PURCHASE OF STOCK-IN-TRADE**

Particulars	As at March 31, 2012	As at June 30, 2011
Trading - Others	–	13,982,425
	–	<b>13,982,425</b>

**21 CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS**

Particulars	As at March 31, 2012	As at June 30, 2011
Opening Inventory		
Finished Goods	1,324,587	–
Work-In-Progress	–	–
	1,324,587	–
Closing Inventory		
Finished Goods	2,674,500	1,324,587
Work-In-Progress	–	–
	<b>2,674,500</b>	<b>1,324,587</b>
<b>Net</b>	<b>(1,349,913)</b>	<b>(1,324,587)</b>

**22 EMPLOYEE BENEFIT EXPENSES**

Particulars	As at March 31, 2012	As at June 30, 2011
Salaries and incentives	455,960	788,190
Security Expense	102,489	51,199
	<b>558,449</b>	<b>839,389</b>

**23 FINANCE COST**

Particulars	As at March 31, 2012	As at June 30, 2011
Interest expense	35,789	20,658
Bank charges	16,411	32,531
	<b>52,200</b>	<b>53,189</b>



**NOTES FORMING PART ON FINANCIAL STATEMENTS**

**24 OTHER EXPENSES**

Particulars	As at March 31, 2012	As at June 30, 2011
<b>MANUFACTURING EXPENSES</b>		
Consumption of stores and spare parts	500	43,340
Power and Fuel	125,702	156,768
Factory Expense	2,095	28,954
Carting Expenses	15,990	21,750
Labour charges	3,970	28,500
Freight Inward Charges	51,701	166,612
Calibration Charges	16,089	—
	<b>216,047</b>	<b>445,924</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Advertisement Expenses	36,810	14,400
Auditors Remuneration	67,004	44,120
Brokerage	—	113,927
Donation	—	50,000
Electricity	30,005	44,680
Legal and professional fees	113,300	119,120
License Fees	5,515	22,500
Listing Fees	30,000	309,029
Miscellaneous expenses	8,936	128,903
Printing & Stationary Expenses	8,560	78,560
Registration, Application & Filing Fees	47,805	46,029
Postage & courier Exp	2,800	—
Service Tax	90	4,298
Telephone Expenses	1,975	4,055
Travelling Exp	20,922	145,609
	<b>373,722</b>	<b>1,125,230</b>
<b>OTHER EXPENSES</b>		
Sales and Promotion Expenses	26,124	30,849
	<b>26,124</b>	<b>30,849</b>
<b>TOTAL</b>	<b>615,893</b>	<b>1,602,003</b>

**25 EARNINGS PER EQUITY SHARES**

Particulars	As at March 31, 2012	As at June 30, 2011
Basic Earnings per Share		
Profit/(Loss) attributable to Equity shareholders	67,913	7,535,482
Weighted average number of equity shares	6,450,000	6,450,000
Basic Earnings Per Share	0.01	1.17
Face value per Share	10	10
Dilutive Earnings per Share		
Profit after adjusting interest on potential equity shares	67,913	7,535,482
Weighted average number of equity share after considering potential equity shares	6,450,000	6,450,000
Dilutive Earnings per Share	0.01	1.17

**Notes to Accounts forming part of the  
Balance Sheet as at 31st March, 2012**

**Notes - “1”**

**A. COPROPRATE INFORMATION**

Atreya Petrochem Ltd. is public limited - listed company incorporated in India under provision of Companies Act, 1956. The company's strength lies in business process of manufacturing of various petrochemical downstream products such as specialty oils, petroleum sulphonates, solvents, etc. for industrial applications such as rubber, leather, ink and paint industries. It is well recognized as a 'Partner of Choice' by leading companies across the country.

**B. Basis of preparation and presentation of financial statements**

The accounts of the Company are prepared under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles in India (“GAAP”) and comply with the mandatory accounting standards notified under the Companies (Accounting Standards) Rules, 2006, as amended, and with the relevant provisions of the Companies Act, 1956. The financial statements are presented in Indian rupees rounded off to the nearest rupees.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting periods. Examples of such estimate include future obligations under employee benefit plans, income taxes, useful lives of fixed assets and intangible assets, impairment of assets, provision for doubtful debts etc. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could vary from these estimates. Appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized in the period in which such results are known/ materialized. Effect of material changes is disclosed in the notes to the financial statements.

During the year ended March 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for presentation of its financial statements. The adoption

of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statement. However, the revised Schedule VI has a significant impact on the presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

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

**C. SIGNIFICANT ACCOUNTING POLICIES:**

a) Fixed Assets & Depreciation.

- (i) Fixed assets are stated at cost less accumulated depreciation/amortization. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- (ii) Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not ready for use as at the year end, are disclosed as capital work-in progress.
- iii) Depreciation is provided on SLM basis at the rate and method prescribed under schedule XIV of Companies Act 1956 except Computer.

b) Investments

Investments classified as long-term investments are stated at cost. Diminution in the investment has not been worked out and provided.

c) Inventory

Inventory comprises of raw materials, Semi finished and Finished goods are valued at Cost or net realisable Value, whichever is lower. Packing Material considered as finish goods.

Consumable stores are written off in the year of Purchase.

d) Employee Benefits

Provision for gratuity has not been made as none of the employee have completed the minimum qualified period of services.

e) Claims, Demands and Contingencies

Details of disputed and or contingent liabilities are not available.

f) Provision for Current and Deferred Tax :

i) Tax liability of the company is estimated considering the provision of Income Tax Act, 1961.

ii) Deferred tax is recognized subject to consideration of prudence, on timing difference being the difference between taxable incomes and accounting income that originate in one period, and are capable of reversal in one or more subsequent period(s). Such deferred tax is quantified using rates and laws enacted or substantively enacted as at the end of the financial year. In the absence of virtual certainty of sufficient future taxable income, deferred tax assets are not recognized in the account.

g) Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the Profit and Loss Account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

h) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economics benefits will flow to the company and the revenue can be reliably measured.

**Sale of Goods :**

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are reported net of Sales Return, Sales Tax and Excise Duty.

**Interest:**

Revenue is recognized on a time proportion basis taking into accounts the amount outstanding and the rate applicable.

**i) Foreign currency transactions**

Transactions in foreign currency and non-monetary assets are accounted for at the exchange rate prevailing on the date of the transaction. All monetary items denominated in foreign currency are converted at the year-end exchange rate. The exchange differences arising on such conversion and on settlement of the transactions are recognized as income or as expenses in the year in which they arise.

**D. Depreciation:**

Company has not provided depreciation for the period under audit, as no major business operation has carried out during the period of audit.

**E. Trade Receivables:**

In respect of Receivable for Sundry debtors (Incl Receivable on Sale of Investments) of Rs. 369.71 Lacs : In absence of efforts made for the recovery and confirmation from the party, we are unable to comment whether all are considered good or Bad and doubtful.

In respect of Other Trade receivable, Balance are unconfirmed. No provision has been made for Bad & Doubtful Debts.

F. In respect of loan and advances, there are no efforts made for the recovery. No provision has been made for Bad & Doubtful Advances and interest there on.

G. In the opinion of the Director, Current Assets, Loans & Advances have value at which they are stated in the Balance Sheet, if realized in the ordinary course of business. The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.

- H. Sundry Creditors, Unsecured loans, other liabilities, loans and advances, sundry debtors, and other current assets are subject to confirmation and no exercise carried out to determine bad amount. If any. Accounts of Debtors are unconfirmed and no amount realize since F.Y.1999-2000. No provision has been made for Bad & Doubtful Debts.
- I. Micro Small & Medium Enterprise: The company is in the process of compiling the relevant information. As the relevant information is not yet readily available and / or not given or confirmed by such enterprise, it is not possible to give required information in the accounts. However, in view of the management the impact of interest, if any which may subsequently become payable to such enterprise in accordance with the provision of the Act, would not be material and the same, if any would be disclosed in the year of payments of interest.

In the absence of the necessary information with the company relating to the registration status of the suppliers under Micro, Small and Medium Enterprise Development Act, 2006, the information required under the said Act could not be complied and disclosed.

**J. Claims, Demands and Contingencies :**

Details of disputed and/ or contingent Liabilities are as follows:

	As on 31.03.2012	As on 30.06.2011
Bank Guarantee - Expired (Not Claimed by District Supply Office)	78,345	78,345
Motor Spirit Tax-Disputed (Remanded)	92,50,463	92,50,463
Income Tax Demanded-Disputed	1,66,66,195	1,66,66,195
Excise Duty - Disputed	8,87,65,288	8,87,65,288

- K. In the opinion of the Management, the Provident Fund and ESI act are not applicable, hence no provision have been made for the same.
- L. Earning & Expenditure in Foreign Currency : Nil (P.Y. - Nil)
- M. Where no external evidence is available, the directors have approved all such transactions.
- N. Directors Remuneration: Nil (P.Y. - Nil)
- O. Auditors Remuneration : 40000/- & Taxes (P.Y.40000)

**P. Related party disclosures**

a) List of related parties with whom transaction have taken place

Sr. No.	Name of the Related Party	Relationship
1. 2. 3. 4. 5. 6. 7.	Pacific Securities Ltd. Natural Expo Agro Ltd. Prabhav Industries Ltd. Galav Finance & Investment Pvt. Ltd. Kavit Investment Pvt. Ltd. Empire Housing Finance Ltd. Pacific Finstock Ltd.	Companies / Firms in which Directors / Relative of Director are interested
8. 9. 10. 11.	Santosh Kahar Bachubhai Thakkar Jayesh Thakkar Sombhai Thakkar	Director of the Company

(b) Significant transaction during the past year and current year with related parties

(Rs. in Lacs)

Particulars	Companies / Firms in which Directors / Relative of Director are interested		Director of the Company	
	During the Current Period	Past Years	During the Current Period	Past Years
<b>Transactions</b>				
Loan / Deposits given	—	212.26	—	—
Loan Repaid	26.40	15.30	5.90	0.15
Loan / Deposits Recovery	20.36	57.50	12.63	0.40
Rent Income	6.75	9.75	—	—
Investments	—	(29.50)	—	—

**ATTENDANCE SLIP**

**PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.**

I hereby record my presence at the Annual General Meeting of the Company to be held at the Registered Office of the Company situated at Village: Tundao, Tal. Savli, Vadodara 391775, at 11.00 a.m. on 29<sup>th</sup> September, 2012

NAME(S) OF THE SHAREHOLDERS(S) (IN BLOCK CAPITAL) : .....

NAME OF THE PROXY (IN BLOCK CAPITAL) : .....

FOLIO NO./CLEINT ID NO. : .....

DP ID NO. : .....

SIGNATURE(S) IF SHAREHOLDER : .....

IF PROXY : .....

**NOTE:** No duplicate attendance Slip will be issued at the Meeting Hall. You are requested to bring your copy of the Notice of AGM to the Meeting. Photo copies of the Attendance slips will not be accepted.

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**PROXY FORM**

I, We .....of (place) .....being a member/members of **ATREYA PETROCHEM LIMITED** under Folio No. / Client ID No. ....hereby appoint Mr./Ms. .... of (place) ..... as my/ our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Saturday, 29<sup>th</sup> September, 2012 or at any adjournment(s) thereof.

Signed this ..... day of ....., 2012

<p><b>Affix Revenue Stamp and sign across</b></p>
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**Note:** The Proxy form must be returned so as to reach the Registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting.