

21st Annual Report



PETROCHEMICALS LIMITED

(AN ISO 9001:2000 COMPANY)

2013 - 2014

BOARD OF DIRECTORS

| | |
|-------------------------|---------------------|
| Shri Sandeep Seth | Managing Director |
| Shri Jaideep Seth | Director |
| Shri Rajesh Sharma | Director |
| Shri Naresh N. Chhabria | Director |
| Mrs. Anisha Seth | Whole Time Director |

AUDITORS

S.M. Kapoor & CO.

COMPANY SECRETARY

Mr. S. R. Narayanan

BANKERS

Indian Overseas Bank
HDFC Bank Ltd
Axis Bank Ltd

CORPORATE OFFICE

10 Luthra Industrial Premises
Ground Floor, Andheri Kurla Road
Safed Pool, Mumbai 400072

REGISTERED OFFICE

Shed No.C1B/316, GIDC Panoli, Tal Ankleshwar
Dist. Bharuch, Gujarat Pin.394116
CIN No.: L99999GJ1992PLC018626

REGISTRARS & TRANSFER AGENTS

Big Share Services Pvt. Ltd
E-2 Ansa Industrial Estate
Saki Vihar Road, Saki Naka
Andheri (East) Mumbai 400072.
Tel: 28470652/28475207

NOTICE

NOTICE is hereby given that the Twenty first Annual General Meeting of the Members of **LAFFANS PETROCHEMICALS LIMITED** will be held on Friday, 26th day of September, 2014 at 12.30 p.m. at Shalimar Hotel, Ankleshwar, Bharuch, Gujarat to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2014, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Jaideep Seth, who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution
“RESOLVED THAT M/s. S. M. Kapoor & Co., Chartered Accountants, Mumbai [ICA Registration No. 104809W] be and are hereby reappointed as auditors of the Company to hold office from the conclusion of this annual general meeting till the conclusion of Twenty Fourth annual general meeting of the Company on such remuneration as may be fixed in this behalf by the Board of Directors of the Company.”

SPECIAL BUSINESS:

4. To appoint Mr. Rajesh Sharma (DIN:02516921) as an Independent Director and in this regard to consider and , if thought fit, to pass, with or without modification the following resolution as an ordinary Resolution:
RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Rajesh Sharma (DIN:02516921), who was appointed as an Independent Director pursuant to the provisions of Listing Agreement, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2019.”
5. To appoint Mr. Naresh Naraindas Chhabria (DIN:03463187) as an Independent Director and in this regard to consider and, if thought fit, to pass, with or without modification as an Independent Director the following resolution as an ordinary Resolution:
“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Naresh Naraindas Chhabria (DIN:03463187), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2019.”
6. To appoint Mrs. Anisha Seth (DIN:06867960) as Woman Director as required by Sebi and in this regard to consider and, if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution:
“RESOLVED THAT appoint Mrs. Anisha Seth (DIN:06867960) in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director liable to retire by rotation.”
7. To appoint Mrs. Anisha Seth (DIN:06867960) as an Whole-time Director and in this regard to consider and, if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution:
“RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and

all other applicable provisions of Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) approval of the Company be and is hereby accorded to appointment of Mrs. Anisha Seth (DIN:06867960) as Whole-Time Director of the Company, for a period of 5 (Five) years with effect from 1st July, 2014 on the terms and conditions including remuneration as set out in the statement annexed to the Notice convening this meeting, with the liberty to the Board of directors (herein after referred to as 'Board' which term shall be deemed to include the Human Resource, Nomination and Remuneration Committee of the Board) to alter and vary terms and conditions of the said re-appointment and/or remuneration as it may deem fit and as may be acceptable to Mrs. Anisha Seth, subject to the same not exceeding the limits specified in Schedule V to the Companies Act, 2013 or any statutory modification(s) or enactment thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors

Place: Mumbai
Dated: 29th May, 2014

Sandeep Seth
Managing Director.
DIN: 00316075

Regd. Office:

Shed No. C1B/316, GIDC Panoli,
Tal. Ankleshwar, Dist, Bharuch,
Gujarat- 394116.

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a Member of the Company.
2. A proxies in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the meeting. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder
3. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business to be transacted at the meeting as set out above is annexed hereto and forms part of the Notice.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, 16th day of September, 2014 to Friday, 26th day of September, 2014 (both days inclusive).
5. Share holders seeking any information with regard to accounts are requested to write to the Company early so as to enable the management to keep the information ready.
6. **Voting through electronic means**

In Compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 21st Annual General Meeting (AGM) by electronic means and the items of business as detailed in this Notice may be transacted through e-voting services provided by the Central Depository Services Limited (CDSL). E-voting detailed instructions form is attached.

Notice of the 21st Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes through electronic mode unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Notice of the 21st Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting is being sent through the permitted mode.

The instructions for e-voting are as under:

1. Use the following URL for e-voting: www.evotingindia.com
2. Enter the login credentials i.e., user id and password mentioned below:
 User – ID For Members holding shares in Demat Form:-
 - a) For NSDL :- 8 Character DP ID followed by 8 Digits Client ID
 - b) For CDSL :- 16 digits beneficiary ID
 For Members holding shares in Physical Form:-
 - Event no. followed by Folio Number registered with the company
 Password As e-mailed. In case of shareholders who have not registered their e-mail addresses, their Password has been communicated in the physical ballot form sent to them.
 First time shareholders can login to the e-Voting system using their user-id (i.e. demat account number / folio number), PAN and Date of Birth (DOB) or Bank account number mentioned for the said demat account or folio. Physical shareholders will have to login with the Folio number, PAN and either DOB or Dividend Bank details for every voting.
 Captcha Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.
3. After entering the details appropriately, click on LOGIN.
4. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (az), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
5. You need to login again with the new credentials.
6. On successful login, the system will prompt you to select the EVENT i.e., LAFFANS PETROCHEMICALS LIMITED.
7. On the voting page, the number of shares as held by the shareholder as on the Cut-off Date will appear. If you desire to cast all the votes assenting/dissenting to the Resolution then enter all shares and click “FOR” / “AGAINST” as the case may be. You are not required to cast all your votes in the same manner. You may partially enter any number in “FOR” and partially in “AGAINST” but the total number in “FOR/ AGAINST” taken together should not exceed your total shareholding as mentioned hereinabove. You may also choose the option “ABSTAIN” in case you wish to abstain from voting. If you do not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
8. Shareholders holding multiple folios/demat account shall choose the voting process separately for each folios/demat account.
9. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.
10. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e-mail at mshah1954@yahoo.com
11. Once you have cast your vote on a resolution you will not be allowed to modify it subsequently.

12. The e-voting portal will be open for voting from Friday, September 19, 2014 (9.00 a.m. IST) to Saturday, September 20, 2014 (6.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on September 16, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
 13. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on September 16, 2014.
 14. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <https://evoting.cdsl.com> or contact Ms. Rutika of Big Share Services Pvt. Ltd. at 022 28470652 or at 022 28475207.
 15. It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.
 16. The results of e-voting will be placed by the Company on its website: www.laffanspetrochemical.com in within two days of the AGM and also communicated to the stock exchanges, where the shares of the Company are listed.
 17. The resolutions proposed will be deemed to have been passed on the date of the AGM subject to receipt of the requisite number of votes in favour of the resolutions.
 18. Mr. Rajnikant N. Shah, Practicing Company Secretary, (Membership No. FCS 1629) has been appointed as the Scrutiniser to scrutinise the e-voting process.
7. In terms of Clause 35 B of the Listing Agreement, those members, who do not have access to e-voting facility, may send their assent or dissent in writing on the Ballot Form sent along with this AGM Notice so as to reach the Scrutinizer at the address- Mr. Rajnikant N. Shah, Practicing Company Secretary, (Membership No. FCS 1629), C/o Big Share Services Pvt. Ltd., Unit : Laffans Petrochemicals Limited, E-2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai – 400 072 on or before September 19, 2014. Any Ballot Form received after this date will be treated as if the reply from the member has not been received.
 8. All the documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Company's Registered Office at Shed No. C1B/316, GIDC Panoli, Tal. Ankleshwar, Dist. Bharuch, Gujarat – 394 116 on all working days of the Company, between 10.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
 9. Members/Proxies are requested to bring their attendance slip duly filled in along with their copy of Annual Report to the Meeting.

ANNEXURE TO THE NOTICE:

Explanatory statement pursuant to Section 102 of the Companies Act, 2013 and forming part of the Notice dated 29th May, 2014.

Item No.4:

Mr. Rajesh Sharma (DIN:02516921) was appointed as an Independent Director by the Board of Directors of the Company under the Provisions of Listing Agreements with stock exchanges.

Mr. Rajesh Sharma is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a director.

Section 149 of the Act *inter alia* stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Mr. Rajesh Sharma that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Rajesh Sharma fulfils the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. Rajesh Sharma is independent of the management.

Mr. Rajesh Sharma is a B.COM and has the 17 Years Work Experience. He does not hold any shares in the Company.

Mr. Rajesh Sharma is on the Board of Ricon Impex Private Limited.

Your Directors recommend the Resolution for your approval. None of the other Directors except Mr. Rajesh Sharma is deemed to be concerned or interested in this item of business.

Copy of the draft letter for appointment of Mr. Rajesh Sharma as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Item No.5:

Mr. Naresh Naraindas Chhabria (DIN:03463187) was appointed as an Additional Director and Independent Director by the Board of Directors of the Company at its Meeting held on 2nd May, 2014. He holds office up to the date of the forthcoming Annual General Meeting of the Company pursuant to Section 161 of the Companies Act, 2013.

The Company has received a notice from a Member signifying his intention to propose Mr. Naresh Naraindas Chhabria as a candidate for the office of Director of the Company at the ensuing Annual General Meeting. Mr. Naresh Naraindas Chhabria is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a director.

Section 149 of the Act *inter alia* stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Mr. Naresh Naraindas Chhabria that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Naresh Naraindas Chhabria fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. Naresh Naraindas Chhabria is independent of the management.

Mr. Naresh Naraindas Chhabria is a B. Com. And has 16 Years work experience. He does not hold any shares in the Company.

Mr. Naresh Naraindas Chhabria is on the Board of Pittoresco Caffes International Private Limited.

Your Directors recommend the Resolution for your approval. None of the other Directors except Mr. Naresh

Naraindas Chhabria is deemed to be concerned or interested in this item of business.

Copy of the draft letter for appointment of Mr. Naresh Naraindas Chhabria as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Item No.6:

Mrs. Anisha Seth (DIN:06867960) was appointed as an Additional and Woman Director by the Board of Directors of the Company at its Meeting held on 2nd may, 2014. She holds office up to the date of the forthcoming Annual General Meeting of the Company pursuant to Section 161 of the Companies Act, 2013.

The Company has received a notice from a Member signifying her intention to propose Mrs. Anisha Seth as a candidate for the office of Director of the Company at the ensuing Annual General Meeting. Mrs. Anisha Seth is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a director.

In the opinion of the Board, Mrs. Anisha Seth (DIN:06867960) fulfills the conditions for her appointment as an Director as specified in the Act.

Mrs. Anisha Seth is a M. Ed. and she does not hold any shares in the Company.

Mrs. Anisha Seth has 18 Years Experience in Administration and Human resources Development.

Your Directors recommend the Resolution for your approval. None of the other Directors except Mrs. Anisha Seth and Mr. Sandeep Seth are deemed to be concerned or interested in this item of business.

Item No.7:

Mrs. Anisha Seth (DIN:06867960) was appointed as a Whole-Time Director for a period of 5 (Five) years with effect from 1st July, 2014 period upto 30th June, 2019. The remuneration payable to Mrs. Anisha Seth and other terms and conditions are set out as below, keeping in view the provisions of Sections 196, 197, 203 & Schedule V of the Companies Act, 2013 and rules framed there under.

The general terms of the appointment of Mrs. Anisha Seth referred to in resolution in item no.4 of the notice are as under.

A. REMUNERATION:

Salary of Rs.70,000/- per month.

Mrs. Anisha Seth is a M. Ed. and she does not hold any shares in the Company.

Mrs. Anisha Seth has 18 Years Experience in Administration and Human resources Development.

Your Directors recommend the Resolution for your approval. None of the other Directors except Mrs. Anisha Seth and Mr. Sandeep Seth are deemed to be concerned or interested in this item of business.

Details of the Directors seeking re-appointment/appointment at the Annual General Meeting

| Particulars | Mr. Rajesh Jagdish Sharma | Mr. Naresh Naraindas Chhabria |
|---|---|--|
| Date of Birth | 29/03/1967 | 10/07/1973 |
| Date of Appointment | 08 th June, 2012 | 02 nd May, 2014 |
| Expertise in specific area | A qualified B.Com with vast experience of 17 years in various fields. | A qualified B.Com with experience of 16 years in various industries. |
| Directorship held in other public Companies (excluding Foreign Companies And Section 25 Companies) | Nil | Nil |

| | | |
|--|--|---|
| Memberships/ Chairmanships of other Public Companies (includes only Audit and Shareholders'/ Investors' Grievance Committees) | Nil | Nil |
| Remuneration Committees | Nil | Nil |
| Number of shares held | Nil | Nil |
| Particulars | Mr. Jaideep Seth | Mrs. Anisha Seth |
| Date of Birth | 20/09/1963 | 09/07/1969 |
| Date of Appointment | 08 th June, 2012 | 02 nd May, 2014 |
| Expertise in specific area | A matriculate and has 20 years of experience in sales and marketing. | A qualified M. Ed. with 18 years of experience in business administration and human resource development. |
| Directorship held in other public Companies (excluding Foreign Companies And Section 25 Companies) | Nil | Nil |
| Memberships/ Chairmanships of other Public Companies (includes only Audit and Shareholders'/ Investors' Grievance Committees) | Nil | Nil |
| Remuneration Committees | Nil | Nil |
| Number of shares held | Nil | Nil |

By Order of the Board of Directors

Place: Mumbai
Dated: 29th May, 2014

Sandeep Seth
Managing Director.
DIN: 00316075

Regd. Office:
Shed No. C1B/316, GIDC Panoli,
Tal. Ankleshwar, Dist, Bharuch,
Gujarat- 394116.

DIRECTORS' REPORT

Dear fellow members,

Your Directors have pleasure in presenting the 21st Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS

Rs. in Lacs

| PARTICULARS | 31.03.2014 | 31.03.2013 |
|---|----------------|----------------|
| Sales and other income | 4789.54 | 1082.75 |
| Profit/Loss before depreciation, Tax and interest | (68.91) | 864.53 |
| Interest | 0.61 | 0.71 |
| Profit/Loss before depreciation and tax | (69.52) | 863.82 |
| Depreciation for the year | 9.43 | 9.29 |
| Profit/Loss before Tax | (78.95) | 854.53 |
| Provision for Tax | - | (178.00) |
| Deferred Tax Assets/(Liability) | 43.92 | 42.99 |
| Profit after tax | (35.03) | 719.52 |
| Prior year Tax adjustments | 0.00 | 0.00 |
| Balance in P & L Account | 3992.38 | 3272.86 |
| Balance available for appropriation | 3957.35 | 3992.38 |
| Transfer to General Reserve | Nil | Nil |
| Balance carried to Balance Sheet | 3957.35 | 3992.38 |

OPERATION:

Your company has generated gross income of Rs. 4789.54 lacs as compared to Rs. 1082.75 lacs for previous year. The income by way of trading during the year amounted to Rs.4323.65 lacs compared to Rs. 504.03 in the previous year. Income from services amounted to Rs.73.18 Lacs compared to Rs.68.20 Lacs in the previous year. The previous years profitability figures are not comparable as it included a one time exceptional gain.

DIVIDEND:

Due to net loss of Rs. 35.03 Lacs, it would not be possible to recommend any dividend for declaration. Your Directors regret their inability to recommend any Dividend for the year under review.

DIRECTORS:

In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association Mr. Jaideep Seth retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment at the ensuing Annual General Meeting.

Mr. Naresh Naraindas Chhabria and Mrs. Anisha Seth have been appointed as Additional Directors with effect from 02nd May, 2014.

Board hereby recommends appointing Mr. Naresh Naraindas Chhabria as Independent Director and Mrs. Anisha Seth as Director cum Whole-Time Director at the ensuing Annual General Meeting of the Company.

Mr. Ambalal C. Patel, Independent Director of the Company has shown his unwillingness to be appointed as an Independent Director at the ensuing Annual General Meeting of the Company due to his involvement in various other listed companies.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper

explanation relating to material departures. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records; in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. The Directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

A separate report on Corporate Governance is attached as a part of the Annual Report.

DEPOSITORY SYSTEM:

Equity Shares of the Company were dematerialized from 21st November, 2000 as mandated by Securities & exchange Board of India (SEBI). As on 31st March, 2014 - 7,198,540 equity shares representing 89.98% of the Equity Capital have been dematerialized. The ISIN number allotted to the Company is INE919B01011.

AUDITORS:

The Statutory Auditors of the company M/s. S. M. Kapoor & Company, Chartered Accountants retire at the ensuing Annual General Meeting of the Company and are eligible for reappointment.

AUDITORS REPORT:

The observations made in the Auditor's Report are self explanatory and therefore do not call for any further comments.

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956:

Since no employee is receiving remuneration in excess of limit specified under the provisions of section 217(2A) of the Companies Act, 1956, read with companies (particulars of Employees) Rules, 1975, Statements of particulars of the Employees do not form part of the Report.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

Information pursuant section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 is annexed and forms part of the Report.

PERSONNEL:

Industrial relations were very cordial throughout the year. The Board wish to place on record its appreciation of the sincere and hard work put by employees at all levels as a team and making a significant contribution for the successful working of the Company.

ACKNOWLEDGEMENTS:

Your Directors acknowledge with gratitude the co-operation and assistance given by the Central and State Governments, Financial Institutions/Bankers, Project Consultants, Suppliers etc. for effective working of the Company.

For & behalf of the Board of Directors

Place: Mumbai
Date: 29th May, 2014

Sandeep Seth
Managing Director
DIN: 00316075

Jaideep Seth
Director
DIN: 03130620

ANNEXURE TO THE DIRECTORS' REPORT**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988.****1. CONSERVATION OF ENERGY:**

The company has transferred its manufacturing facility to Huntsman India and at present do not have any manufacturing operations. The energy is used only for office purpose.

FORM A

A. Disclosure of particulars in respect of Conservation of Energy consumption.

| 1. ELECTRICITY | 2013-14 | 2012-13 |
|----------------------------------|----------------|----------------|
| Units (in thousands) | | -- |
| Total amount (Rs. in lacs) | na | na |
| Rate/Unit | | |
| 2. OIL/DIESEL | | |
| Consumed Unit | | |
| Total Amount (Rs. in lacs) | na | na |
| Average rate (litre) | | |
| 3. GAS | | |
| Consumed Units (in thousand kgs) | | |
| Internal Generation | na | na |
| Total Amount | | |

FORM B**II Technology absorption, adoption and innovation.**

1. Research and Development

The company has sold its manufacturing operations and related activities and therefore this is not relevant / applicable.

III Foreign exchange earnings and outgoings:

Foreign Exchange Earnings were Rs. Nil Lacs (Previous year Rs. Nil Lacs)

Foreign Exchange Outings on account of Foreign Travelling were Rs. 14.76 Lacs (Previous year Rs. Nil Lacs)

For & behalf of the Board of Directors

Place: Mumbai
Date: 29th May, 2014

Sandeep Seth
Managing Director
DIN: 00316075

Jaideep Seth
Director
DIN: 03130620

DECLARATION

The Board has laid down a code of conduct for all Board Members and Senior Management personnel of the Company. The Board Members and Senior Management personnel have affirmed compliance with the code of conduct.

For LAFFANS PETROCHEMICALS LTD

Sandeep Seth
Managing Director
DIN: 00316075

ED/CFO CERTIFICATION

The Managing Director, appointed in terms of Companies Act, 1956, certifies to the Board that:

- a) The Financial Statements and the Cash Flow Statements for the period have been reviewed and to the best of knowledge and belief are true and fair view of Company's affairs.
- b) To the best of my knowledge and belief, no transactions entered are fraudulent, illegal or violate the Company's code of Conduct.
- c) They accept the responsibility of establishing and maintaining internal controls for the financial report and that they have evaluated the effectiveness, disclosing the deficiencies to the Auditors and the Audit Committee and take steps or proposed to take steps to rectify these deficiencies.
- d) They indicated to the Auditors and the Audit Committee:
 - i) Significant changes in the internal control process during the period.
 - ii) Significant changes in Accounting Policies
 - iii) Instances of significant fraud of which they have become aware.

This statement is in accordance with the fact that the Board including Audit Committee shall provide the necessary superintendence and control over the Managing Director.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review the Company had trading activities and other income was generated through earning of interest on investment, dividend income, profit on sale of investments etc

On this

The Company has achieved gross income of Rs. 4789.54 Lacs, during the year 2013-14 by way of Sales, Commission and return on investment as compared to Rs. 1082.75 Lacs for the previous year. The Company during the year incurred loss of Rs.35.03 as compared to previous year profit of Rs. 719.52 Lacs which include profit from exceptional item.

Your company has put focus on pharma trading and is striving to gain market share in a very competitive market. The commodity chemicals have been deeply impacted due to cheap imports that continue making local production very unviable. Your company has commenced with the sale of APIs by sourcing them from Europe.

REPORT ON CORPORATE GOVERNANCE

(Pursuant to the provisions of Listing Agreement entered into with the Stock Exchanges)

A. MANDATORY REQUIREMENTS:**1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:**

Your Company is committed to good Corporate Governance and strives to attain the highest levels of transparency, accountability, fairness and equity in all facets of operations.

All operations are committed to enhance shareholder's value over a period of time.

2. BOARD OF DIRECTORS**Composition of Board:**

Your company has an optimum number and combination of Directors on the Board. At present the strength of Board is 6 with 4 non-executive including 3 independent directors. Thus 66.67% members of the Board are Non-executive which is in compliance with the stipulation.

| Directors: | Executive/Non Executive/Independent | No. of outside Directorship |
|------------------------------|--|------------------------------------|
| Mr. Sandeep Seth | Executive | None |
| Mr. Ambalal Chhitabhai Patel | Independent | Eleven |
| Mr. Jaideep Seth | Non-executive | None |
| Mr. Rajesh Sharma | Independent | One |
| Mr. Naresh Chhabria | Independent | One |
| Mrs. Anisha Seth | Executive | None |

Board Meeting:

The Board of the Company met 5 times during the year i.e. on 29.05.2013, 13.08.2013, 12.11.2013, 07.01.2014 and 13.02.2014. The maximum interval between any two Board Meetings was not more than 4 months and at least one meeting was held in every quarter of the financial year. The Board meeting are generally held at company's corporate office in Mumbai.

Attendance of Directors:

Details of attendance of each Director at the Board Meeting and the last Annual General Meeting are as follows:

| Directors: | No. of meetings | | Attendance at the last AGM |
|------------------------------|------------------------|-----------------|-----------------------------------|
| | Held | Attended | |
| Mr. Sandeep Seth | 5 | 5 | Yes |
| Mr. Ambalal Chhitabhai Patel | 5 | 5 | Yes |
| Mr. Jaideep Seth | 5 | 5 | No |
| Mr. Rajesh Sharma | 5 | 5 | No |

Details of Directors being appointed/re-appointed.

Mr. Jaideep Seth (Age – 51) is due to retire by rotation, being eligible, seek reappointment. Mr. Jaideep Seth is matriculate and has 20 years of experience in sales and marketing. He does not hold directorships in any Company. His continuous association with the Company is in the best interest of the Company.

Mr. Naresh Chhabria was appointed as an Additional Director and Independent Director w.e.f. 2nd May, 2014 and holds the office till the ensuing Annual General Meeting. Notice from member recommending his appointment as Director has been received. The Board also recommended his appointment as an Independent Director pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement.

Mr. Naresh Chhabria (Age-41) is a B.Com graduate. He has over 16 years experience in managing business activities in diverse field. Share holding in the Company: Nil.

Mrs. Anisha Seth was appointed as an Additional Director and as a Woman Director w.e.f. 2nd May, 2014 and holds the office till the ensuing Annual General Meeting. Notice from member recommending her appointment as Director has been received. She was also appointed as a Whole-Time Director w.e.f. 1st July, 2014. The Board also recommended her appointment as a Woman Director and Whole-Time Director pursuant to the provisions of sections 149, 152, 196, 197 and 203 read with Schedule V of the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement.

Mrs. Anisha Seth (Age-45) is qualified M. Ed and has 18 years of experience in business administration and human resource development and management. Share holding in the Company: Nil.

Mr. Rajesh Sharma was appointed as an Independent Director pursuant to Clause 49 of the Listing Agreement. The Board now recommended his appointment as an Independent Director pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement. Mr. Rajesh Sharma (47) is B.Com and has 17 years of work experience in various fields. Share holding in the Company: Nil

3. COMMITTEE OF DIRECTORS:

A. Audit Committee:

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchange. The terms of reference of the Committee are wide enough covering the matters specified for audit committee under the listing agreement. During the year 4 meetings were held on 29.05.2013, 13.08.2013, 12.11.2013 and 13.02.2014 and the attendance of each member is as given below:

| Name of Director | No. of meeting attended |
|----------------------|-------------------------|
| Mr. Ambalal C. Patel | 4 |
| Mr. Rajesh Sharma | 4 |
| Mr. Jaideep Seth | 4 |

B. Shareholders' Grievance Committee:

The Share holders' grievance committee comprises of Mr. Jaideep Seth as Chairman being non executive Director and Mr. Sandeep Seth, Managing Director. The committee is entrusted with the same powers and scope as prescribed under clause 49 of the Listing Agreement under corporate governance.

C. Share Transfer Committee:

The Share Transfer Committee comprises of Managing Director, Mr. Sandeep Seth and 1 non executive Director namely Mr. Jaideep Seth. Committee meet every 15 days as may be required to take on record share transfer forms received from shareholders in physical mode.

D. Remuneration Committee:

The Remuneration Committee comprises of Mr. Naresh Chhabria, Chairman and Independent Director; Mr. Rajesh Sharma, Member and Independent Director and Mr. Jaideep Seth, Member. The same was formed by the Board at its meeting held on 2nd May, 2014.

4. DIRECTORS INTEREST IN THE COMPANY;

Details of remuneration to all Directors for the year ended 31st March, 2014.

| Director | Sitting fees | Salary | Perks | Commission | Total |
|----------------------|--------------|-----------|---------|------------|-----------|
| Mr. Sandeep Seth | Nil | 1,800,000 | 273,436 | Nil | 2,073,436 |
| Mr. Ambalal C. Patel | Nil | Nil | Nil | Nil | Nil |
| Mr. Jaideep Seth | Nil | 483,500 | Nil | Nil | 483,500 |

SHARES HELD BY THE DIRECTORS: 31.03.2013

| Name of Director | No. of Shares held | % of holding |
|------------------|--------------------|--------------|
| Mr. Sandeep Seth | 3911952 | 48.90% |

5. INFORMATION PLACED BEFORE THE BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

The following information is regularly placed before the Board of Directors Quarterly results of the Company. Information on recruitment and remuneration of senior officials just below the Board level. Material communication from Government bodies. Fatal or serious accidents, dangerous occurrences, any material effluents, pollution problems and labour relations. Material transactions, if any, with potential for conflict of interest. Compliances with all regulatory and statutory requirements.

6. GENERAL MEETING:

The last 3 years Annual General Meeting were held as under:

| Year | Location | Date | Time |
|---------|--|------------|------------|
| 2010-11 | Shalimar Hotel, Ankleshwar, Dist. Bharuch, Gujarat | 30.09.2011 | 12.30 p.m. |
| 2011-12 | Shalimar Hotel, Ankleshwar, Dist. Bharuch, Gujarat | 28.09.2012 | 12.30 p.m. |
| 2012-13 | Shalimar Hotel, Ankleshwar, Dist. Bharuch, Gujarat | 30.09.2013 | 12.30 p.m. |

No Special Resolution is being put through postal as there is no such business that statutorily required voting through postal ballot in ensuing AGM.

The transactions with related parties were undertaken in the normal course of business and were at terms and conditions, which were not prejudicial to the interest of the Company and consent of members was accorded whenever required.

7. MEANS OF COMMUNICATION:

| Recommendations | Compliance |
|---|------------|
| Quarterly Results whether published | Yes |
| Whether it also displays official news releases and presentation made to institutional investors/analysts | No |
| Whether shareholders' information section forms part of the Annual Report | Yes |

8. GENERAL SHARE HOLDERS INFORMATION:

All the required information is furnished here below:

Financial calendar:

Financial report for the quarter ending 30.06.2013 13.08.2013

Financial report for the quarter ending 30.09.2013 12.11.2013

Financial report for the quarter ending 31.12.2013 13.02.2014

Financial report for the quarter ending 31.03.2014 29.05.2014

| | |
|---|--|
| Listing of Equity Shares on Stock Exchange at: | Vadodara, Delhi & Bombay Stock Exchanges. Necessary resolution has been passed for delisting from Delhi & Ahmadabad Stock Exchanges. Delisted from Ahmadabad. |
| Status of listing fee | Paid for Bombay, Delhi and Vadodara Stock Exchange |
| Depositories | i) National Securities Depository Ltd 4 th Floor, Trade World Kamala Mills Compound, Lower Parel, Mumbai-400013. Tel: 91-22-24972964-70 / Fax: 91-22-22722061/41/39 ii) Central Depository Services (India) Limited Phiroze Jeejebhooy Towers 20 th floor, Dalal Street, Mumbai 400023. Tel: 91-22-22721234/33/ Fax 91-22-22722061-41-39. |

| | | |
|--|---|----------------|
| Registrar & Transfer Agents (Share transfer and communication regarding share certificates, dividend change of address etc. be sent to this address) | Bigshare Services Pvt Ltd. E-2 Ansa Industrial Estate, Sakivihar Road, Saki Naka Andheri (E) Mumbai 400072 | |
| Stock Code: Bombay Stock Exchange Ltd Share Transfer system : | BSE Code- 524522 Share transfer forms are Registered within 15 days from date of receipt, if documents are clear in all respects. The total number of Shares transferred during the period 1 st April, 2013 to 31 st March, 2014 were 400. | |
| Dematerialization | Your Company has entered into an Agreement with the National Securities Depository Ltd. for dematerialization of your company's securities in accordance with the provisions of the Depositories Act, 1996. The Securities & Exchange Board of India (SEBI) mandated trading in shares in demand form for all investors from 25.09.2000 onwards. As on 31 st March 2014, Shares representing 89.98% were held in dematerialized form. | |
| Complaints received during the period | Received | Cleared |
| a) Complaints from investors | 3 | 3 |
| b) Letters received from Stock Exchange/SEBI | ----- | ----- |

Distribution of Shareholding as on 31st March, 2014.

| No. of shares | No. of shareholders | % of shareholders | No. of share held | % of total |
|----------------|---------------------|-------------------|-------------------|------------|
| Upto 5000 | 3579 | 79.20 | 877115 | 10.96 |
| 5001-10000 | 535 | 11.84 | 447630 | 5.59 |
| 10001-20000 | 179 | 3.96 | 282212 | 3.53 |
| 20001-30000 | 55 | 1.22 | 144650 | 1.81 |
| 30001-40000 | 26 | 0.57 | 95339 | 1.19 |
| 40001-50000 | 43 | 0.95 | 206440 | 2.58 |
| 50001-100000 | 52 | 1.15 | 384475 | 4.81 |
| 100001 & above | 50 | 1.11 | 5562139 | 69.53 |

Categories of Shareholders as on 31st March, 2014

| Category | No. of Shares | Voting strength (%) |
|----------------------------------|----------------|---------------------|
| Promoter, Relatives & Associates | 4140152 | 51.75 |
| Public | 3567964 | 44.61 |
| NRI/FII/OCBs | 13935 | 0.17 |
| FIs/MFs | 10600 | 0.13 |
| Bodies Corporate | 266593 | 3.33 |
| Other Clearing Member | 756 | 0.01 |
| Total | 8000000 | 100 |

Stock Market Price Data for the period

| | BSE | | | BSE | |
|-----------------|------------|-----------|----------------|------------|-----------|
| | HIGH (Rs.) | LOW (Rs.) | | HIGH (Rs.) | LOW (Rs.) |
| April,2013 | 8.40 | 7.15 | October, 2013 | 10.85 | 7.61 |
| May,2013 | 9.34 | 6.66 | November, 2013 | 11.83 | 10.68 |
| June,2013 | 10.45 | 9.01 | December, 2013 | 11.97 | 8.40 |
| July,2013 | 10.50 | 8.24 | January, 2014 | 10.44 | 9.00 |
| August, 2013 | 10.40 | 7.83 | February, 2014 | 9.69 | 8.25 |
| September, 2013 | 11.45 | 8.56 | March, 2014 | 10.25 | 7.57 |

Compliance Officer

Mr. Sandeep Seth
 Managing Director
 Laffans Petrochemicals Ltd
 10 Luthra Industrial Premises
 Andheri Kurla Road Safed Pool,
 Andheri (E) Mumbai 400072
 Tel: 28511919/28511918 Fax: 28513186

B Non Mandatory requirements:

Non Executive Chairman should be Entitled to maintain a Chairman's office at Company's expenses and also allowed reimbursement of expenses incurred in performance of his duties.

Shareholders Right

The half year declaration of financial Performance including the summary of Significant events in last six months Should be sent to each shareholder

The Board has not appointed any one as Chairman. The Managing Director is usually elected as Chairman at each meeting. Hence there is no separate office of Chairman.

As the company's half year results are published in an English News-paper and in Gujarati Newspaper, the same are not sent to share-holders of the company

CERTIFICATE

To:

The Members of Laffans Petrochemicals Ltd.

We have examined the compliance of conditions of corporate governance of Laffans Petrochemicals Ltd. for the period ended 31st March, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

We state that no investor grievances are pending for a period exceeding one month against the Company as per record maintained by the Shareholder's /Investor's Grievance Committee.

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 S. M. KAPOOR & CO.
 Chartered Accountants

Place: Mumbai
 Date: 29th May, 2014

Shekhar Gupta
 Partner

AUDITORS' REPORT

To the Members of **Laffans Petrochemicals Ltd.**

Report on the Financial Statements

We have audited the accompanying financial statements of Laffans Petrochemicals Ltd. ('the Company') which comprise the Balance Sheet as on 31st March 2014, the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date 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 misstatements of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements given 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, subject to the :

Note No. (m) to the notes to the accounts regarding provision for Gratuity on estimated basis.

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (ii) In the case of the Statement of Profit and Loss, of the profit 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 (Auditors Report) Order, 2003 ('the Order') as amended, 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, 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; and
 - e. On the basis of written representation received from the Directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March, 2014, from being
 - f. appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

for S.M. Kapoor & Co.
Chartered Accountants

(Shekhar Gupta)
Partner

Place: Mumbai
Date: 29/05/2014

Membership No. 15622
Firm Regn. No. 104809W

Annexure to the Auditor's Report

The Annexure referred to in our report to the members of Laffans Petrochemicals Limited ('the Company') for the year ended 31st March, 2014. We report that:

- (i) The nature of the Company's business/activities during the period is such that clauses (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the period ended.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has physically verified certain assets during the period in accordance with a programme of verification, which in our opinion provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanations given to no material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, the Company has not made any substantial disposals during the period.
- (iii) In respect of its Inventories:
 - (a) As explained to us, inventories were physically verified during the period by the management at reasonable intervals.
 - (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 were reasonable and adequate 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 its inventories and no material discrepancies were noticed on physical verification.
- (iv) Since the company has not taken or granted loan from or to companies, firms or other parties covered under register maintained u/s 301 of the Companies Act, 1956, clause no. (iii) of para (4) is not applicable.
- (v) 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 commodities and fixed assets and for the sale of commodities/ services. Further, on the basis of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanation given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (vi) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956;
 - (a) To the best of our knowledge and belief and according the information and explanations given to us, transactions that needed to be entered into the register have been so entered.
 - (b) According to the information and explanations given to us, there is no transaction in excess of Rs. 5 lakhs in respect of any party and hence the question of reasonable prices in respect of such transactions regards to the prevailing market prices does not arise.
- (vi) In our opinion and according to the information and explanation given to us, the company has not Accepted deposits from the public as per section 58A and 58AA of the Act.
- (viii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (ix) According to information and explanation given to us, the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub section (1) of section 209.

- (x) According to the information and explanations given to us in respect of statutory and other dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities during the period outstanding for more than six months as at the last day of the financial year.
- (b) The company does not have any disputed amount in respect of income tax, sales tax, custom duty etc., except (i) Income Tax liability of Rs.80,26,328 for A. Y. 2009-10 against which appeal is pending, (ii) Income Tax liability of Rs.7,69,746 for A. Y. 2008-09 against which appeal is pending, (iii) Sales Tax liability of Rs.1,22,33,201 for A. Y. 2006-07 against which appeal is pending and (iv) Sales Tax liability of Rs.1,01,13,369 for A. Y. 2008-09 against which appeal is pending.
- (xi) According to the information and explanations given to us, the company does not have accumulated losses at the end of the financial year. Further, the company has incurred cash losses in the current year however, no incurred cash losses in the preceding financial year.
- (xii) Since the Company has not borrowed any funds from Banks or Financial institutions, the clause related to default in the repayment of dues to financial institutions and banks is not applicable.
- (xiii) According to information and explanations given to us, the company has not granted any loan and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) With respect to investments, in our opinion and according to the information and explanations given to us, Since the investments have been made in mutual funds, which are outside the preview of Section 372A of the Companies Act, and hence clause relating to maintenance of register and other records is not applicable.
- (xv) In our opinion and according to the information and explanation given to us, the company has not given any guarantee to any banks for loans taken by others.
- (xvi) Since the Company has not availed any Term loan during the period, the clause relating to utilisation of the said term loan is not applicable.
- (xvii) Since the Company has not raised any funds during the period whether short term or long term, the clause relating to utilisation of same for the purpose for which it was raised, is not applicable.
- (xviii) The Company has not made any preferential allotment during the period.
- (xix) According to the information and explanations given to us, the company has not issued any debentures and hence clause xix is not applicable.
- (xx) The Company has not raised any money by public issue during the period.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the period.

for S.M. Kapoor & Co.
Chartered Accountants

Place: Mumbai
Date:29/05/2014

(Shekhar Gupta)
Partner
Membership No. 15622
Firm Regn. No. 104809W

BALANCE SHEET AS AT 31ST MARCH ,2014

| PARTICULARS | NOTE NO. | AS AT | | AS AT | |
|--|----------|-----------------|-------------|-----------------|-------------|
| | | 31ST MARCH 2014 | | 31ST MARCH 2013 | |
| | | Rs. | | Rs. | |
| I EQUITY AND LIABILITIES | | | | | |
| 1) SHAREHOLDERS FUNDS | | | | | |
| a) Share Capital | 3 | 80,000,000 | | 80,000,000 | |
| b) Reserves & Surplus | 4 | 456,335,235 | 536,335,235 | 459,838,127 | 539,838,127 |
| 2) NON-CURRENT LIABILITIES | | | | | |
| a) Deferred Tax Liabilities (Net) | | - | | - | |
| b) Long Term Provisions | 5 | 185,856 | | 151,586 | |
| c) Other Non Current Liabilities | 6 | 1,800,000 | 1,985,856 | - | 151,586 |
| 3) CURRENT LIABILITIES | | | | | |
| a) Trade Payables | 7 | 2,904,636 | | 1,569,814 | |
| b) Other Current Liabilities | 8 | 12,495,991 | 15,400,627 | 13,709,678 | 15,279,492 |
| TOTAL | | | 553,721,718 | | 555,269,205 |
| II ASSETS | | | | | |
| 1) NON-CURRENT ASSETS | | | | | |
| a) Fixed Assets | | | | | |
| i) Tangible Assets | 9 | 13,097,880 | | 13,667,122 | |
| b) Non-Current Investments | 10 | 401,104,863 | | 269,243,273 | |
| c) Deferred Tax Assets (Net) | 11 | 6,538,343 | | 2,146,204 | |
| d) Long Term Loans and Advances | 12 | 63,829,180 | 484,570,266 | 55,106,954 | 340,163,552 |
| 2) CURRENT ASSETS | | | | | |
| a) Inventories | 13 | 2,507,531 | | 37,382,225 | |
| b) Trade Receivables | 14 | 45,452,832 | | 224,922 | |
| c) Current Investments | 15 | - | | 177,000,000 | |
| d) Cash and cash equivalents | 16 | 20,692,466 | | 68,329 | |
| e) Short Term Loans and Advances | 17 | 498,622 | 69,151,452 | 430,176 | 215,105,651 |
| TOTAL | | | 553,721,717 | | 555,269,204 |
| Significant Accounting Policies and Notes to financial Statements | 2 | | | | |

As per our report of even date
For S. M. Kapoor & Co.
Chartered Accountants

For and on Behalf of the Board

Shekhar Gupta
Partner
Membership No. 15622
Firm Regn. No. 104809W

S.R.Narayanan
Company Secretary

Sandeep Seth
Director
DIN: 00316075

Jaideep Seth
Director
DIN: 03130620

Place : Mumbai
Date : 29/05/2014

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2014

| PARTICULARS | NOTE NOS. | 2013-14 Rs. | 2012-13 Rs. |
|---|-----------|----------------|----------------|
| I INCOME | | | |
| 1 Revenue from Operations | 18 | 439,682,883 | 57,222,609 |
| 2 Other Income: | 19 | 39,271,246 | 51,052,567 |
| Total Revenue | | 478,954,129 | 108,275,177 |
| II EXPENSES: | | | |
| 3 Purchase of Trading Goods | 20 | 392,191,866 | 87,180,118 |
| 4 Change in inventories of Finished Goods Stock in Process and Stock in trade | 21 | 34,874,693 | (37,382,225) |
| 5 Employee Benefits Expense | 22 | 1,264,713 | 1,086,453 |
| 6 Finance Costs | 23 | 60,876 | 70,977 |
| 7 Depreciation and Amortization Expense | | 943,113 | 928,666 |
| 8 Loss on Sale of Unit at Panoli | | - | (49,633,258) |
| 9 Other Expenses | 24 | 57,513,897 | 20,571,421 |
| Total Expenses | | 486,849,159 | 22,822,152 |
| Profit Before Tax | | (7,895,031) | 85,453,024 |
| Tax Expenses | | | |
| Current | | - | (17,800,000) |
| Deferred | | 4,392,138 | 4,299,293 |
| Profit for the year | | (3,502,893) | 71,952,317 |
| Earning per equity share of face value of Rs.10/- each Basic and Diluted (In Rs.) | | (0.44) | 8.99 |
| Significant Accounting Policies and Notes to financial Statements | 2 | | |

As per our report of even date
For S. M. Kapoor & Co.
Chartered Accountants

For and on Behalf of the Board

Shekhar Gupta
Partner
Membership No. 15622
Firm Regn. No. 104809W

S.R.Narayanan
Company Secretary

Sandeep Seth
Director
DIN: 00316075

Jaideep Seth
Director
DIN: 03130620

Place : Mumbai
Date : 29/05/2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

| | Rs. 31st March 2014 | Rs. 31st March 2013 |
|---|------------------------|------------------------|
| A. Cash Flow from Operating Activities | | |
| Net Profit before Tax | (7,895,031) | 85,453,024 |
| Adjustments for: | | |
| Depreciation | 943,113 | 928,666 |
| Interest (Net) | (1,141,156) | (4,568,921) |
| Loss on Sale of Assets | - | - |
| Loss on Sale of Unit | - | 49,633,258 |
| Profit from Investments | (38,011,690) | (44,130,441) |
| Dividend | - | (28,737) |
| Operating Profit before Working Capital Changes | (46,104,763) | 87,286,849 |
| Adjustments for: | | |
| Trade & Other receivables | (53,745,715) | (34,209,832) |
| Inventories | 34,874,693 | (37,382,225) |
| Trade Payables | 1,955,405 | (73,765,001) |
| Cash generated from Operations | (63,020,380) | (58,070,209) |
| Interest paid | (1,141,156) | (4,568,921) |
| Taxes Paid | 272,867 | 18,500,157 |
| Net Cash from Operating activities | (62,152,091) | (72,001,444) |
| B. Cash Flow from Investing Activities | | |
| Purchase of Fixed Assets | 373,871 | 154,983 |
| Sale of fixed Assets | - | 49,633,258 |
| Purchase of Investments net of sale | (83,150,099) | (53,438,246) |
| Dividends | - | (28,737) |
| Net Cash used in Investing Activities | (82,776,228) | (3,678,742) |
| C. Cash Flow from Financing Activities | | |
| Proceeds from Long /Short term borrowings | - | - |
| Repayment of long term borrowings | - | - |
| Net Cash used in Financing Activities | - | - |
| Net Increase in Cash & equivalents | 20,624,137 | (68,322,702) |
| Opening Balance of Cash & Cash equivalents | 68,329 | 68,391,031 |
| Closing Balance of Cash & Cash equivalents | 20,692,466 | 68,329 |
| | 20,624,137 | (68,322,702) |

AUDITORS CERTIFICATE

We have verified the above Cash Flow Statement of M/S. Laffans Petrochemicals Limited, derived from Audited Financial Statements for the period ended 31st March, 2014 and found the same to be drawn in accordance herewith and also with the requirements of clause 32 of the listing agreements with Stock Exchanges.

As per our report of even date
For S. M. Kapoor & Co.
Chartered Accountants

For and on Behalf of the Board

Shekhar Gupta
Partner
Membership No. 15622
Firm Regn. No. 104809W

S.R.Narayanan
Company Secretary

Sandeep Seth
Director
DIN: 00316075

Jaideep Seth
Director
DIN: 03130620

Place : Mumbai
Date : 29/05/2014

LAFFANS PETROCHEMICALS LTD.**NOTES**

To the financial statements for the year ended March 31, 2014

(All amounts in Indian Rupees unless otherwise stated)

1. Background:

Laffans Petrochemicals Limited is a listed Company and engaged in manufacturing of petrochemical products. In the year 2011, the Company had sold its manufacturing unit and thereafter engaged in the business of trading in chemicals and API and in commodities arbitrage.

2. ACCOUNTING POLICIES

a) Basis of Accounting:

i) Financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.

ii) The Company adopts the accrual concept in the preparation of accounts unless otherwise stated.

b) Use of Estimates:

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/ materialized.

c) Fixed Assets

Fixed Assets are stated at cost of acquisition less depreciation and impairment of asset. The Company Capitalizes all costs relating to acquisitions and installations of fixed assets till the date of Commissioning and starting of commercial production.

d) Depreciation:

Depreciation on fixed assets is being provided on straight Line Method at the rates prescribed under Schedule XIV of the Companies Act, 1956.

e) Inventories:

Inventories of Commodity Arbitrage is valued at Cost.

Inventories of trading items of chemicals and API, is valued at cost and market value whichever is lower.

f) Revenue Recognition:

I. The revenue is recognized as per contract note of sale of Arbitrage, in case of sale of services on completion of Job and in case of sale of trading, on raising of invoice and transfer of material to the party.

II. Other income is recognized on accrual basis.

III. In conformity with generally accepted accounting principles, Income from Growth FMP Investments are recognized on redemption.

IV. Dividend is recognized when the right to receive payment is established by the Balance Sheet date.

g) Sales:

Sale comprises of the trading in Commodities Arbitrage and trading in chemicals and API.

h) Investments:

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

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

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

i) Foreign Currency Transaction:

The foreign currency transaction involving foreign exchange on revenue accounts are accounted at the exchange rates prevailing on the date of transaction. Foreign currency remained unsettled at the year-end are translated at the year-end rate and the difference is charged to profit & loss account. However there is no such transaction during the year.

j) Retirement Benefit Scheme:

Employer's Contribution to P.F. has been charged to P & L A/c. and deposited with concerned authority.

Gratuity is accounted for on estimate basis and charged to P & L account on accrual basis. However as per AS-15 issued by Institute of Chartered Accountant of India, Retirement benefit to be provided on the basis of actuarial valuation but the same is not implemented by the company.

k) Borrowing Cost:

Borrowing cost incurred in relation to the acquisition, construction of assets are capitalized as the part of the cost of such assets up to the date when such assets are ready for intended use. Other borrowings cost are charged as an expense in the year in which these are incurred.

l) Taxes on Income:

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities related to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT

credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961.

m) Impairment of Assets:

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged for when an assets is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

n) PROVISIONS, CONTINGENT LIABILITIES and CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

o) Contingent Liability :

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle an obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. The Details are as under:

- i) Sales Tax Liability of Rs. 1,01,13,369 for the year 2008-09 (P.Y. Rs.1,01,13,369) against which appeal is pending
- ii) Income Tax Liability for A.Y. 2009-10 Rs.78,60,520/- (P.Y. 78,60,520/-) Against which appeal is pending.
- iii) Income Tax Liability for A.Y. 2008-09 Rs.7,69,746/- (P.Y. 7,69,746/-) Against which appeal is pending.
- iv) Income Tax Liability for A.Y. 2009-10 Rs.1,65,808/- (P.Y. 1,65,808/-) Against which appeal is pending.

p) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. Nil (P.Y. Nil).

q) Auditors remuneration

| | | |
|----------------|----------|------------|
| Audit Fees | 1,00,000 | (1,00,000) |
| Tax Audit Fees | 65,000 | (40,000) |
| Other matters | 1,60,000 | (1,10,000) |
| Service Tax | 40,170 | (30,900) |
| | 3,65,170 | (2,80,900) |

r) VALUE OF IMPORTS ON CIF BASIS

| | | |
|------------------|--------------|--------|
| Trading Material | 19,89,220.00 | (0.00) |
|------------------|--------------|--------|

s) Expenditure in foreign Currency

| | | |
|-------------------|--------------|---------|
| Commission | 0.00 | (0.00) |
| Foreign Traveling | 14,75,850.00 | (0.00) |

t) Earning in foreign currency (Rs in lacs)

| | | |
|------------------------|------|---------|
| F.O.B Value of exports | 0.00 | (0.00) |
|------------------------|------|---------|

- u) Sundry Debtors, Sundry Creditors & advances are subject to confirmation by the respective parties. Necessary Adjustments in account will be made in the year in which discrepancy, if any, may be noticed.
- v) Sundry Loan & Advances and other assets are, in the opinion of management stated at the amount realizable in the ordinary course of business and provision for all known and determined liabilities are adequate and not in excess of the amounts reasonably required.
- w) Earnings per Share.

| | |
|---|-----------------|
| Net Profit available for equity share holders | Rs.(-)35,02,893 |
| Weighted Average No. equity Shares | 80,00,000 |
| Basic & Diluted Earning per Share (Rs.) | (-)0.44 |
| (Equity Share of face value of Rs. 10 each) | |

- x) Related Parties Disclosures:

List of related parties with whom transaction have been taken place and Relationships:

| Name of the related party | Relationship |
|----------------------------------|----------------------------|
| Sandeep Seth |) Key Management Personnel |
| Jaideep Seth |) Director |

Transactions during the year with related parties:

Expenditure

Payment to and provisions

Key Management Personnel Directors Remuneration Rs. 20,73,436 (21,97,096)

Rent Rs. 24,00,000 (24,00,000)

Director Directors Remuneration Rs. 4,83,500 (3,30,000)

- y) The Company had sold its manufacturing unit at Panoli to M/s Huntsman Performance Products (India) Pvt. Ltd, on 1st April, 2011 as per the Hon. High Court of Gujarat's order dated 11th March 2011 and hence the Company has discontinued its manufacturing operation since then.
- z) Previous year figures have been regrouped/ reclassified wherever necessary.
- Za) After discontinuing its manufacturing activity due to sale of manufacturing unit to M/s Huntsman Performance Products (India) Pvt Ltd., the Company is now dealing in only one segment i.e. trading in Commodities and Chemicals, hence no separate Segment reporting is given. The Investment activity has not been treated as separate segment as the same is temporary deployment of funds.
- Zb) Figures in to bracket pertains to previous year.

As per our report of even date
For S. M. Kapoor & Co.
Chartered Accountants

For and on Behalf of the Board

Shekhar Gupta
Partner
Membership No. 15622
Firm Regn. No. 104809W

S.R.Narayanan
Company Secretary

Sandeep Seth
Director
DIN: 00316075

Jaideep Seth
Director
DIN: 03130620

Place : Mumbai
Date : 29/05/2014

| | | AS AT 31ST MARCH 2014 Rs. | | AS AT 31ST MARCH 2013 Rs. | |
|------------------|--|---------------------------------|-------------|---------------------------------|-------------|
| NOTE NO.- | | | | | |
| 3 | SHARE CAPITAL AUTHORISED 11,000,000 Equity Shares (PY11,000,000) of Rs.10/- each ISSUED, SUBSCRIBED & PAID-UP 8,000,000 (P.Y. 8,000,000) Equity Shares of Rs. 10 each fully paid up Reconciliation of the no. of equity shares outstanding at the beginning and at the end of the year. | | 110,000,000 | | 110,000,000 |
| | | | 80,000,000 | | 80,000,000 |
| | | | 80,000,000 | | 80,000,000 |

| | As at 31st March 2014 | | As at 31st March 2013 | |
|---|-----------------------|-------------------|-----------------------|-------------------|
| | Nos. | Amount | No. | Amount |
| Equity Shares of Rs.10/- each fully paid up Balance, Beginning of the year | 8,000,000 | 80,000,000 | 8,000,000 | 80,000,000 |
| Issued/Deletion during the year | - | - | - | - |
| Balance. End of the year | 8,000,000 | 80,000,000 | 8,000,000 | 80,000,000 |
| Terms/rights attached to equity shares | | | | |
| The Company has only one class of shares referred to as equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. | | | | |
| The Detail of Registered Shareholders holding more than 5% shares: | | | | |
| Sandeep Seth | 3,911,952 | 39,119,520 | 3,812,668 | 38,126,680 |

| | | | | | |
|----------|--|-------------|-------------|-------------|-------------|
| 4 | RESERVES AND SURPLUS General Reserve As per Last Balance Sheet Balance in Profit and Loss Statement As per Last Balance Sheet Add: Profit for the year | 60,600,000 | 60,600,000 | 60,600,000 | 60,600,000 |
| | | 399,238,127 | | 327,285,810 | |
| | | (3,502,893) | 395,735,235 | 71,952,317 | 399,238,127 |
| | | | 456,335,235 | | 459,838,127 |

| | | AS AT 31ST MARCH 2014 Rs. | | AS AT 31ST MARCH 2013 Rs. | |
|----------|--|---------------------------------|---------|---------------------------------|---------|
| 5 | LONG TERM PROVISIONS Provisions for Gratuity | | 185,856 | | 151,586 |
| | | | 185,856 | | 151,586 |

| | | AS AT 31ST MARCH 2014 Rs. | | AS AT 31ST MARCH 2013 Rs. | |
|---|--|---------------------------------|-----------|---------------------------------|-----------|
| 6 | OTHER NON CURRENT LIABILITIES Deposit from Tenant | | 1,800,000 | | - |
| | | | 1,800,000 | | - |
| 7 | TRADE PAYABLES For Goods Micro, Small & Medium Enterprise Others For Expenses | | - | | - |
| | | | 1,964,256 | | - |
| | | | 940,380 | | 1,569,814 |
| | | | 2,904,636 | | 1,569,814 |

Note: The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is Nil

| | | | | | |
|---|--|--|------------|--|------------|
| 8 | OTHER CURRENT LIABILITIES Other Payables | | 12,495,991 | | 13,709,678 |
| | | | 12,495,991 | | 13,709,678 |

Note: Other Payable includes Sales Tax Liability of Rs.122.33 Lacs (Previous Year Sales Tax Liability Rs.132.33 Lacs
NOTE NO. 9

DEPRECIATION CHART AS AT 31 MARCH 2014

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|----------------------|--------------------|----------------|----------------|-------------------|------------------|-----------------|-----------------|------------------|---------------------|---------------------|
| | OPENING BALANCE | ADDITION | SALES/ ADJ. | TOTAL | OPENING | FOR THE YEAR | W/BACK/ ADJ. | TOTAL | AS ON 03/31/2014 | AS ON 03/31/2013 |
| Building | 15,000,000 | - | - | 15,000,000 | 4,702,000 | 501,000 | - | 5,203,000 | 9,797,000 | 10,298,000 |
| Computers | 37,990 | 24,990 | - | 62,980 | 10,528 | 6,425 | - | 16,953 | 46,027 | 27,462 |
| Office Equipments | 136,545 | 348,881 | - | 485,426 | 7,045 | 12,682 | - | 19,727 | 465,699 | 129,500 |
| Furniture & Fixtures | 253,210 | - | - | 253,210 | 10,256 | 15,775 | - | 26,031 | 227,179 | 242,954 |
| Vehicle | 4,286,644 | - | - | 4,286,644 | 1,317,438 | 407,231 | - | 1,724,669 | 2,561,975 | 2,969,206 |
| Total | 19,714,389 | 373,871 | - | 20,088,260 | 6,047,267 | 943,113 | - | 6,990,380 | 13,097,880 | 13,667,122 |
| Previous Year | 19,559,406 | 154,983 | - | 19,714,389 | 5,118,601 | 928,666 | - | 6,047,267 | 13,667,122 | 14,440,805 |

| | | AS AT 31ST MARCH 2014 Rs. | | AS AT 31ST MARCH 2013 Rs. | |
|----|---|---------------------------------|------------|---------------------------------|------------|
| 10 | NON CURRENT INVESTMENTS (Unquoted unless otherwise stated) NON TRADE AT COST IN MUTUAL FUNDS Nil (P.Y. 2,877,762.136) units in Birla Sun Life Dynamic Bond Fund NAV as on March 31st Rs.Nil 2,041,013.85 (P.Y. Nil) units in Birla Sun Life Dynamic Bond Fund NAV as on March 31st Rs.41946713/- Nil (P.Y. 2,205,874.243) units in Birla Sun Life Dynamic Bond Fund NAV as on March 31st Rs.Nil 977,669.725 (P.Y. 202,875.421) units in ICICI Prudential Income Regular Plan Growth NAV as on March 31st Rs.36,548,716 2,288,831.648 (P.Y. 1,082,902.587) units in IDFC Dynamic Bond Fund Growth (Regular Plan) | | | | 52,500,000 |
| | | | 39,381,566 | | - |
| | | | | | 40,000,000 |
| | | | 37,500,000 | | 7,500,000 |
| | | | 32,600,000 | | 15,000,000 |
| | | | | | |
| | | | | | |

| | AS AT 31ST MARCH 2014 Rs. | AS AT 31ST MARCH 2013 Rs. |
|--|---------------------------------|---------------------------------|
| NAV as on March 31st Rs.33,390,392 Nil (P.Y. 3,379,524.059) units in IDFC SSIF Short Term Growth | - | 75,000,000 |
| NAV as on March 31st Rs.Nil Nil (P.Y. 7,045.4952) units in J P Morgan India Treasury Fund Super INST Growth | - | 106,085 |
| NAV as on March 31st Rs.Nil Nil (P.Y. 147,734,928) units in Kotak Bonds Scheme Plan A Growth | - | 5,000,000 |
| NAV as on March 31st Rs.Nil Nil (P.Y.61,408,917) units in Kotak Gilt Investment Regular Growth | - | 2,500,000 |
| NAV as on March 31st Rs.Nil 2,150,269.116 (P.Y.Nil) units in Reliance Dynamic Fund Growth Plan | 35,000,000 | - |
| NAV as on March 31st Rs.35,352,144 912,461.726 (P.Y.194,710,116) units in Reliance Income Fund Growth Plan Growth Option | 36,300,000 | 7,500,000 |
| NAV as on March 31st Rs.36,082,295 300 (P.Y.Nil) units in Religare NDPMS Series XXIV-C | 30,000,000 | 30,000,000 |
| NAV as on March 31st Rs.30,000,000 2,256,014.758 (P.Y.851,858.414) units in SBI Dynamic Bond Fund Regular Plan Growth | 34,000,000 | 12,500,000 |
| NAV as on March 31st Rs.34,055,671 713,918.876 (P.Y.Nil) units in SBI Dynamic Bond Fund Growth | 9,062,451 | 10,000,000 |
| NAV as on March 31st Rs.9,771,137 18,150.453 (P.Y.690.353) units in Templeton India Short Term Income Retail Plan Growth | 43,600,000 | 1,600,000 |
| NAV as on March 31st Rs.46,625,508 766,016.713 (P.Y.Nil) units in UTI Short Term Plan Institutional Growth | 11,000,000 | |
| NAV as on March 31st Rs.11,620,014 Nil (P.Y. 546,467.577) units in DSP Blackrock Short Term Fund Growth | - | 10,037,188 |
| NAV as on March 31st Rs.Nil 324,842.479 (P.Y. Nil) units in Kotak Bond Short Term Plan Growth | 7,451,529 | - |
| NAV as on March 31st Rs.7,716,178 2,197,190.526 (P.Y.Nil) units in Templeton India Income Opportunity S Fund Growth | 30,000,000 | - |
| NAV as on March 31st Rs.31,669,865/- 2,433,428.645 (P.Y.Nil) units in IDFC Banking Debit Fund Regular Plan Growth | 25,009,317 | - |
| NAV as on March 31st Rs.26,714,180/- 2,272,387.763 (P.Y.Nil) units in L&T Income Opportunity S Fund Growth | 30,200,000 | - |
| NAV as on March 31st Rs.31,696,173/- | | |
| | 401,104,863 | 269,243,273 |

Note: Investments in the form of FMP's maturing in less than one year from the end of the financial year has been considered as current Investment.

| | | AS AT 31ST MARCH 2014 Rs. | | AS AT 31ST MARCH 2013 Rs. | |
|--|--|---------------------------------|------------------|---------------------------------|------------------|
| 11 | DEFERRED TAX ASSETS The Company has during the year in accordance with Accounting Standard AS-22 "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, recognised in the Profit and Loss Account a difference of Rs.43,92,138 Between net, deferred tax asset of Rs.65,38,343 as on 31st March 2014 and on the deferred tax assets of Rs.21,46,204/- as on 31st March 2013. Deferred tax Liabilities and assets are on account of the following timing differences. Deferred Tax Liability On account of depreciation Total Deferred Tax Asses On account of Employees Benefits On account of Statutory Payments U/s43B MAT Credit entitlement Total Net Deferred Tax Asset | | | | |
| | | | 2,164,639 | | 2,304,482 |
| | | | 2,164,639 | | 2,304,482 |
| | | | 57,430 | | 49,182 |
| | | | 3,780,059 | | - |
| | | | 4,865,493 | | 4,401,504 |
| | | | 8,702,982 | | 4,450,686 |
| | | | 6,538,343 | | 2,146,204 |
| 12 | LONG TERM LOANS AND ADVANCES Taxes Paid (net of Provisions) Taxes Paid Less: Provision for Income Tax Other Advances | | | | |
| | | 87,273,070 | | 87,000,203 | |
| | | 66,851,000 | 20,422,070 | 66,851,000 | 20,149,203 |
| | | | 43,407,110 | | 34,957,751 |
| | | | 63,829,180 | | 55,106,954 |
| Note: Other Advances includes amount paid towards Advance for premises. | | | | | |
| 13 | INVENTORIES (As per inventory taken, valued and certified by the Director of the Company) Trading Goods of Commodity Arbitrage Trading Goods of Chemicals/API | | | | |
| | | | - | | 37,382,225 |
| | | | 2,507,531 | | - |
| | | | 2,507,531 | | 37,382,225 |
| 14 | TRADE RECEIVABLES (Unsecured considered good) Over six months Others | | | | |
| | | | 45,077,202 | | - |
| | | | 375,630 | | 224,922 |
| | | | 45,452,832 | | 224,922 |

| | | AS AT 31ST MARCH 2014 Rs. | | AS AT 31ST MARCH 2013 Rs. | |
|-----------|---|---------------------------------|--|---------------------------------|--|
| 15 | CURRENT INVESTMENTS (Unquoted unless otherwise stated) IN MUTUAL FUNDS Nil (P.Y. 13,680,000) units in DSP Blackrock FMP 12M Series 47 Growth NAV as on March 31st Rs.Nil Nil (P.Y. 530,000) units in IDFC Fixed Maturity Plan 366 Days Series 78 Growth NAV as on March 31st Rs.Nil Nil (P.Y.3,490,000) units in Kotak FMP Series 88- Growth NAV as on March 31st Rs.Nil | | - | | 136,800,000 |
| | | | - | | 5,300,000 |
| | | | - | | 34,900,000 |
| | | | - | | 177,000,000 |
| 16 | CASH AND CASH EQUIVALENTS Cash on hand Balance with Bank Fixed Deposit with Banks | | 141,252 551,214 20,000,000 20,692,466 | | - 68,329 - 68,329 |
| 17 | SHORT TERM LOANS AND ADVANCES Balance in Service Tax Credit Others | | 63,001 435,621 498,622 | | 386,526 43,650 430,176 |
| 18 | REVENUE FROM OPERATIONS Sale of Commodities- Arbitrage Income from Services Chemical Includes Speciality Chemicals | | 432,365,292 7,317,591 439,682,883 | | 50,402,772 6,819,837 57,222,609 |
| 19 | OTHER INCOME Interest Recd. Gross Dividend Recd. Profit on Sale of Investments Other non operating income | | 1,202,032 - 38,011,690 57,524 39,271,246 | | 4,639,898 28,737 44,130,441 2,253,491 51,052,567 |
| 20 | PURCHASE OF TRADING GOODS Purchase of Commodities- Arbitrage Purchase of Chemicals/API Imported Custom Duty | | 389,443,061 1,964,256 784,549 392,191,866 | - | 87,180,118 - - 87,180,118 |

Note: Investments maturing in less than one year from the end of the financial year has been considered as current Investment.

| | | AS AT 31ST MARCH 2014 Rs. | | AS AT 31ST MARCH 2013 Rs. | |
|-----------|---|---------------------------------|------------|---------------------------------|--------------|
| 21 | CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS AND STOCK IN TRADE | | | | |
| | Closing Stock of Trading Goods- Commodity Arbitrage | - | | 37,382,225 | |
| | Closing Stock of Trading Goods- Chemicals | 2,507,531 | | - | |
| | Opening Stock of Trading Goods- Commodity Arbitrage | 37,382,225 | | - | |
| | Opening Stock of Trading Goods- Chemicals | - | 34,874,693 | - | (37,382,225) |
| | | | 34,874,693 | | (37,382,225) |
| 22 | EMPLOYEE BENEFITS EXPENSE | | | | |
| | Salaries and Wages | | 1,134,071 | | 991,289 |
| | Contribution to PF and Other Funds | | 23,769 | | 21,852 |
| | Gratuity | | 34,270 | | 24,576 |
| | Staff Welfare Expenses | | 72,603 | | 48,736 |
| | | | 1,264,713 | | 1,086,453 |
| | Gratuity has been provided on estimated basis which is not in accordance with Accounting Standard 15 "Retirement Benefits". As per AS 15, Gratuity should have been provided on the basis of actuarial valuation. | | | | |
| 23 | FINANCE COSTS | | | | |
| | Interest Expenses | | - | | 9,288 |
| | Bank Charges & Commission | | 60,876 | | 61,689 |
| | | | 60,876 | | 70,977 |
| 24 | OTHER EXPENSES | | | | |
| | Direct Expenses | | | | |
| | Labour Charges | 605,951 | | 503,422 | |
| | Clearing & Forwarding Charges | 23,870 | | - | |
| | Carriage Inward | 228,000 | | 228,000 | |
| | | | 857,821 | | 731,422 |
| | Other Expenses | | | | |
| | Advertisement Expenses | 115,511 | | 101,271 | |
| | Rates & Taxes | 392,963 | | 652,479 | |
| | Rent | 2,400,000 | | 2,400,000 | |
| | General Expenses | 147,084 | | 219,703 | |
| | Telephone and Other Communication Expenses | 249,141 | | 258,611 | |
| | Motor car Expenses | 320,393 | | 365,997 | |
| | Repairs & Maintenance Others | 689,460 | | 3,554,346 | |
| | Donation | 251 | | 40,500 | |
| | Prior period Expenses | 12,050 | | 2,501,000 | |
| | Festival Expenses | 29,300 | | 8,800 | |
| | Travelling Expenses | 1,879,293 | | 377,585 | |
| | Electricity Expenses | 312,550 | | 476,137 | |
| | Entertainment Expenses | 297,856 | | 466,392 | |
| | Bad Debts | 45,077,202 | | - | |
| | Printing & Stationery | 187,528 | | 177,873 | |
| | Conveyance Expenses | 248,083 | | 237,612 | |
| | Auditor's Remuneration | 200,000 | | 200,000 | |
| | Directors Remunerations | 2,280,000 | | 2,130,000 | |
| | Sundry Balance W/off | 423,271 | | - | |
| | Insurance Expenses | 57,966 | | 55,515 | |
| | Legal & Professional Expenses | 1,336,175 | 56,656,076 | 5,616,178 | 19,839,999 |
| | | | 57,513,897 | | 20,571,421 |

LAFFANS PETROCHEMICALS LIMITED

CIN: L99999GJ1992PLC018626

Regd Office: Shed No.C1B/316, GIDC Panoli, Ankleshwar- 394116.

Tel No.: 022-28511919, Email: lplho@vsnl.com. Website: www.laffanspetrochemical.com

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Folio No./Client ID :

I hereby record my presence at the 21st ANNUAL GENERAL MEETING to be held at Shalimar Hotel, Ankleshwar, Bharuch, Gujarat on September 26, 2014 at 12.30 p.m.

Member's/Proxy's Full Name

Member's/Proxy's Signature

TEAR HERE

LAFFANS PETROCHEMICALS LIMITED

CIN: L99999GJ1992PLC018626

Regd Office: Shed No.C1B/316, GIDC Panoli, Ankleshwar- 394116.

Tel No.: 022-28511919, Email: lplho@vsnl.com. Website: www.laffanspetrochemical.com

PROXY FORM

| | |
|-------------------------|----------------------|
| Name of the Member (s): | Folio No./Client Id: |
| Registered Address: | DP ID: |
| E-mail Id: | |

I/We, being the member (s) of shares of the above named company, hereby appoint :

- Name : Address :
E-mail Id : Signature : or failing him
- Name : Address :
E-mail Id : Signature : or failing him
- Name : Address :
E-mail Id : Signature : or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st annual general meeting of the company, to be held at Shalimar Hotel, Ankleshwar, Bharuch, Gujarat on September 26, 2014 at 12.30 p.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

| Sr. No. | Particulars | Optional* | |
|---------|--|-----------|---------|
| | | For | Against |
| 1. | Adoption of Financial Statements for the year ended March 31, 2014. | | |
| 2. | Re-appointment of Mr. Jaideep Seth who retires by rotation. | | |
| 3. | Appointment of M/s. S. M. Kapoor & Co., Chartered Accountants as Auditors and fixing remuneration. | | |
| 4. | Appointment of Mr. Rajesh Sharma as an Independent Director. | | |
| 5. | Appointment of Mr. Naresh Naraindas Chhabria as an Independent Director. | | |
| 6. | Appointment of Mrs. Anisha Seth as Director. | | |
| 7. | Appointment of Mrs. Anisha Seth as Whole-Time Director from 1-7-2014 to 30-6-2019 and payment of remuneration. | | |

Signed this day of, 2014

Signature of Shareholder : Signature of Proxyholder(s) :

Affix
1 Rupee
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting.



PETROCHEMICALS LIMITED

10, Luthra Industrial Premiese,
Ground Floor, Andheri - Kurla Road,
Safed Pool, Mumbai - 400 072

CRYSTAL +91 6614 0900



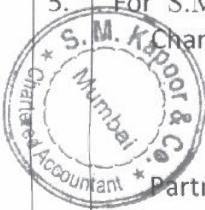
PETROCHEMICALS LIMITED

10, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Mumbai- 400 072.
Tel.: 2851 1918 / 1919/2929/8862 • Fax : 2851 3186/2859 2801 • Email : lplho@vsnl.com

FORM A

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

| | | |
|----|---|---|
| 1. | Name of the Company: | Laffans Petrochemicals Limited (Scrip Code: 504180) |
| 2. | Annual financial statements for the year ended | 31 st March 2014 |
| 3. | Type of Audit observation | Un-qualified |
| 4. | Frequency of observation | Not Applicable |
| 5. | For S.M. Kapoor & Co. Chartered Accountants Partner | For and on behalf of the Board of Directors Chairman of the Audit Committee Managing Director Head-Finance |



CIN : L39999GJ1992PL6018626

Regd. Office : Shed No. C1B/316 GIDC, Panoli, Ankleshwar, Gujarat