



POLYCHEM LIMITED

**55TH ANNUAL REPORT
2011-2012**

POLYCHEM LIMITED

(INCORPORATED UNDER THE INDIAN COMPANIES ACT, VII OF 1913)

BOARD OF DIRECTORS	MR. TANIL KILACHAND MR. P.T.KILACHAND	<i>Executive Chairman (w.e.f. 27.07.2012)</i> <i>Managing Director (w.e.f. 27.07.2012)</i>
	MR. V.V.SAHASRABUDHE MR. DEVANG VYAS MR. CHETAN DESAI MR. NANDISH T. KILACHAND	<i>Additional Director (w.e.f. 27.07.2012)</i>
COMPANY SECRETARY	MR. A.H.MEHTA	
AUDITORS	M/s. G.M.KAPADIA & CO.	<i>Chartered Accountants</i>
LEGAL ADVISERS	M/s. DAPHTARY FERREIRA & DIVAN	
REGISTERED OFFICE	7, Jamshedji Tata Road, Churchgate Reclamation, Mumbai 400 020.	

WORK	CORPORATE MANAGEMENT TEAM	
SPECIALTY CHEMICALS D-26, MIDC Phase II Dombivali 421 201	MR. TANIL KILACHAND MR. P. T. KILACHAND MR. A. H. MEHTA	<i>Executive Chairman</i> <i>Managing Director</i> <i>VP-Corporate Affairs & Company Secretary</i>

Note: As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

Contents:

Notice	1
Directors' Report	5
Management Discussion	8
Corporate Governance Report	9
Auditors' Report	15
Annexure to the Auditors' Report	16
Balance Sheet	18
Statement of Profit and Loss Account	19
Cash Flow Statement	20
Notes Forming part of the Accounts	21
Attendance Slip & Proxy	

N O T I C E

Notice is hereby given that the Fifty Fifth Annual General Meeting of the Members of POLYCHEM LIMITED will be held at M.C.Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001 on Monday, 17th September, 2012 at 2.30 p.m., to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and Statement of Profit and Loss for the year ended on 31st March, 2012 and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Devang Vyas who retires by rotation, but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Chetan Desai who retires by rotation, but being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification/s the following resolution as an Ordinary Resolution :-

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. G.M. Kapadia & Company, Chartered Accountants, Mumbai (Firm Regn. No.104767W), be and are hereby appointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs.1,50,000/- (Rupees one lac fifty thousand only) in addition to service tax, reimbursement of travelling and all other out of pocket expenses incurred in connection with the audit."

SPECIAL BUSINESS:

5. To consider, and, if thought fit, to pass, with or without modification/s, the following resolution as a **Special Resolution**:
"RESOLVED THAT in partial modification of the Special Resolution passed by the members at the Annual General Meeting of the Company held on 23rd September, 2010, the designation of Mr. T.R.Kilachand be changed from Managing Director to Executive Chairman, with effect from 27th July, 2012. The other terms and conditions of his appointment as per the resolution passed by the members at the Annual General Meeting of the Company held on 23rd September, 2010 remaining the same."
6. To consider, and, if thought fit, to pass, with or without modification/s, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT in partial modification of the Ordinary Resolution passed by the members at the Annual General Meeting of the Company held on 23rd September, 2010, the designation of Mr. P.T.Kilachand be changed from Whole-time Director to Managing Director, with effect from 27th July, 2012. The other terms and conditions of his appointment as per the resolution passed by the members at the Annual General Meeting of the Company held on 23rd September, 2010 remaining the same."
7. To consider, and if thought fit, to pass, with or without modification/s, the following resolution as an **Ordinary Resolution** :
"RESOLVED THAT Mr. N.T. Kilachand who was appointed as an Additional Director on 27th July, 2012 under Section 260 of the Companies Act, 1956 and who under Article 138 of the Articles of Association of the Company retires at the Annual General Meeting, be and is hereby appointed to the office of the Director of the Company, liable to retire by rotation and for which the prescribed notice has been received by the Company in terms of Section 257 of the Companies Act, 1956, the candidate having filed his consent to act as a Director, if appointed."

By Order of the Board of Directors

A.H.MEHTA

Vice President-Corporate Affairs & Company Secretary

Registered Office :
7, Jamshedji Tata Road
Churchgate Reclamation
Mumbai 400 020.

Dated : 27th July, 2012.



NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, OR WHERE THAT IS ALLOWED, ONE OR MORE PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. The Proxies to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
- (b) The Register of Members and the Share Transfer Books of the Company has remained closed from 3rd July, 2012 to 10th July, 2012 (both days inclusive).
- (c) Members holding shares in the dematerialized mode are requested to intimate changes in their address, if any, to their Depository Participants and Members holding shares in physical form are requested to intimate the change of address, if any, immediately to the Registrar & Share Transfer Agents at Sharepro Services (India) Pvt. Ltd., 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072.

Telephone : 022-67720300 / 022-67720400

Fax : 022-28591568

Email : sharepro@shareproservices.com

- (d) The Company has implemented the "Green Initiative" circulars issued by Ministry of Corporate Affairs (MCA) vide their Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively and effected electronic delivery of Notice of Annual General Meeting and Annual Report for the year ended March 31, 2011 to those shareholders whose email ids were registered with the respective Depository Participants and downloaded from the depositories viz National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL). Securities and Exchange Board of India (SEBI) have also in line with the MCA circulars and as provided in Clause 32 of the Listing Agreement executed with the Stock Exchanges, permitted listed entities to supply soft copies of full annual reports to all those shareholders who have registered their email addresses for the purpose. In terms of the Circular No. NSDL/CIR/II/10/2012 dated March 9, 2012 issued by National Securities Depository Limited, email addresses made available by the Depository for your respective Depository Participant accounts as part of the beneficiary position downloaded from the Depositories from time to time will be deemed to be your registered email address for serving notices/documents including those covered under Section 219 of the Companies Act, 1956 read with Section 53 of the Companies Act, 1956. In light of the requirements prescribed by the aforesaid circulars, for those shareholders whose Depository Participant accounts do not contain the details of their email address, printed copies of the Notice of Annual General Meeting and Annual Report for the year ended March 31, 2012 would be despatched. The Notice of Annual General Meeting and the copies of the audited financial statements, directors' report, auditors' report etc. will also be displayed on the website www.polychemltd.com of the Company and the other requirements of the aforesaid MCA circulars will be duly complied with. Members holding shares in electronic mode are therefore requested to ensure to keep their email addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer Agent of the Company at the address mentioned in (c) above quoting their folio number(s).
- (e) All unclaimed Dividends pertaining to the earlier years have been transferred to the General Revenue Account of the Central Government in terms of Section 205-A of the Companies Act, 1956.
- (f) The Company's securities are listed on the following Stock Exchange:

Sr. No.	Name & Address of the Stock Exchange	Nature of Security as on 31-03-2012
1.	Bombay Stock Exchange Ltd., Jeejeebhoy Towers, Dalal Street, Mumbai 400 023.	4,04,045 Equity Shares of Rs.10/- each

The Company has paid Annual Listing fees for 2011-12 to the above Stock Exchange.

As required in terms of paragraph IV(G) of Clause 49 of the Listing Agreement, the details of the director retiring by rotation and eligible for re-appointment are furnished below:

Name of Director	Mr. Devang Vyas	Mr. Chetan Desai	Mr. Nandish Kilachand
Age	54 years	58 years	40 years
Qualification	B.Com, LL.B., F.C.S., A.C.I.S. (U.K.), A.A.S.M	B.E. (Electronics and Communications). MDP in Project and Retail Management from IIM Ahmedabad	BA from Tufts University, Boston, USA. 'A' levels from Eton College, Windsor, England. ICSE, Cathedral & John Connon School, Mumbai.
Expertise	Practicing Company Secretary, having experience of over 27 years in Company Law, Merchant Banking and Corporate Laws.	Over 34 years of Top Management working experience in Project Management, Tech Transfer, Sales, Marketing, Branding and Retail. Held positions such as General Manager in Eureka Forbes, Vice President in Gujarat Poly-AVX Electronics Ltd, Managing Director in AVX Electronics – Singapore, Director – Retail in Raymond and Sr. Vice President in Reliance Industries Ltd.	Director in charge of Sun Tan Trading Co. Ltd., which was the authorized distributor of the world's largest foreign liquor company. Also established a company providing third party logistics solutions including specialized warehousing, to a wide section of importers specializing in the duty free market. Director of Connell Bros. (India) Pvt. Ltd., which undertakes distribution and manufacture of specialty and high-end chemicals in India.
Other Directorship as on 31st March, 2012 (Excluding Private Companies)	Not Applicable	Environmental Purifiers Ltd.	Ginners & Pressers Limited, Sun Tan Trading Co. Ltd.,

**ANNEXURE TO THE NOTICE**

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956.

The following Explanatory Statement, as required by Section 173(2) of the Companies Act, 1956 sets out the material facts relating to business under item Nos.5, 6, 7 mentioned in the accompanying Notice dated 27th July, 2012.

1) Item No.5

The Members at the Annual General Meeting of the Company held on 23rd September, 2010 appointed Mr.T.R.Kilachand who was a Chairman of the Company as the Managing Director of the Company for a further period of 5 years with effect from 1st July, 2010, upon the terms and conditions including remuneration approved by the members. As recommended by the Remuneration Committee, the Board of Directors in their meeting held on 27th July, 2012 proposed to modify the designation of Mr.T.R.Kilachand from Chairman & Managing Director to 'Executive Chairman' with effect from 27th July, 2012. The other terms and conditions of his appointment as per the Special Resolution passed by the members at the Annual General Meeting of the Company held on 23rd September, 2010 remaining the same.

The Board of Directors recommends the resolution for approval of the members.

Mr. T.R.Kilachand, Mr. P.T.Kilachand and Mr.N.T.Kilachand are interested in resolution Item No.5.

None of the other Directors of the Company, is in any way, concerned or interested in the said resolution.

2) Item No.6

The Members at the Annual General Meeting of the Company held on 23rd September, 2010 appointed Mr.P.T.Kilachand as a Whole-time Director of the Company for a further period of 5 years with effect from 1st July, 2010, upon the terms and conditions including remuneration approved by the members. As recommended by the Remuneration Committee, the Board of Directors in their meeting held on 27th July, 2012 proposed to modify the designation of Mr.P.T.Kilachand from Whole-time Director to 'Managing Director' with effect from 27th July, 2012. The other terms and conditions of his appointment as per the Ordinary Resolution passed by the members at the Annual General Meeting of the Company held on 23rd September, 2010 remaining the same.

The Board of Directors recommends the resolution for approval of the members.

Mr. P.T. Kilachand, Mr. T. R. Kilachand and Mr.N.T.Kilachand are interested in resolution Item No.6

None of the other Directors of the Company, is in any way, concerned or interested in the said resolution.

3) Item No.7

Mr. Nandish T.Kilachand was appointed as an Additional Director of the Company on 27th July, 2012. In terms of Article 133 of the Articles of Association of the Company, Mr. N.T.Kilachand ceases to hold office as Director at this Annual General Meeting. A notice alongwith Rs.500/- as deposit, has been received by the Company from a member under Section 257 of the Companies Act, 1956 proposing the appointment of Mr. N.T.Kilachand as a Director of this Company at this meeting. Mr. N.T.Kilachand offers himself for appointment as a Director at this meeting, having filed the Consent with the Company to act as a Director, if appointed.

Your Directors recommend his appointment.

Mr. N.T.Kilachand, Mr. T. R. Kilachand and Mr.P.T.Kilachand are interested in resolution Item No.7.

None of the other Directors of the Company, is in any way, concerned or interested in the said resolution.

By Order of the Board of Directors

A.H.MEHTA

Vice President-Corporate Affairs & Company Secretary

Registered Office :

7, Jamshedji Tata Road
Churchgate Reclamation
Mumbai 400 020.

Dated : 27th July, 2012.

DIRECTORS' REPORT

To
The Members of
POLYCHEM LIMITED

Your Directors' present the Fifty Fifth Annual Report and Statement of Accounts for the year ended 31st March, 2012.

	01-04-11 to 31-03-12 (Rs.in lacs)	01-04-10 to 31-03-11 (Rs.in lacs)
FINANCIAL RESULTS		
Sales	757.97	522.70
Profit/(Loss) before Depreciation & Tax Depreciation	(22.93) 12.01	(30.08) 9.01
Profit/(Loss) before tax	(34.94)	(39.09)
Current tax	--	(7.50)
Deferred tax	2.32	(1.92)
Profit/(Loss) after tax	(32.62)	(48.51)
Excess provision of tax in respect of earlier years	5.12	43.06
	(27.50)	(5.45)
Prior period items	1.25	(2.78)
	(26.25)	(8.23)

During the year ended 31st March, 2012 your Company has made loss of Rs.(32.62) lacs against loss of Rs.(48.51) lacs after tax in previous year. The Company cannot recommend dividend due to accumulated losses of the Company.

1. Sales of specialty chemicals during the year ended was Rs.751.10 lacs compared to Rs.522.70 lacs during the previous year and for property development Rs.6.87 lacs, compared to Rs.Nil during the previous year.

2. GUJARAT POLY-AVX ELECTRONICS LIMITED (GPAEL) – Associate Company

The sale of GPAEL during the year ended 31st March, 2012 was Rs. 834.34 lacs as against sale of Rs.922.53 lacs during the previous year. GPAEL has made profit of Rs.48.36 lacs during the year ended 31st March, 2012 as compared to profit of Rs.54.91 lacs. After write off of exceptional items viz., interest, penal interest and other charges etc., there is loss of Rs.(75.04) lacs.

3. AUDIT COMMITTEE:

The Audit Committee now consists of 4 members, viz. Mr.V.V.Sahasrabudhe, Mr.T.R.Kilachand, Mr.Chetan Desai and Mr. Devang Vyas.

4. DIRECTORS' RESPONSIBILITY:

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed.



- b. Appropriate accounting principles have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the loss of the Company for the year ended 31st March, 2012.
- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. The annual accounts have been prepared on a going concern basis.

5. TAXATION:

The Company's Income Tax assessments have been completed up to the year ended 31st March, 2009.

6. DEPOSITS:

Company has repaid all deposits and there are no outstanding deposits.

7. INDUSTRIAL RELATIONS:

Industrial Relations with the employees of the Company were cordial during the year under report.

8. PARTICULARS OF EMPLOYEES:

Provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.:

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo etc. is given in Annexure I forming part of this report.

10. DIRECTORS:

- a) Mr. Devang Vyas and Mr. Chetan Desai retire from Office by rotation, but being eligible, offer themselves for re-appointment.
- b) The Board has changed the designation of Mr. T. R. Kilachand from "Chairman & Managing Director" to "Executive Chairman", and Mr. P. T. Kilachand from "Whole-time Director" to "Managing Director", of the Company with effect from 27th July, 2012, in terms of the provisions of the Companies Act, 1956. Your approval is sought for their change in designation as detailed in the Notice convening the meeting. It may be noted that they are not drawing any remuneration with effect from 1st June, 1997.
- c) Mr. Nandish T. Kilachand has been appointed as an Additional Director of the Company with effect from 27th July, 2012.

11. CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement a separate report on Corporate Governance and a certificate from the Auditors of the Company are annexed to the Director's Report.

12. AUDITORS' REMARKS:

Company is in the process of setting up In-house Internal Audit Department. As regards the other remarks in the Auditors' Report, please refer to the Notes on Accounts which are self explanatory.

13. AUDITORS:

You are requested to appoint Auditors for the current year. The retiring Auditors, M/s. G. M. Kapadia & Co., Chartered Accountants, Mumbai are eligible for re-appointment.

The Directors extend their sincere thanks to the State and Central Government Authorities and Members for their co-operation and continued support during the difficult times being experienced by the Company.

Sincere thanks are also due to the management team and the staff for their valuable contribution despite adverse circumstances being faced by the Company.

By Order of the Board of Directors

TANIL KILACHAND
Executive Chairman

Registered Office :
7, Jamshedji Tata Road
Churchgate Reclamation
Mumbai 400 020.

Dated : 27th July, 2012.

ANNEXURE I

A. CONSERVATION OF ENERGY

----- NIL -----

	FORM 'A'	2011-12	2010-11
POWER AND FUEL CONSUMPTION			
(1) Electricity			
(a) Purchased units (Kwh)		19,482	25,912
Total Amount (Rs.)		1,40,350	66,157
Rate (Kwh)		7.20	2.55

FORM 'B'

Disclosures of particulars with respect to Technology Absorption, Research & Development.

A. Research and Development

1. Specific area in which R&D work is carried out:

We are trying to develop a know-how for the mass polymerization of Poly Alpha Methyl Styrene and Low Molecular Weight Polystyrene (Molecular Weight in the range of 5000 to 10000).

2. Benefits derived as a result of the above R&D:

There is a good demand for Poly Alpha Methyl Styrene, once we develop a know-how for this product, we can cater to this market both in domestic as well as overseas. There is good market for Low Molecular Weight Polystyrene (Molecular Weight in the range of 5000 to 10000) in China and Japan for use as a component in additives.

3. Future plan of action:

Once we are successful in developing a good grade of Poly Alpha Methyl Styrene we will introduce the same commercially.

4. Expenditure on R&D:

No major expenses incurred for R&D

B. Technology Absorption, Adaption and Innovation:

1. Efforts in brief made towards technology absorption, adaption and innovation:

Since local technology is used for manufacture of the products of the company, there is no question of technology absorption.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.:

----- nil -----

3. Imported Technology:

No new technology has been imported.

4. Foreign Exchange Earnings and Outgoings:

a) Foreign exchange outgo

Rs.

-- nil --

b) Foreign exchange earned (FOB Value)

3,04,90,952/-



MANAGEMENT DISCUSSION & ANALYSIS REPORT

Overview:

Company is operating in the manufacturing of Specialty Chemicals and development of property / land.

Opportunities:

Our customers for the specialty polymers are in investment casting Industry. The major end user segment for investment cast products is automotive, aerospace industry, valves & instruments. Both the domestic as well as export business have picked up since the beginning of the year. The general slowdown in the economy has not affected our business. In fact our export business has grown considerably.

The second specialty product is used as filler in cement for structural repair of columns & beams in the old buildings. The demand for this product is on the rise as the repair work keeps on increasing due to ageing of buildings.

Threats:

The basic raw material for the majority of our products is Styrene Monomer. Styrene is derived from Benzene, which in turn is derived from crude oil. Crude oil prices are volatile. Weakening of the rupee has increased the cost of imports.

Risks & concerns:

Due to price fluctuation in the main raw material i.e. styrene monomer and no corresponding increase in the price of our finished products the margin on our finished products in the domestic market is a major area of concern.

Due to increasing trend for re-development of old buildings rather than their repairs the demand for one of our products viz. the latex is likely to go down.

Outlook:

Company has settled the various liabilities including statutory liability. The working of Specialty Chemicals is also improving.

Financial Performance:a) Share Capital:

The issued and paid-up share capital of the Company is Rs.40,40,450/- consisting of 4,04,045 equity shares of Rs.10/- each as on 31st March, 2012.

b) Reserves and Surplus:

As on 31st March, 2012 the reserves and surplus are Rs.1399.12 lacs.

c) Secured Loans:

There are no secured loans outstanding as on 31st March, 2012.

d) Results of Operation:

Revenue for the current year including other income amounts to Rs.847.11 lacs compared to Rs.600.90 lacs. Loss before tax is Rs.34.94 lacs compared to loss before tax of Rs.39.09 lacs during the previous year. Provisions for tax including deferred tax asset during the year is Rs.(2.32) lacs compared to Rs.9.42 lacs during the previous year. Loss after tax amounts to Rs.27.50 lacs during the year compared to loss of Rs.5.45 lacs during the previous year.

Industry Structure & Development:

Our Company is manufacturing and selling Specialty Chemicals.

Segmentwise Performance:

There are two income generating segments. Segment-wise revenue for the year ended 31st March, 2012 is as follows. viz. (1) Property / Land Rs. 687 (000) (2) Specialty Chemicals Rs.767.33 (000). The sale of Specialty Chemicals is showing good growth.

Internal Control System:

Company has adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of raw materials and fixed assets and for the sale of goods.

Human Resources:

The Company has good relation with its employees.

CORPORATE GOVERNANCE REPORT (2011-2012)
1. Statement on Company's philosophy on code of governance

The Company's philosophy on corporate governance is to attain high level of transparency and accountability in the functioning of the Company and in its relationship with employees, shareholders, creditors, lenders and ensuring high degree of regulatory compliances.

The Company also believes that its systems and procedures will enhance corporate performance and maximize shareholder value in the long term.

2. Board of Directors

The Board of Directors comprises of five members and is responsible for management of the Company's business. The Board's role, functions, responsibility and accountability are clearly defined.

Composition of the Board of Directors as on March 31, 2012, is as follows:

Director	Executive/Non-Executive/Independent/Promoter
Mr. T.R.Kilachand	Chairman-cum-Managing Director/Promoter
Mr. P. T. Kilachand	Whole-time Director/Promoter
Mr. V. V. Sahasrabudhe	Non-Executive Director/Independent
Mr. Devang Vyas	Non-Executive Director/ Independent
Mr. Chetan Desai	Non-Executive Director/ Independent

Attendance of each Director at the Board Meeting, last AGM, sitting fees paid and Number of other Directorship and Chairmanship/Membership of Committee of each Director in various companies:

F.Y. 2011-12 (April 11 to March 12)

Attendance Particulars				No. of other Directorships and Committee Membership/Chairmanship	
Name of the Director	Board Meetings	Last AGM	Sitting Fees (Rs.)	Other Directorship in Public Limited Companies	Committee Membership/ Chairmanship
Mr. T. R. Kilachand	5	Yes	--	2	2 Committee Membership & 1 Chairman
Mr. P. T. Kilachand	5	Yes	--	3	1
Mr. V. V. Sahasrabudhe	5	Yes	5000	--	--
Mr. Devang Vyas	5	No	5000	--	--
Mr. Chetan Desai	5	Yes	5000	1	--

Sitting fees paid for attending Board meetings have only been taken into consideration.

Remuneration to Directors

The Managing Director and the Whole-time Director have not drawn any remuneration.

**Number of Board Meetings held and dates on which held:**

During the financial year 2011-12, five Board meetings were held on the following dates:

- a) 13th May, 2011
- b) 11th July, 2011
- c) 10th August, 2011
- d) 1st November, 2011
- e) 31st January, 2012

3. Audit Committee

The Company had constituted an Audit Committee on 31st January, 2002 pursuant to the requirements of Section 292A of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement.

The Audit Committee comprises of the following Directors:

- Mr. V. V. Sahasrabudhe – Chairman
- Mr. T. R. Kilachand
- Mr. Devang Vyas
- Mr. Chetan Desai

Three members of the Audit Committee are independent. All members of the Audit Committee have knowledge of finance, accounts, company law. The quorum for audit committee meeting is minimum of two members.

Terms of reference of the Audit Committee are as per the guidelines set out in the listing agreement with the Stock Exchange that interalia, include overseeing financial reporting process, reviewing with the management the financial statements and adequacy of internal control systems.

The audit committee shall have the following powers-

- a) Investigate any activity within its terms of reference.
- b) Seek information from any employee.
- c) Obtain outside legal or other professional advice.
- d) Secure attendance of outsiders with relevant expertise, if considered necessary.

During the year 2011-12, five meetings of the Audit Committee were held on the following dates:

- a) 13th May, 2011
- b) 11th July, 2011
- c) 10th August, 2011
- d) 1st November, 2011
- e) 31st January, 2012

Name of the Director	No. of meetings attended
Mr. T.R.Kilachand	5
Mr. V.V.Sahasrabudhe	5
Mr. Devang Vyas	5
Mr. Chetan Desai	5

The Company Secretary acts as the Secretary to the Committee.

4. Details of number of Shares and Convertible instruments held by Non-Executive Directors

None of the Non-Executive Directors are holding any Shares or Convertible instruments of the Company.

5. Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee has been delegated the power of attending to share transfers.

There are no transfers pending as at the date of certification of compliance of conditions of corporate governance.

The following Directors are the members of the Shareholders'/Investors' Grievance Committee:

Sr. No.	Name of the Director	No. of Meeting/s	
		Held	Attended
1.	Mr. V. V.Sahasrabudhe - Chairman	16	16
2.	Mr. T.R.Kilachand – Director	16	14
3.	Mr. P.T.Kilachand - Director	16	15

The Committee would look into the redressal of the shareholders' complaints in respect of all matters including transfer of shares, non-receipt of Annual Report, non-receipt of Share Certificates and investors complaints etc.

Share Transfer formalities are attended to at least once a fortnight.

Mr. A. H. Mehta, VP-Corporate Affairs & Company Secretary provided secretarial support to the Committee and was also the designated Compliance Officer of the Company.

Four complaints were received during the year and were solved. There are no complaints pending from the shareholders as on 31.3.2012.

6. CEO/CFO Certification

Mr. A. H. Mehta, VP-Corporate Affairs & Company Secretary of the Company has certified to the Board that:

- (a) He has reviewed financial statements and the cash flow statement for the year and that to the best of his knowledge and belief:-
 1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading.
 2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of his knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) He accepts responsibility for establishing and maintaining internal controls for financial reporting and that he has evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and he has disclosed to the auditors and the Audit Committee those deficiencies of which he is aware, in the design or operation of such internal control and that he has taken the required steps to rectify these deficiencies.
- (d) He further certifies that they have indicated to the auditors and Audit Committee -
 - (i) there have been no significant changes in internal control over financial reporting during the year.
 - (ii) there have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.
 - (iii) there have been no instances of significant fraud of which they have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control system over financial reporting.

7. Code of Conduct

The Company has framed and adopted a Code of Conduct, which is applicable to all the directors and members of the senior management in terms of Clause 49 (V) of the Listing Agreement. The said code, which came into effect from January 1, 2006, lays the general principles designed to guide all directors and members of the senior management in making ethical decisions.

All Directors and members of the senior management have confirmed their adherence to the provisions of the said code.

Declaration

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, we confirm that the Board Members and Senior Management of the Company have confirmed compliance with the Code for the year ended 31.03.2012.

For Polychem Limited

A.H.Mehta

VP – Corporate Affairs & Company Secretary

8. Means of Communications

The quarterly results are communicated to Bombay Stock Exchange Ltd., Mumbai.

9. Disclosure

Mr. A. H. Mehta, VP-Corporate Affairs & Company Secretary constitutes 'Management'.

The Board noted that certificate has been received from the management that there have not been any material financial or commercial transactions during the year where management has personal interest that may have a potential conflict with the interest of company at large.

The details of transactions of the company with the related parties have been disclosed as Note No. 30 of the Notes on Accounts. Management Discussions and Analysis Report has been annexed to the Annual Report.

10. General Shareholder Information:

AGM: Date Time Venue	17th September, 2012 2.30 p.m. M.C.Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/ 20 Kaikhushru Dubash Marg, Mumbai 400 001
Financial Year	April 2011 to March 2012
Dates of Book Closure	03.07.2012 to 10.07.2012
Dividend Payment Date	Not applicable
Listing on Stock Exchange	Bombay Stock Exchange Ltd., Mumbai
Demat ISIN Numbers in NSDL & CDSL for Equity Shares	INE 752B01024
Stock Code	Mumbai 506605
Market price Data: High, Low during each Month in the financial year 2011-12	See Table No. 1 below
Registrar and Share Transfer Agents	M/s. Sharepro Services (India) Pvt. Ltd. 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072. Telephone : 022 67720300, 022 67720400 Fax : 022 28591568 Email : sharepro@shareproservices.com
Share Transfer System	Share Transfers are registered and returned within a period of 21 days from the date of receipt, if the documents are clear in all respects.
Distribution of shareholding & Category-wise distribution	See table No. 2 & 3
De-materialisation of shares and liquidity	See table No. 4
Plant Location	SPECIALTY CHEMICALS D-26, MIDC Phase II, Dombivali 421 201.
Address for correspondence	Registered Office: 7, J.Tata Road, Churchgate Reclamation, Mumbai 400 020. Telephone : 022 22820048 Fax : 022 22850606 Email : njn@kilachand.com Website : www.polychemltd.com

11. General Body Meetings:

The particulars of Annual General Meetings / Extraordinary General Meetings of the Company held during the last 3 years are as under. The shareholders passed all the resolutions set out in the respective notices.

F.Y.	AGM	LOCATION	DATE	TIME
2008-09	AGM	M.C.Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001.	30-09-2009	02:30 p.m.
2009-10	AGM	M.C.Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001.	23-09-2010	03:30 p.m.
2010-11	AGM	M.C.Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001.	05-09-2011	10:30 a.m.

Table 1 - Market Price Data

High and Low of market price of the Company's shares traded on Bombay Stock Exchange Ltd., Mumbai, during the financial year 2011-2012:

Month	High(Rs.)	Low(Rs.)	Total No. of shares traded
April - 2011	245.00	183.00	1,335
May - 2011	205.00	150.00	2,909
June - 2011	216.00	155.55	3,799
July - 2011	190.75	161.75	1,830
August - 2011	168.45	145.00	1,407
September - 2011	183.00	160.00	927
October - 2011	179.50	146.05	1,582
November - 2011	168.95	134.00	1,451
December - 2011	140.70	121.65	640
January - 2012	153.40	125.10	365
February - 2012	162.00	131.00	4,635
March - 2012	171.65	142.55	532

Table 2 - Distribution of shareholding as on 31-3-2012

No. of Equity Shares held	No. of Shares held	% of total shares	No. of Shareholders	% of total Shareholders
1 to 100	79,487	19.68	10,936	98.11
101 to 500	32,561	8.06	160	1.43
501 to 1000	7,407	1.83	11	0.10
1001 to 5000	74,351	18.40	31	0.28
5001 to 10000	42,672	10.56	5	0.04
10001 to 100000	1,67,567	41.47	4	0.04
100001 and above	-	-	-	-
Total	4,04,045	100.00	11,147	100.00

Table 3 - Categorywise distribution of shareholding as on 31-03-2012

Sr. No.	Category	No. of shareholders	No. of shares held	% of total shares
1.	Promoters	9	1,75,873	43.53
2.	Public Financial Institutions & Banks	27	17,580	4.35
3.	Mutual Funds	-	-	-
4.	Bodies Corporate	143	44,013	10.89
5.	Resident Individuals	10,937	1,65,975	41.08
6.	FII & OCBs	-	-	-
7.	Non-Resident Individuals	31	604	0.15
8.	State Government	-	-	-
Total		11,147	4,04,045	100.00

Table 4 - Break-up of shares in physical & electronic mode as on 31-03-2012

Mode	No. of Shareholders	% of total Shareholders	No. of Shares held	% of total shares
Physical	8,176	73.35	57,854	14.32
Electronic	2,971	26.65	3,46,191	85.68
Total	11,147	100.00	4,04,045	100.00

Details of Directors appointed and re-appointed during the year:

The details of Directors being appointed and re-appointed in the ensuing Annual General Meeting have been given in the 'Notice' calling the Fifty Fifth Annual General Meeting of the Company.

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To the Members of **POLYCHEM LIMITED**

We have examined the compliance of conditions of Corporate Governance by **POLYCHEM LIMITED** for the year ended on March 31, 2012 as stipulated in Revised Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations 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 state that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned clause of the Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per records maintained by the Shareholders' Investors' Grievance Committee except in cases which are constrained by disputes and legal impediments.

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

For G. M. KAPADIA & CO.
Chartered Accountants
Firm Regn. No 104767W

RAJEN ASHAR
Partner
Membership No. 48243

Place : Mumbai
Date : 27th July 2012

AUDITORS' REPORT**TO THE MEMBERS OF POLYCHEM LIMITED**

1. We have audited the attached Balance Sheet of **POLYCHEM LIMITED** as at 31st March, 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement preparation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors of the Company **POLYCHEM LIMITED** are disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and also give a true and fair view in conformity with the accounting principles generally accepted in India: -
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012, and
 - b. In the case of the Statement of Profit & Loss, of the loss of the Company for the year ended on that date.
 - c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For G. M. KAPADIA & CO.
Chartered Accountants
Firm Regn. No 104767W

(Rajen Ashar)
Partner
(Membership No. 48243)

Place : Mumbai
Date : 27th July 2012

**ANNEXURE TO THE AUDITOR'S REPORT**

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
The fixed assets have been physically verified by the management during the year according to a phased programme as designed by the management. This, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We have been further informed that there is no material discrepancies between the book records and the physical verification have been noticed.
- (b) In our opinion, and according to the information & explanations given to us, the Company has not disposed off substantial part of fixed assets during the year.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, and according to the information and explanation given to us, the frequency of verification is reasonable.
- (b) The procedures of physical verification, in our opinion, are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory. No discrepancies were noticed on verification between the physical stocks and the book records.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured to and from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the sub-clauses (a) to (g) of the clause 4 (iii) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions for the year that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, during the year, there is no transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakh in respect of any party.
- (vi) In our opinion and according to the information and explanation given to us, the Company has not accepted deposits from the public and therefore, the provisions contained in sections 58A, 58AA or any other relevant provisions of the Act and Rules framed there under are not applicable to the Company. As informed to us, the Company has refunded principal amount of deposit in case of matured deposits.
- (vii) *The Company does not have an internal audit system.*
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) Based on the records produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues such as provident fund, investor education and protection fund, employees state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues wherever applicable and there are no amounts in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess which have not been deposited on account of any dispute except disputed dues as under:

Name of the Statue	Nature of dues	Assessment Year	Amount In Rs (000's)	Authority with whom Appeal Pending
Income Tax Act, 1961	Income Tax	2005-06	85	Income Tax Appellate Tribunal
The E.S.I. Act, 1948	ESIC	2001-02	94	Assistant Director (Maharashtra)

- (x) In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth as at 31st March 2012. The Company has incurred cash losses during the financial year covered by our audit. The Company had incurred cash losses during the immediately preceding financial year.
- (xi) The Company has neither raised any loans from banks and financial Institutions nor issued any debentures, therefore the provisions of clause 4 (xi) of the Companies (Auditor's Report) Order regarding default in repayment of dues to banks and debenture holders are not applicable to the Company.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a nidhi / mutual fund / society. Therefore the provisions of clause 4(xiii) of the order are not applicable to the Company.
- (xiv) According to the information and explanations given to us the Company is not dealing or trading in shares, securities, debentures and other investments. The investments by way of bonds, mutual funds and shares are held by the Company in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has not availed term loans during the year and hence provisions of sub clause (xvi) of clause 4 of the Order are not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year, hence the question of whether the price at which shares have been issued is prejudicial to the interest of the company does not arise.
- (xix) The Company has not issued any debentures, hence the question of whether securities or charge have been created does not arise.
- (xx) The Company has not raised any money by public issues during the year covered by our report.
- (xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no fraud (i.e. intentional material misstatements resulting from fraudulent financial reporting and misappropriation of assets) on or by the company has been noticed or reported during the year by the Company.

For G. M. KAPADIA & CO.
Chartered Accountants
Firm Registration No. 104767 W

(Rajen Ashar)
Partner
(Membership No. 48243)

Mumbai
Dated: 27th July 2012



BALANCE SHEET AS AT 31ST MARCH, 2012

Rupees in 000's

Particulars	Note	As at 31st Mar 2012	As at 31st Mar 2011
I EQUITY AND LIABILITIES			
1 Shareholders' funds :			
(a) Share capital	2	4,040	4,040
(b) Reserves & surplus	3	139,912	142,537
		<u>143,952</u>	<u>146,577</u>
2 Non current liabilities			
(a) Long term provisions	4	115	104
		<u>115</u>	<u>104</u>
3 Current liabilities			
(a) Trade payables	5	6,128	2,188
(b) Other current liabilities	6	3,100	3,400
(c) Short term provisions	7	433	575
		<u>9,661</u>	<u>6,163</u>
	Total	<u>153,728</u>	<u>152,844</u>
II ASSETS			
1 Non current assets			
(a) Fixed assets	8		
Tangible assets		3,691	3,009
Intangible assets		5	8
		<u>3,696</u>	<u>3,017</u>
(b) Non current investments	9	46,275	23,575
(c) Deferred tax asset (net)	10	1,196	964
(d) Long term loans and advances	11	3,991	3,195
(e) Other non current assets	12	6,903	62,762
		<u>62,061</u>	<u>93,513</u>
2 Current assets			
(a) Current investments	13	30,000	-
(b) Inventories	14	21,923	18,447
(c) Trade receivables	15	15,336	13,648
(d) Cash and cash equivalent	16	21,351	22,651
(e) Short term loans and advances	17	2,240	3,494
(f) Other current assets	18	817	1,091
		<u>91,667</u>	<u>59,331</u>
	Total	<u>153,728</u>	<u>152,844</u>
Summary of significant accounting policies	1		
The notes are an integral part of the financial statements			

As per our attached report of even date

For G.M.Kapadia & Co.,
Chartered Accountants
Firm Registration No. 104767W
Rajen Ashar
Partner
Membership No. 48243

Mumbai Dated : 27th July 2012

For and on behalf of the Board

T. R. Kilachand Executive Chairman
P. T. Kilachand Managing Director
V. V. Sahasrabudhe Director
Chetan Desai Director
Devang Vyas Director
A. H. Mehta VP - Corporate Affairs &
Company Secretary

Mumbai Dated : 27th July 2012

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2012

Particulars	Note	Rupees in 000's	
		As at 31st Mar 2012	As at 31st Mar 2011
CONTINUING OPERATIONS			
I Revenue from operations			
(a) Revenue from operations(Gross)	19	82,981	57,510
Less: Excise duty		(7,871)	(5,240)
Revenue from operations (Net)		75,110	52,270
(b) Sale of property		687	-
		75,797	52,270
(c) Other operating income		1,622	393
		77,419	52,663
II Other Income	20	7,292	7,426
III Total revenue (I+II)	Total	84,711	60,089
IV EXPENSES			
(a) Cost of materials consumed	21	52,380	33,235
(b) (Increase)/Decrease in stock of finished goods and work in process, DEPB licence and sale of land	22	(2,104)	(520)
(c) Manufacturing & other expenses	23	28,125	22,563
(d) Employee benefits expenses	24	8,527	7,793
(e) Finance cost	25	76	26
(f) Depreciation & amortization		1,201	901
	Total	88,205	63,998
V Profit before exceptional and extraordinary items and tax (III-IV)		(3,494)	(3,909)
VI Exceptional items		-	-
VII Profit before extraordinary items and tax (V-VI)		(3,494)	(3,909)
VIII Extraordinary items		-	-
IX Profit before tax (VII-VIII)		(3,494)	(3,909)
X Tax expense			
(1) Current tax		-	750
(2) Deferred tax		(232)	192
(3) Income tax earlier years		-	694
(4) Income tax provision written back		(512)	(5,000)
		(744)	(3,364)
XI Profit/(Loss) for the period from continuing operations(IX-X)		(2,750)	(545)
XII Prior period items		125	(278)
XIII Profit/(Loss) for the period (XI-XII)	Total	(2,625)	(823)
XIV Earnings per equity share (EPS) - Basic & Diluted			
No of equity shares		404,045	404,045
Par value per share		10.00	10.00
Earnings per share from continuing operations - Basic & Diluted		(6.50)	(2.04)

The notes are an integral part of the financial statements

As per our attached report of even date

For G.M.Kapadia & Co.,
Chartered Accountants
Firm Registration No. 104767W
Rajen Ashar
Partner
Membership No. 48243

Mumbai Dated : 27th July 2012

For and on behalf of the Board

T. R. Kilachand Executive Chairman
P. T. Kilachand Managing Director
V. V. Sahasrabudhe Director
Chetan Desai Director
Devang Vyas Director
A. H. Mehta VP - Corporate Affairs & Company Secretary

Mumbai Dated : 27th July 2012



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

Rupees in 000's

Particulars	As at 31st Mar 2012	As at 31st Mar 2011
PROFIT / (LOSS) BEFORE TAX	(3,494)	(3,909)
A CASH FLOW FROM OPERATING ACTIVITIES :		
Adjustment for:		
Depreciation	1,201	901
Interest Income	(2,114)	(2,457)
Interest Received Income Tax Refund	(4,086)	-
Interest Payment - Income tax	-	-
(Profit)/Loss on Fixed Assets discarded	710	(4,809)
Net (gain)/loss on sale of investments	(389)	-
Amount no longer payable -written back	-	(11)
Amount not recoverable - written off	19	-
Group Gratuity & leave encashment provision written back	(256)	(7)
Provision no longer required	512	5,000
Prior period expenses	125	(278)
	<u>(7,772)</u>	<u>(5,570)</u>
Operating Profit/(Loss) before working capital charges	(7,772)	(5,570)
(Increase)/Decrease in Sundry debtors	(1,688)	(4,316)
(Increase)/Decrease in Other Receivables	56,591	(5,997)
Increase/(Decrease) in Sundry Creditors & other payables	3,487	1,325
(Increase)/Decrease in Inventories	(3,476)	447
Cash (used in) / generated from operations	47,142	(14,111)
Tax payments	232	(1,692)
Net cash generated from / (used in) Operating activities	47,374	(15,803)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,160)	(1,650)
Proceeds from sale of fixed assets	215	13,707
Proceeds from sale of investments	62,889	10,004
Proceeds for purchase of investments	(115,200)	(20,008)
Interest received	1,990	2,280
Net cash generated from Investing activities	(52,266)	4,333
C CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Loans	-	-
Net cash (used in) financing activities	-	-
Net (Decrease)/ Increase in cash and cash equivalents	(4,892)	(11,470)
Cash and cash equivalents at the beginning of the year	27,652	39,122
Cash and cash equivalents at the end of the year	22,760	27,652
Reconciliation of cash and cash equivalents		
As per Balance Sheet - Note 12&16	22,851	28,068
Less : Interest accrued on bank deposits	(91)	(416)
As per Cash flow statement	22,760	27,652

As per our attached report of even date

For **G.M.Kapadia & Co.,**
Chartered Accountants
Firm Registration No. 104767W
Rajen Ashar
Partner
Membership No. 48243

Mumbai Dated : 27th July, 2012

For and on behalf of the Board

T. R. Kilachand
P. T. Kilachand
V. V. Sahasrabudhe
Chetan Desai
Devang Vyas
A. H. Mehta

Mumbai Dated : 27th July 2012

Executive Chairman
Managing Director
Director
Director
Director
VP - Corporate Affairs &
Company Secretary

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

Rupees in 000's

		As at 31st Mar 2012	As at 31st Mar 2011
2 SHARE CAPITAL			
Authorised share capital			
40,000,000 (40,000,000) Equity shares of Rs 10/- each		400,000	400,000
600,000 (600,000) 13.50% Redeemable cumulative preference shares of Rs 100/- each		60,000	60,000
500,000 (500,000) Cumulative convertible preference shares of Rs 100/- each		50,000	50,000
Total		<u>510,000</u>	<u>510,000</u>
ISSUED SHARE CAPITAL			
404,045 (404,045) Equity shares of Rs 10/- each fully paid up		4,040	4,040
Total		<u>4,040</u>	<u>4,040</u>
Subscribed & paid up share capital			
404,045 (404,045) Equity shares of Rs 10/- each fully paid up		4,040	4,040
Total		<u>4,040</u>	<u>4,040</u>

The company has one class of equity shares having a par value Rs 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

2.1 Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period

Particulars	31st March 2012		31st March 2011	
	Quantity	Amount(000)	Quantity	Amount(000)
(a) Equity shares of Rs 10/- each				
Shares outstanding at the beginning of the year	404,045	4,040	404,045	4,040
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	404,045	4,040	404,045	4,040

2.2 Aggregate number of shares issued for consideration other than cash and shares brought back during the period of five years immediately preceding reporting financial year:

Particulars	31st March 2012		31st March 2011	
	Financial year	No of Shares	Financial year	No of Shares
(a) 13.5% redeemable cumulative preference shares of Rs 100/- each	2007-08	50,000	2007-08	50,000

2.3 Details of shareholding more than 5 percent of equity shares

Name of the shareholder	31st March 2012		31st March 2011	
	No of shares held	% of holding	No of Shares held	% of holding
(1) Virsun Investments P. Ltd	91,827	22.73%	89,352	22.11%
(2) Highglass Trading P. Ltd	39,842	9.86%	39,842	9.86%
(3) Ginnars & Pressers Ltd	20,369	5.04%	21,369	5.29%

3 RESERVES AND SURPLUS

(a) Capital Reserves			
At the beginning and at the end of the year		3,562	3,562
(b) Capital Redemption Reserve			
At the beginning and at the end of the year		5,000	5,000
(c) Securities Premium Account			
At the beginning and at the end of the year		142,437	142,437
(d) General reserves			
At the beginning and at the end of the year		206,993	206,993
(e) Surplus			
Opening balance		(215,455)	(214,632)
(+) Net Profit/(Net Loss) For the current year		(2,625)	(823)
Closing balance		<u>(218,080)</u>	<u>(215,455)</u>
Total		<u>139,912</u>	<u>142,537</u>



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

Rupees in 000's

	As at 31st March 2012	As at 31st March 2011
4 LONG TERM PROVISIONS		
Income tax provision (net of advance tax)	85	90
Provision for retirement benefits		
Gratuity	30	14
	<u>30</u>	<u>14</u>
Total	<u>115</u>	<u>104</u>
5 TRADE PAYABLES		
Trade payable - goods	6,128	2,188
Total	<u>6,128</u>	<u>2,188</u>
Based on information available with the company the balance due to Micro & small and medium enterprises as defined under MSMED Act, 2006 as at 31st March 2012 & 31st March 2011 is NIL. No interest during the year and previous year has been paid under the terms of the MSMED Act, 2006.		
6 OTHER CURRENT LIABILITIES		
Outstanding expenses	960	814
Other payables		
Trade payable for expenses	1,352	1,480
Advance from debtors	7	11
Statutory dues	320	471
Other current liabilities	1,679	1,962
Contribution to PF	-	48
Employee contribution - ESIC & others	1	1
Bonus payable	4	18
Super annuation payable	103	103
Leave travel allowance payable	255	224
Bank overdrawn	-	132
Other liabilities	98	98
	<u>461</u>	<u>624</u>
Total	<u>3,100</u>	<u>3,400</u>
7 SHORT TERM PROVISIONS		
Provision for employee benefits		
Gratuity payable	339	460
Leave encashment payable	-	21
	<u>339</u>	<u>481</u>
Other short term provision	94	94
Total	<u>433</u>	<u>575</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012
8 FIXED ASSETS

Rupees in 000's

Nature of Assets	Gross Block			Depreciation				Net block			
	As at 1-Apr-11	Additions	Deductions/ Adjustments	As at 31-Mar-12	Up to 1-Apr-11	For the year	Deductions/ Adjustments	As at 31-Mar-12	As at 31-Mar-12	As at 31-Mar-11	
Tangible Assets											
Building	148	-	-	148	34	15	-	49	99	114	
Plant and machinery	619	-	-	619	340	39	-	379	240	279	
Vehicles	3,158	2,228	1,507	3,879	2,026	783	1,368	1,441	2,438	1,132	
Furniture & fixtures	7,965	-	7,721	244	7,101	156	7,145	112	132	864	
Office equipment	2,498	386	2,167	717	2,115	79	2,014	180	537	383	
Computers	4,955	142	4,470	627	4,718	126	4,462	382	245	237	
Total	19343	2756	15865	6234	16334	1198	14989	2543	3691	3009	
Intangible Assets											
Computer software	36	-	-	36	28	3	-	31	5	8	
Others	-	-	-	-	-	-	-	-	-	-	
Total	36	-	-	36	28	3	-	31	5	8	
Total Assets	Total	19,379	2,756	15,865	6,270	16,362	1,201	14,989	2,574	3,696	3,017
Previous Year	Total	24,272	1,054	5,947	19,379	19,248	901	3,787	16,362	3,017	

 As at
31st March 2012

 As at
31st March 2011

9 NON CURRENT INVESTMENTS

Non trade Investments (at cost unless stated otherwise)

(a) Others

Investment in equity instruments (Quoted)

Investment in equity instruments

 Total 2,106 2,106

Particulars	Current year No of shares	Previous year No of shares	Face value per share	Partly/Fully Paid up	31st March 2012	31st March 2011
Great Eastern Shipping Co Ltd	600	600	10/-	Fully paid	219	219
Hindustan Uni Lever Ltd	600	600	1/-	Fully paid	126	126
Housing Development Finance Co Ltd	500	500	2/-	Fully paid	206	206
ICICI Bank Ltd	175	175	10/-	Fully paid	163	163
Infrastructure Development Finance Co Ltd	800	800	10/-	Fully paid	140	140
ITC Ltd	1,200	1,200	1/-	Fully paid	111	111
Larsen & Toubro Ltd	260	260	2/-	Fully paid	452	452
Adani Port Special Economic Zone Ltd	1,500	1,500	2/-	Fully paid	149	149
Reliance Industries Ltd	292	292	10/-	Fully paid	393	393
State Bank of India	105	105	10/-	Fully paid	147	147
Mafatlal Dyes & Chemicals Ltd	62	62	10/-	Fully paid	-	-
DCM Shriram Industries Ltd	6	6	10/-	Fully paid	-	-
Crecent Finstock Ltd	9	9	10/-	Fully paid	-	-
DCM Ltd	1	1	10/-	Fully paid	-	-
					<u>2,106</u>	<u>2,106</u>



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

Rupees in 000's

Particulars					31st March 2012	31st March 2011
Investment in Mutual Funds (unquoted)						
Investment in Mutual Funds				Total	<u>32,504</u>	<u>10,004</u>
Particulars	Current year No of units	Previous year No of units	Face value per unit	Partly/Fully Paid up	31st March 2012	31st March 2011
DSP blackrock money manager fund-institutional (Growth)	180.0820	7,387	1000/-	Fully paid	4	10,004
HDFC high interest fund - short term plan - (G)	1,664,205	-	1000/-	Fully paid	<u>32,500</u>	-
					<u>32,504</u>	<u>10,004</u>
(b) In Associates						
Investment in equity instruments (quoted)						
Gujarat Poly-AVX Electronics Ltd.					41,944	41,944
Less : provision for diminution					<u>(30,479)</u>	<u>(30,479)</u>
				Total	<u>11,465</u>	<u>11,465</u>
Particulars	Current year No of shares	Previous year No of shares	Face value per share	Partly/Fully Paid up	31st March 2012	31st March 2011
Gujarat Poly-AVX Electronics Ltd.	2,866,154	2,866,154	Rs 10/-	Fully paid	41,944	41,944
Less: Provision for diminution in value					<u>(30,479)</u>	<u>(30,479)</u>
Net value					<u>11,465</u>	<u>11,465</u>
Investment in preference shares (unquoted)						
Gujarat Poly-AVX Electronics Ltd.				Total	<u>200</u>	-
Gujarat Poly-AVX Electronics Ltd. 1/2 % Non cumulative redeemable preference share	209,000	-	100/-	Fully paid	<u>200</u>	-
					<u>200</u>	-
Total Non current investments				Total	<u>46,275</u>	<u>23,575</u>
Aggregate value of quoted investments			Cost		44,050	44,050
			Market value		14,565	23,547
Aggregate provision for diminution in value					<u>30,479</u>	<u>30,479</u>
Aggregate value of unquoted investments			Cost		<u>32,704</u>	<u>10,004</u>
10 DEFERRED TAX ASSETS (NET)						
(a) Deferred tax assets						
In respect of difference between book & tax depreciation					1,196	964
				Total	<u>1,196</u>	<u>964</u>
11 LONG TERM LOANS AND ADVANCES						
(a) Security deposits						
Unsecured, considered good					653	653
					<u>653</u>	<u>653</u>

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

Rupees in 000's

					As at 31st March 2012	As at 31st March 2011
(b) Other loans and advances						
Advances for capital assets					-	596
Prepaid expenses					4	-
Other loans and advances					3,334	1,946
					<u>3,338</u>	<u>2,542</u>
Unsecured and considered good					3,338	2,542
				Total	<u>3,991</u>	<u>3,195</u>
12 OTHER NON CURRENT ASSETS						
Others loans & advances					5,403	57,762
Unsecured, considered good					5,403	57,762
Bank deposit maturing more than 12 months					1,500	5,000
				Total	<u>6,903</u>	<u>62,762</u>
13 CURRENT INVESTMENTS						
(a) Current maturity of long term investments (at cost unless stated otherwise)						
Investment in mutual funds (unquoted)					30,000	-
				Total	<u>30,000</u>	<u>-</u>
(b) Investment in mutual funds						
Investment in mutual funds (unquoted)					30,000	3,000
					<u>30,000</u>	<u>3,000</u>
Particulars	Current year No of units	Previous year No of units	Face value per unit	Partly/Fully Paid up	31st March 2012	31st March 2011
DSP BlackRock - FMP - Series XVIII (Growth)	1,000,000	-	1000/-	Fully paid	10,000	-
HDFC FMP - Series XVIII (Growth)	2,000,000	-	1000/-	Fully paid	20,000	-
					<u>30,000</u>	<u>-</u>
Aggregate value of unquoted investments					30,000	-
14 INVENTORIES						
(a) Raw materials and components (valued at cost)					2,280	812
					<u>2,280</u>	<u>812</u>
(b) Work-in-process (valued at cost)					2,850	3,279
Goods-in-transit					1,167	-
					<u>4,017</u>	<u>3,279</u>
(c) Stores & spares (valued at cost)					266	195
					<u>266</u>	<u>195</u>
(d) Others					15,360	13,994
Property Development					-	167
DEPB Licence					15,360	14,161
				Total	<u>21,923</u>	<u>18,447</u>



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

Rupees in 000's

	As at 31st March 2012	As at 31st March 2011
15 TRADE RECEIVABLES		
(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment	-	-
(b) Other Trade receivables Unsecured considered good	15,336	13,648
	<u>15,336</u>	<u>13,648</u>
Total	<u>15,336</u>	<u>13,648</u>
(Provision is made in the accounts for debts and advances which in the opinion of the management are considered doubtful of recovery)		
16 CASH AND BANK BALANCES		
(a) Cash & cash equivalent		
Bank balance	13,610	707
Bank deposits with less than 3 month maturity	-	79
	<u>13,610</u>	<u>786</u>
(b) Cheques, drafts on hand	4	2
(c) Cash on hand	150	58
(d) Others		
Margin money	1,900	1,000
Bank deposits with more than 3 month but maturing within 12M	5,687	20,805
	<u>5,687</u>	<u>20,805</u>
Total	<u>21,351</u>	<u>22,651</u>
17 SHORT TERM LOANS AND ADVANCES		
(a) Others (Specify)		
Balances with government department	1,282	1,097
Deposits	-	650
Loans and advances	689	1,212
Prepaid expenses	181	215
Advances to creditors & others	88	320
	<u>2,240</u>	<u>3,494</u>
Total	<u>2,240</u>	<u>3,494</u>
Unsecured considered good	2,240	3,494
	<u>2,240</u>	<u>3,494</u>
Total	<u>2,240</u>	<u>3,494</u>
18 OTHER CURRENT ASSETS		
(a) Other current assets (Specify)		
Inter corporate deposit	726	675
Interest accrued but not due	91	416
	<u>817</u>	<u>1,091</u>
Total	<u>817</u>	<u>1,091</u>

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

Rupees in 000's

		Year ended 31st Mar.12	Year ended 31st Mar.11
19 REVENUE FROM OPERATIONS			
(a) Sale of products (Net)		75,110	52,270
(b) Sale of property		687	-
		<u>75,797</u>	<u>52,270</u>
(c) Other operating revenues			
Sale of DEPB licence		362	337
Exchange gain difference		898	56
Other revenue			
Duty drawback received		332	-
Sale of scrap		30	-
		<u>1,622</u>	<u>393</u>
	Total	<u>77,419</u>	<u>52,663</u>
Sale of products (Quantity)			
Cross linked polystyrene	kgs	393,520	269,380
LMPS	kgs	91,198	92,725
SBA PC 50/30	kgs	56,680	51,580
Other products	kgs	6,307	4,832
Sale of land (Quantity)			
Property development	Guntha	11	-
20 OTHER INCOME			
(a) Interest income		2,114	2,506
(b) Dividend income		33	36
(c) Net gain/(loss) on sale of investments		389	-
(d) Other non-operating income			
Rent recovered		31	55
Gratuity & leave encashment provision written back		256	7
Amount not payable written off		-	11
Profit on sale of assets		-	4,809
Other sundry income		81	2
Interest recd on IT Refund		4,388	-
		<u>4,756</u>	<u>4,884</u>
	Total	<u>7,292</u>	<u>7,426</u>
21 COST OF MATERIAL CONSUMED			
Raw material consumed		52,380	33,235
	Total	<u>52,380</u>	<u>33,235</u>
(a) Raw materials consumed in broad heads :			
(i) Styrene monomer	Kgs	573,123	267,310
(ii) Butyl acrylate	Kgs	12,600	10,800
(iii) Others	Kgs	41,554	184,481
(b) Value of indigenous and imported raw materials consumed during the year :			
(i) Indigenous	Value %	52,380 100%	33,235 100%



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

Rupees in 000's

	Year ended 31st Mar.12	Year ended 31st Mar.11
22 INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS WORK IN PROCESS, DEP B LICENCE & SALE OF LAND		
Work in process		
Closing stock	2,850	3,279
Opening stock	3,279	2,926
	<u>(429)</u>	<u>353</u>
Stock-in-transit		
Closing stock	1,167	-
Opening stock	-	-
	<u>1,167</u>	<u>-</u>
DEPB Licence		
Closing stock	-	167
Opening stock	-	-
	<u>-</u>	<u>167</u>
Sale of land		
Closing stock	15,360	13,994
Opening stock	13,994	13,994
	<u>1,366</u>	<u>-</u>
Total	<u>2,104</u>	<u>520</u>
23 MANUFACTURING & OTHER EXPENSES		
Conversion & processing charges	10,595	7,679
Stores spares & packing material consumed	913	623
Land development expenses	1,477	-
Electric Power, oil fuel and water charges	576	533
Rent	1,776	2,064
Rates & taxes	193	316
Selling & distributions expenses	2,461	2,571
Insurance charges	27	17
Repairs		
Machinery	18	42
Building	481	183
Others	168	435
	<u>667</u>	<u>660</u>
Telephone expenses	568	616
Legal and professional fees	4,165	3,934
Motor car expenses	1,506	859
Director sitting fees	30	24
Amount not recoverable written off	19	-
Loss on sale of assets	710	-
Miscellaneous expenses	2,442	2,667
	<u>9,440</u>	<u>8,100</u>
Total	<u>28,125</u>	<u>22,563</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012
Rupees in 000's

	Year ended 31st Mar.12	Year ended 31st Mar.11
24 EMPLOYEE BENEFITS EXPENSES		
(a) Salaries, wages and incentives	6,053	5,285
(b) Contributions to funds		
Provident fund & other funds	656	682
Gratuity & Super annuation fund	890	644
Other benefits	189	376
	<u>1,735</u>	<u>1,702</u>
(c) Staff welfare expenses	739	806
Total	<u><u>8,527</u></u>	<u><u>7,793</u></u>
25 FINANCE COST		
(a) Bank Charges	76	26
Total	<u><u>76</u></u>	<u><u>26</u></u>
<u>Payment to Auditors</u>		
	Current Year Rupees in '000	Previous Year Rupees in '000
(a) As Audit fees		
Statutory audit	150	150
Limited review	100	100
	<u>250</u>	<u>250</u>
(b) As Professional fees		
Tax audit	70	70
VAT audit	30	30
Income tax representation	261	154
Management consultancy	35	35
Service tax	79	43
	<u>475</u>	<u>332</u>
Total	<u><u>725</u></u>	<u><u>582</u></u>
26 Contingent Liabilities		
i Claims against the Company not acknowledged as debts: Relates to Octroi matter, employees claims etc. (No provision is made, as the Company is hopeful of successfully Contesting the claims and as such does not expect any significant liability to crystallise)	1,239	1,239
ii Guarantees given by the banks on behalf of the Company for import licence in favour of Customs, Central Excise and others.	534	534
iii Bonds executed in favour of the Collector of Central Excise, Mumbai for export of goods.	1,260	1,260
iv Disputed tax liabilities contested by the company	85	85
v The Company has taken certain premises on sub-lease. The Landlord, a Government Company issued a notice under the Public Premises (Eviction of Unauthorised Occupants) Act, 1971 against the Company for eviction and has demanded damages and other charges, which are disputed by the Company. The proceedings in this connection are pending before the Estate Officer. The Contingent liability in respect of damages, interest claimed by the Insurance Company cannot be quantified.		



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

Rupees in 000's

	Year ended 31st Mar.12	Year ended 31st Mar.11
27 Amount of lease rental charged to the profit and loss account in respect of premises taken on cancellable operating lease is Rs 209(000) (Previous Year Rs 183(000)		
28 Employee Benefit		
(i) Defined Contribution plans : Company's contribution to Provident Fund is Rs 4.93 Lacs (Previous year Rs. 3.53 Lacs)		
(ii) Defined Benefits Plans : The following table sets out the funded status of the Gratuity Plan and the amounts recognised in Company's financial statements as at 31st March, 2012		
	As at 31.3.2012 (Rs' 000)	As at 31.3.2011 (Rs' 000)
(a) Change showing changes in present value of obligations		
Present value of obligations as at beginning of year	2,766	1,932
Interest cost	210	154
Current Service Cost	177	111
Benefits Paid	(277)	-
Actuarial (Gain)/loss on obligations	197	569
Present value of obligations as at end of year	<u>3,073</u>	<u>2,766</u>
(b) Changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	2,292	2,098
Expected return on plan assets	190	168
Contributions	454	-
Benefits Paid	(277)	-
Actuarial Gain/(loss)	45	26
Fair value of plan assets at end of year	<u>2,704</u>	<u>2,292</u>
(c) Fair Value of Plan Assets		
Fair value of plan assets at the beginning of year	2,292	2,098
Actual return on plan assets	235	194
Contributions	454	-
Benefits Paid	(277)	-
Fair value of plan assets at the end of the year	2,704	2,292
Funded status	(369)	(474)
Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate return as ARD falls on 31st March)	45	26
(d) Actuarial Gain/(Loss) recognised		
Actuarial Gain/(loss) for the year - Obligation	(197)	(569)
Actuarial Gain/(Loss) for the year - Plan Assets	45	26
Total (Gain)/Loss for the year	<u>(152)</u>	<u>(543)</u>
Actuarial (Gain)/Loss unrecognized in the year	-	-
(e) The amounts to be recognised in the balance sheet and statement of profit and loss		
Present value of obligations as at the end of year	3,073	2,766
Fair value of plan assets as at the end of the year	(2,704)	(2,292)
Funded status	-	-
Net Asset/(Liability) recognised in the balance sheet	(369)	(474)

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

	As at 31.3.2012 (Rs' 000)	As at 31.3.2011 (Rs' 000)
(f) Expenses Recognised in statement of profit and loss		
Current service cost	177	111
Interest Cost	210	155
Expected return on plan assets	(190)	(168)
Net Actuarial (Gain)/Loss recognised in the year	152	543
Expenses recognised in statement of Profit and loss	(369)	640
(g) To fund the obligation under the plan, contributions are made to Life Insurance Corporation of India who has invested funds as under :		
Description		% of Investment
Central Government Securities		56.09
State Government Securities		11.18
Approved marketable government guaranteed securities		2.96
Bonds/Debentures etc		22.03
Loans		0.36
Equity Shares		5.64
Preference Shares		0.02
Fixed Deposits and Money Market instruments		1.72
	Total	100.00
(h) Assumptions	Gratuity	2010-11
Discount Rate (per annum)	8.00%	8.00%
Expected rate of return on plan assets (per annum)	8.00%	8.00%
Expected rate of increase in compensation levels (per annum)	6.00%	4.00%

29 Earnings per share is calculated by dividing the profit/(loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year as under:

	Current Year 2011-12	Previous Year 2010-11
Net Profit / (loss) for the year after tax (Rs'000)	(3,137)	(5,129)
Excess / (Short) provision for tax of earlier Years (Rs'000)	512	4,306
Profit / (Loss) attributable to equity shareholders (Rs'000)	(2,625)	(823)
Weighted average number of equity shares outstanding during the year	404,045	404,045
Basic / Diluted Earnings per share (Rs)	(6.50)	(2.04)
Nominal Value per Share (Rs)	10/-	10/-

30 Related Party Transactions

(a) Names of related parties and description of relationship

Sr No	Nature of relationship	Name of the related parties
1	Key Managerial Personnel	Shri TR Kilachand - Managing director Shri PT Kilachand - Whole time director
2	Entities where the key managerial personnel has substantial interest	Ginners & Pressers Ltd. Rasayani Traders Pvt Ltd. Sun Tan Trading Co Ltd. Connell Bros (India) Pvt Ltd.
3	Entities where the company has substantial interest	Gujarat Poly-AVX Electronics Ltd.



(b) Details of Transactions where key managerial personnel have control / significant influence :

(Rupees in'000)

Details of transactions	Key Managerial personnel		Entities where key managerial has substantial interest		Entities where the company has substantial interest		Total Amount	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
Expenses payable								
Rent								
Ginners & Pressers Ltd.	-	-	559	559	-	-	559	559
Gujarat Poly-AVX Electronics Ltd.	-	-	-	-	209	183	209	183
Electricity Charges								
Ginners & Pressers Ltd.	-	-	231	423	-	-	231	423
Rasayani Traders P Ltd.	-	-	227	63	-	-	231	423
Total Expenses Payable	-	-	1017	1045	209	183	1226	1228
Expense recoverable								
Connell Bros (I) P Ltd.	-	-	503	251	-	-	503	251
Ginners & Pressers Ltd.	-	-	1	1	-	-	1	1
Gujarat Poly-AVX Electronics Ltd.	-	-	-	-	29	29	29	29
Suntan Trading Co. P Ltd.	-	-	994	926	-	-	994	926
Total expenses recoverable	-	-	1498	1178	29	29	1527	1207

31 Segment information

(A) Segment information for primary segment reporting (by business segments)

The Company has two business segments :

- (i) Property Development
- (ii) Specialty Chemicals

(Rupees in '000)

Particulars	Current Year			Previous Year		
	Property Development	Specialty Chemicals	Total	Property Development	Specialty Chemicals	Total
REVENUE						
From External Customer	687	76,733	77,420	-	52,664	52,664
Add : Inter Segment Sales	-	-	-	-	-	-
TOTAL REVENUE	687	76,733	77,420	-	52,664	52,664
SEGMENT RESULT	569	5,993	6,562	-	4,780	4,780
Unallocated income:						
Interest and other income	-	-	4,469	-	-	7,426
Unallocated expenses:						
Other expenses	-	-	14,532	-	-	11,293
Interest expense	-	-	-	-	-	-
PROFIT / (LOSS) BEFORE TAX	-	-	(3,494)	-	-	(3,909)
Provision for current tax	-	-	(744)	-	-	(3,364)
PROFIT / (LOSS) AFTER TAX	-	-	(2,750)	-	-	(545)
OTHER INFORMATION						
Segment Assets	15,979	27,567	43,546	13,994	22,845	36,839
Unallocated Corporate Assets	-	-	110,179	-	-	116,005
Total Assets	-	-	153,725	-	-	152,844
Segment Liabilities	-	12,965	12,965	-	13,390	13,390
Unallocated Corporate Liabilities	-	-	140,760	-	-	139,454
Total Liabilities	-	-	153,725	-	-	152,844
Additions to Fixed Assets During Yr	-	683	683	-	-	-
Depreciation	-	-	-	-	112	112

(B) Segment Information for secondary segment reporting (by geographical segments) :

The Company operates only within India and hence the question of disclosure of segment information by geographical segments does not arise.

32. Till the year ended 31st March 2011, the company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the company. The company has re-classified previous year figures to conform to this year's classification. On adoption of the revised Schedule VI, there has been no significant impact on recognition and measurement principles followed for preparation of financial statements.

Signatures to Notes 1 to 32

As per our attached report of even date
For G.M.Kapadia & Co.,
Chartered Accountants
Firm Registration No. 104767W
Rajen Ashar
Partner
Membership No. 48243

Mumbai Dated : 27th July 2012

For and on behalf of the Board

T. R. Kilachand	Executive Chairman
P. T. Kilachand	Managing Director
V. V. Sahasrabudhe	Director
Chetan Desai	Director
Devang Vyas	Director
A. H. Mehta	VP - Corporate Affairs & Company Secretary

Mumbai Dated : 27th July 2012



ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

GENERAL INFORMATION

Polychem Ltd is engaged in the manufacturing of specialty chemicals. The company has manufacturing plants in India and sells it in Domestic as well as International market. The company is a public limited company and is listed on the Bombay Stock Exchange (BSE).

(1) SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of accounting

These financial statements are prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified have been under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

The preparation of financial statement in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of the assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results get materialized.

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

(ii) Fixed assets and depreciation

a. Fixed assets

Intangibles

Business application software intended for long term use are recorded at their acquisition cost and cost of assets at their carrying values.

Tangibles

All fixed assets are stated at cost of acquisition, less accumulated depreciation and includes adjustments arising from exchange rate variations attributable to fixed assets. In the case of fixed assets acquired for new projects / expansion, interest cost borrowings, and other related expenses incurred upto the date of completion of project are capitalised.

b. Depreciation

Intangibles

Computer software is being depreciated on straight line method at the rates specified in schedule XIV of the Companies Act, 1956.

Tangibles

Depreciation on tangible assets has been provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956.

c. Impairment of assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

(iii) Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, 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. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition cost of the investment is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investment 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 the investments.

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

(iv) Inventories

Stores, spares and packing materials, raw materials, work-in-process and finished goods are valued at cost or net realisable value, whichever is lower. Cost of stores, spares and packing materials and raw materials is determined on FIFO basis. Cost of work-in-process and finished goods is determined on the basis of absorption costing method.

(v) Property under development

Property under development represents free hold land converted into stock-in-trade on the basis of valuation made by approved valuers and development expenses incurred thereon.

(vi) Employee benefits

- a. Short term employee benefits (benefits which are payable within twelve months after the end of the period in which employees render services) are measured at cost.
- b. Long term employee benefits (benefits which are payable after the end of twelve months in which the employees render services) and post employment benefits (benefits which are payable on completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of actuarial valuation annually.
- c. Contributions to Provident Fund, a defined contribution plan are made in accordance with the statute and recognised as an expense when employees have rendered service entitling them to the contributions.
- d. The cost of providing gratuity, a defined benefit contribution plan, is determined using Projected Unit Credit Method on the basis of actuarial valuation carried out by actuaries at the balance sheet date. The gratuity obligation recognized in balance sheet represents the present value of the obligation as reduced by the fair value of plan assets. Actuarial gains and losses are recognised in the Profit and Loss account.

(vii) Accounting of CENVAT credit

CENVAT credit on raw material and capital goods is accounted for by reducing the purchase cost of raw material and capital goods respectively.

(viii) Revenue recognition

Revenue (Income) is recognised when no significant uncertainty as to determination or realisation exists. Sales are recognised ex-works and are inclusive of excise duty and net of sales tax.

(ix) Foreign currency transactions

- a. Foreign currency transactions are accounted at the exchange rate prevailing on the date of transaction.
- b. The difference between the rate at which the transactions are accounted as stated above and the contracted rate is spread over the life of the contract. The difference on account of fluctuation in the rate of exchange is dealt within the Profit and Loss Account.



c. Year end monetary assets are translated at year end rate of exchange.

(x) Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing cost are charged to revenue.

(xi) Taxes on income

Provision for taxation is made on the basis of the taxable profits computed for the current accounting period (reporting period) in accordance with the Income Tax Act 1961.

Deferred income taxes reflect the impact of current year's timing differences between taxable incomes and accounting income of the year and reversal of timing differences of earlier years. Deferred tax assets are recognized to the extent there is reasonable certainty that these assets can be realized in future.

(xii) Segment reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Further, inter-segment revenue have been accounted for based on the transaction price agreed to between segments which is primarily market based. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a resonable basis, have been included under " Unallocated expenses".

(xiii) Earnings per share

- a. Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity shares to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split and reserve share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.
- b. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(xiv) Provisions, contingent liabilities and contingent assets

A provision is recognised when an enterprise has present obligations as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimates can be made.

Provisions are not discounted to their present value and are determined based on management estimates required to settle the obligations at the balance sheet date.

These are reviewed at the balance sheet date and adjusted to reflect the current management estimates.

(xv) Cash and cash equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

POLYCHEM LIMITED

ATTENDANCE SLIP

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Full Name of the member attending :

Full name of the first joint-holder :
(to be filled in if first named joint-holder does not attend the meeting)

Name of Proxy :
(to be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the FIFTY FIFTH ANNUAL GENERAL MEETING of the Company held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20 Kaikhushru Dubhash Marg, Mumbai 400 001 at 2.30 p.m. on Monday, the 17th September, 2012.

Client ID No. :

DP ID No. :

Registered Folio No. :

No. of Shares held :

Member's / Proxy's Signature
(to be signed at the time of handing over this slip)

POLYCHEM LIMITED

FORM OF PROXY

Regd. Office : 7, Jamshedji Tata Road, Churchgate Reclamation, Mumbai - 400 020.

I/We of in the district of being a member/members of the above-named Company hereby appoint of in the district of or failing him of in the district of as my/our proxy to attend and vote for me/us my/our behalf at the Fifty Fifth Annual General Meeting of the Company to be held on Monday, the 17th September, 2012 and at any adjourment thereof.

Signed thisday of2012

Client ID No. :

DP ID No. :

Registered Folio No. :

No. of Shares held :

Re. 1
Revenue
Stamp

(Signature of member)

BOOK-POST

If undelivered, please return to:

POLYCHEM LIMITED

7, Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai 400 020.