

Vadivarhe Speciality Chemicals Ltd

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Annual Report 2012-2013

C O N T E N T S

Board of Directors, etc.

Notice and Explanatory Statements

Directors' Report

Annexure to Directors' Report

Auditor's Report and Annexure to Auditor's Report

Balance Sheet, Profit & Loss Account and Cash Flow Statement

Significant Accounting Policies/Schedules/Notes to the financial statements/
Additional Information



Board of Directors

Mr. Sunil H. Pophale
Mrs. Meena S. Pophale
Ms. Manasi S. Pophale
Ms. Aditi S. Pophale
Mr. Len F. Vaz
Mr. Sujit S. Bopardikar
Mr. Abhijit S. Bopardikar

Factory at:

Gat No 204, Vadivarhe,
Nashik-Mumbai Highway,
Tal-Igatpuri
Dist-Nashik 422 403
Phone :02553 306200

Bankers

NKGSB Co-Op Bank Ltd
Bedmutha's Navkar Hights,
Sharanpur Road,
Nashik 422 002
Tel: 91 - 253-2232283 / 284

Auditors

S R Rahalkar & Associates

667, Rahalkar Building,
Ravivar Peth,
Nashik - 422 001
Tel: 91 - 253 - 2575093

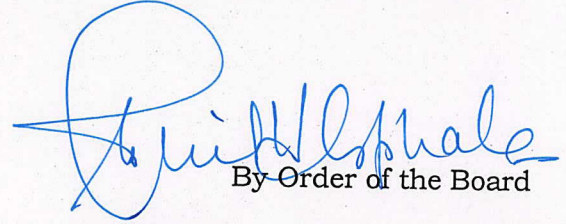


Notice

Notice is hereby given that the second Annual General Meeting of the members of **VADIVARHE SPECIALITY CHEMICALS LIMITED** will be held at Registered Office at Gat No 204, Vadivarhe, Tal-Igatpuri, Dist-Nashik 422 403, on Wednesday, 26th September, 2013, at 11.00 a.m. to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013, and the Profit and Loss Account for the financial year ended on that date and the Reports of the Directors and Auditors thereon.
2. To consider and if thought fit, to pass the following resolution, with or without modification, as an *Ordinary Resolution*:

RESOLVED THAT M/s. S R Rahalkar & Associates., Chartered Accountants, be and are hereby reappointed Auditors of the Company from the conclusion of the said Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, at a remuneration as may be fixed by members or board of directors, if so desired by members.


By Order of the Board



SUNIL H POPHALE
Director

Registered Office:
Gat No 204, Vadivarhe,
Tal-Igatpuri, Dist-Nashik 422 403
Date: 31st August, 2013

Directors' Report

To the Members of

VADIVARHE SPECIALITY CHEMICALS LIMITED

ACCOUNTS

The Directors have pleasure in presenting the Annual Report and audited Accounts for the year ended 31st March 2013.

PERFORMANCE OF THE COMPANY

	Year ended 31 March, 2013 Rupees	Year ended 31 March, 2012 Rupees
Net sales & other income	132105697	109895999
Profit / (loss) before depreciation	(32406046)	(12742014)
Less : Depreciation / Amortization	16906284	10517088
Profit / (loss) before Tax	(49312330)	(23259102)
Less : Provision for Taxation	-	-
Deferred Tax Expense/(Benefits)	-	-
Profit / (loss) after Tax	(49312330)	(23259102)
Add: Balance brought forward	(37009039)	(13749937)
Profit / (loss) available for Appropriation	(86321369)	(37009039)
Profit / (loss) carried to Balance Sheet	(86321369)	(37009039)

RESPONSIBILITY STATEMENT

The Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that they have prepared the annual accounts on a going concern basis.

ACCOUNTING STANDARDS COMPLIANCE

The Institute of Chartered Accountants of India (ICAI) had from time to time, in the past, introduced many Accounting Standards for consistent application of accounting principles and transparent disclosures by corporate entities. Now these are prescribed by National Advisory Committee on Accounting Standards, constituted by Central Government. Company has opted for total compliance of all mandatory Accounting Standards, wherever applicable.



OPERATIONS

This is the Fourth year of operation of your Company and has achieved a net sales of Rs.1316.09 lakh but Loss after tax Rs.493.12 Lakh, as compared to last year FY 2011-12 net sales Rs.1095.50 Lakh and Loss after tax Rs.232.59 Lakh.

FIXED DEPOSITS

The Company has not accepted "deposits" from the public during the year under review.

RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

Disclosure of particulars with respect to Absorption of Research and Development, as required under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is furnished in Annexure I and forms part of Directors' Report.

CONSERVATION OF ENERGY

Energy conservation continues to receive Management's attention. Disclosure of particulars required to be made pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is furnished in Annexure I and forms part of the Directors' Report.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Exports during the year were Rs. 94.96 Lakhs as compared to previous year Rs.64.46 Lakhs.

Details of foreign exchange earned are given under 'Additional Information'.

PERSONNEL

The Board of Directors wishes to record its appreciation of all employees of the Company for their wholehearted efforts and contribution in the growth of the Company during the year.

Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended is furnished (Annexure II) at the end of this report.

AUDITOR'S REPORT AND AUDITORS

Comments by Auditors have been dealt with in Notes to the Accounts (Schedule 19 - Note) and do not need further explanation by the Board. The Auditors, S R Rahalkar and Associates, Chartered Accountants, Nashik, retire at the conclusion of this General Meeting and are eligible for reappointment. You are requested to appoint the auditors, and fix their remuneration or request Board of Directors to fix their remuneration.

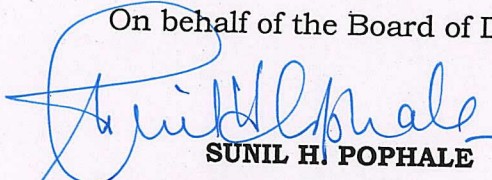
ACKNOWLEDGMENTS

We express our grateful thanks to Government, government agencies and to our banker NKGSB Co-Op Bank Ltd Nashik Branch for their support and look forward to their continued association with the Company.

Place : Nashik

Date: 31st August, 2013

On behalf of the Board of Directors


SUNIL H. POPHALE

Director



Annexure-I

Information under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31st March, 2012.

FORM - A

	Unit of measure- ment	Year ended 31st March, 2013	Year ended 31st March, 2012
A) Power and Fuel Consumption			
1. Electricity			
Purchased			
Units	'000 Kwhr.	1494	854
Total Amount	Rs. 000	10874	5934
Rate/Unit	Rs./Kwhr.	7.28	5.44
Self-generated (see note 1 below)			
Units	'000 Kwhr.	52.24	15.62
Total Amount	Rs. 000	1365	363
Rate/Unit	Rs./Kwhr.	26.13	23.27
2. Diesel *			
Quantity	KL	194.30	99.40
Total Amount	Rs. 000	94.74	43.85
Average Rate	Rs./Ltr.	48.76	44.11
* Used for both D G Set and Boiler			
B) Consumption per unit of Production *			
Electricity	Kwhr./Kg.	2.35	0.63
Diesel	Ltrs./Kg.	2.95	0.07
* This figures are not comparative due to Electricity and Diesel used for manufacturing of own products as well as loan license products. For calculation purpose only own products manufactured are considered.			

Note: Own Generation: Company has one 250 KVA diesel generation unit at its manufacturing plant at Vadivarhe.



FORM B

(See Rule 2)

Information under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31st March 2013.

Form for disclosure of particulars with respect to Absorption of Research and Development (R & D).

1) Specific areas in which the Company carried out R&D.

Research & Development efforts were focused on improvement in existing products and development of new products.

2) Benefits derived as a result of the R & D activity.

Following new products were introduced as a result of sustained R&D efforts.

- Phenylephrine HCL.
- Methdilazine.

3) Future plan of action.

- Intermediates for irbesartan spiro hydrochloride developed in R & D is under pilot plant trials.
- Cis + lalten Intermediates for Diltiazam will be under development.
- For API Dextromethorphan Hidrobromide will be developed.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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

Efforts were made in developing new products to cater to customer's requirement, especially, exports.

2. Benefit derived as a result of the above efforts:

As a result of sustained efforts, we have for the first time, entered in to prestigious western market. In fact we are also being looked upon as a potentials R&D center for their offshore R&D activity.

3. Imported Technology:

- | | | |
|---------------------------------------|---|------|
| a. Technology imported | : | N.A. |
| b. Year of Import | : | N.A. |
| c. Has technology been fully absorbed | : | N.A. |



ANNEXURE II TO THE DIRECTORS' REPORT:

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975, and forming part of the directors' report for the year ended March 31, 2013.

Name	Designation	Qualification	Age	Joining date	Experience (Years)	Gross Remuneration (Rs.)	Previous Employment Designation
Len F Vaz (Appointed on 26/10/2011)	Director	B.Com	56	26/10/2011	26	22.33	General Manager, VSCL

Remuneration includes salary and allowances, and monetary value of perquisites, as per Income Tax Act, 1961.

Service conditions: contractual and as decided by Board of Directors and whole time directors.



S. R. RAHALKAR AND ASSOCIATES

CHARTERED ACCOUNTANTS

667, Rahalkar Building, Raviwar Peth, Nashik - 422001.

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INDEPENDENT AUDITOR'S REPORT

TO
The Share Holders of M/S VADIVARHE SPECIALITY CHEMICALS
LIMITED,

Report on the Financial Statements

1] We have audited the accompanying Financial Statements of M/s VADIVARHE SPECIALITY CHEMICALS LTD., GAT NO.204, WADIVARHE, TAL.-IGATPURI, DIST.- NASHIK 422 403, which comprise the Balance Sheet as at 31st March 2013 & also the Statement of Profit & Loss for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

3] Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain

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reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Auditor's Opinion:

6] In our opinion & to the best of our information & according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required & give a true & 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 2013 &

(b) In the case of the Profit & Loss Account, of the **Loss** for the year ended on that date.

Report on other Legal and Regulatory Requirements

7) As required by the Companies (Auditor's Report) Order, 2003 and further amendment as per Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in

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the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

8) As required by Section 227(3) of the Act we report that:

- i. We have obtained all the information & explanations, which to the best of our knowledge & belief were necessary for the purpose of our audit;
- ii. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
- iii. The Balance sheet & Profit & loss Account dealt with by this report are in agreement with the books of account.
- iv. In our opinion, the Balance Sheet & Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the directors, as on 31st March 2013, & taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956); Auditor's Report

For S R Rahalkar And Associates
Chartered Accountants
Firm Registration Number 108283W

S R Rahalkar
Partner
Membership Number 14509

Place : Nashik
Date : 31-08-2013



S. R. RAHALKAR AND ASSOCIATES

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Annexure to Auditor's Report

Annexure referred to in paragraph 3 of our report of even date to the members of M/S VADIVARHE SPECIALITY CHEMICALS LTD.

- i)
- The company has maintained the proper records showing full particulars, including quantitative details and situation of fixed assets.
 - The fixed assets were physically verified during the year by the management in accordance with a program of verification which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - The Company has not disposed of any substantial part of its fixed assets so as to affect its going concern status.

- ii)
- The inventories have been physically verified by the management at reasonable intervals during the year and partially at the close of the year.
 - 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.
 - In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the books records were not material having regard to the size of the operations of the company and the same have been properly dealt with in the books of account.

- iii)
- During the year the Company has taken loans from its Director of Rs.3,07,72,876/- covered in the Register maintained under section 301 of the Companies Act, 1956.

Sl.No.	Name the Director	Maximum amount due at any time during the year Amount (Rs.)	Balance due as at the end of the Financial year Amount (Rs.)
1	Sunil Pophale	9,39,02,656/-	9,39,02,656/-

However The company has not granted loans to Companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.

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iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any major weakness in the internal controls.

v)

- a. According to the information and explanations given to us, we are of the opinion that there are contracts and arrangements, the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- b. In case of transactions exceeding the value of the five lakhs rupees in the financial year in respect of any party; in our opinion, each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi)

In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public during the period covered by our audit report.

vii)

In our opinion, the company has no internal audit system in commensurate with the size and nature of the business.

viii)

We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules'2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act'1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

ix)

- a. The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and any other material statutory dues applicable to it and there are no arrears outstanding as at the year end for a period of more than six months from the date they became payable.

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- b. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth tax, Service tax, sales tax, customs duty, excise duty and cess were in arrears, as at March 31, 2013 for the period of more than six months from the date they become payable.
- x)
The company has accumulated losses at the end of the financial year of Rs.8,63,21,369/-. The company has incurred cash losses during the year Rs.3,24,06,046/-.
- xi)
In our opinion and according to the information and explanations given to us, the Company has not doubtful in repayment of dues to a financial institution, bank as at the Balance sheet date.
- xii)
In our opinion and according to the information and explanations given to us, the company has maintained adequate records where the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other investments.
- xiii)
In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the companies (Auditor's Report) Order 2003 are not applicable to the Company.
- xiv)
In our opinion and according to information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order 2003 are not applicable to the Company.
- xv)
According to the information and explanations given to us, the Company has not given any guarantee for any loan.
- xvi)
In our opinion and according to information and explanations given to us, the funds raised have been applied for the purpose for which they were raised.

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xvii)

In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the company, we report that funds raised on short term basis have been used for short application and funds raised on long term basis have been significantly used for long term application.

xviii)

In our opinion and according to information and explanations given to us, company has not made any preferential allotment of shares to Directors covered by our report.

xix)

In our opinion and according to information and explanations given to us, the company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xx)

During the period covered by our audit report, the Company has not raised any money by public issues.

xxi)

In our opinion, considering the size and nature of the company's operations, no fraud of material significance on or by the company has been noticed or reported during the year.

For S.R.RAHALKAR & ASSOCIATES
Chartered Accountants
Firm Registration Number: 108283W

Place : Nasik

Date : 31/08/2013.




S.R. RAHALKAR
Partner

Membership Number 014509

REG. VADIVARHE SPECIALITY CHEMICALS LIMITED

NOTES FORMING PART OF ACCOUNTS AS AT 31st MARCH 2013

A) SIGNIFICANT ACCOUNTING POLICIES

(1) ACCOUNTING CONVENTIONS:

The financial statements are presented under the historical cost convention on accrual basis and applicable mandatory Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.

(2) USE OF ESTIMATES :-

The preparation of financial statements require the management to make estimates and assumption considered in the reported amount of assets and liabilities (including contingent liabilities) as of the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used on preparation of financial statements are prudent and reasonable. Future results could differ from these estimates.

(3) REVENUE RECOGNITION:

Sale of goods is recognized on dispatches to customer, inclusive of sales tax (wherever applicable) and is net of discount.

The Marketing services are recognised on the basis of the completion of service and the invoices raised.

(4) FIXED ASSETS:

- a) Fixed assets are stated at historical cost of acquisition / construction less depreciation.
- b) Attributable interest and expenses of bringing the respective assets to working condition for their intended use are capitalized.



(5) DEPRECIATION:

Depreciation on fixed assets is provided on Straight Line Method at the rates specified in the Schedule XIV of the Companies Act, 1956.

(6) INVENTORIES:

- a) Inventories are valued at lower of cost and net realizable value.
- b) Cost of Semi-finished and finished goods comprise of materials and conversion cost.

(7) INVESTMENTS:

Investments to be stated at cost.

(8) TAXATION:

- a) Current tax is determined as the amount of tax payable in respect of taxable income for the year.
 - b) The deferred tax for timing difference between the book and tax profit for the year is accounted using tax rates tax laws that have been enacted or substantially enacted at the Balance Sheet date.
 - c) Deferred Tax assets arising from the timing difference are recognized to the extent there is reasonable certainty that sufficient future taxable income will be available.
- (9) Income from Temporary Investments (Interest) are accounted on accrual basis.



(10) Employment Retirement Benefits:

Monthly Contributions to Provident Fund are considered on accrual basis in the accounts.

The Provision for Gratuity is made in the books of accounts. The expenditure of gratuity is accounted for when actual payment is made.

(11) Contingent Liabilities:

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes on accounts.



B) NOTES ON ACCOUNTS: -

1. Balances of Debtors and Creditors are subject to confirmation.
2. The current assets and current liabilities are, in the opinion of the directors, recoverable and payable at the values stated in the statement of accounts.
3. The break-up of deferred tax assets and liabilities into major components at the year end of 31/3/2013 is as below:

Particulars	Liabilities	Liabilities
	As on 31/3/13	As on 31/03/12
Depreciation	11,758,851/-	98,51,531/-
Particulars	Assets	Assets
	As on 31/3/13	As on 31/03/12
Loss	11,078,826/-	92,88,632/-
Leave Encashment	98,063/-	1,61,331/-
Bonus	275,164/-	1,83,949/-
LTA	156,830/-	1,61,994/-
Gratuity /PF	149,969/-	55,625/-
TOTAL	11,758,851/-	98,51,531/-
Net Deferred Tax Liability	NIL	NIL

In the absence of certainty regarding availability of sufficient future taxable income, the recognition of Deferred Tax Assets has been restricted to the extent of closing Deferred Tax Liability.

In the absence of virtual certainty regarding availability of sufficient future taxable income, the recognition of Deferred Tax Assets on carry forward business loss and depreciation is restricted to the closing Deferred Tax Liability less other items of Deferred Tax Assets.

In the view of above note the net debit/credit on account of Deferred Tax to the Profit and Loss Account in Rs. NIL (Previous Year Rs.NIL)



4. Security for Secured Loans:

The borrowing from Kotak Mahindra and from Cholamadalam Finance Ltd. by way of vehicle loan has been secured by Motor Cars and Bus purchased against it.

Bank Overdraft (Current A/c) NKGSB Co-operative Bank Ltd.

borrowed during the year and which has been secured by –

Primary Security- Hypothecation of entire current assets (present and future) + 15% cash margin to be recovered upfront in case LC.

Collateral Security- EM/ RM of property situated at Gat No.204, Vadivarhe Speciality Chemicals, Nashik Mumbai Highway, Vadivarhe, Igatpuri, Nashik – 422403 admeasuring 11618.19 Sq. Mtr. In the name of Vadivarhe Speciality Chemicals Ltd.

Personal Guarantee of Directors Mr. Sunil H. Pophale.

5. Dues from Small Scale Industrial Undertaking:

Based on the information available with the Company, no creditor has been identified as “supplier” within the meaning of The Micro, Small and Medium Enterprises Development Act, 2006.

6. It is informed by the management no provision has been made for interest as required by Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993 on amounts due to Small Scale Industries, as the amount is not ascertainable. These will be charged to accounts as and when claimed by the parties and/or paid to them.

7. Related party Disclosures, as required in terms of accounting standards (AS) 18” are given below :-

Particulars	Key Management Personnel	Amount (Rs.)
Salary to Directors	Mr Len F Vaz	22,32,698/-



8. Auditors Remuneration:-

	<u>Current Year</u>	<u>Previous Year</u>
	<u>Financial Year</u>	<u>Financial Year</u>
	<u>12-13</u>	<u>11-12</u>
Statutory Audit Fees	36,798	35,150
Tax Audit Fees	10,000	10,000
M-VAT Audit Fees	15,000	10,000
	-----	-----
Total	61,798	55,150

9. Secured Loans:

The company has purchased a (vehicle) motor car from Kotal Mahindra Prime Ltd. and The Bus from Cholamandalam Finance Limited by hypothecating the respective vehicles.

10. Foreign Exchange Transactions:


Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.


Foreign currency monetary assets & liabilities are restated at the year end exchange rates. Exchange differences arising on the settlement of currency monetary items or on reporting Company's foreign currency monetary items at rates different from those at which they were initially recorded during the year or reported in the previous financial statements, are recognised as income or expense in the year in which they arise.

11. Items wherever necessary are re grouped re arranged and re classified accordingly.

FOR S.R. RAHALKAR & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration Number: 108283W


Sunil Pophale
Director


Len F Vaz
Director


S.R. Rahalkar
PARTNER

Place: Nashik
Date: 31/08/2013

Membership Number 014509
Address: Telli Lane, Raviwar Peth,
Nashik 422 001.



Balance Sheet as at 31st March, 2013

Rupees

		Rupees	
Particulars	Note No	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
		As at 31st March 13	As at 31st March 12
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	A.	48,375,000	19,350,000
(b) Reserves and Surplus	B.	30,803,631	109,140,961
(3) Non-Current Liabilities			
(a) Long-term borrowings	C.	167,265,631	117,417,880
(b) Deferred tax liabilities (Net)	D.		
(4) Current Liabilities			
(a) Short-term borrowings	E.	11,462,383	7,560,485
(b) Trade payables	F.	15,043,997	13,341,280
(c) Other current liabilities	G.	5,572,015	5,029,536
(d) Short-term provisions	H.	9,735,856	6,330,330
Total		288,258,513	278,170,472
II.Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	I.	177,364,463	178,248,089
(ii) Intangible assets	J.	535,010	586,900
(iii) Capital work-in-progress	K.	-	5,963,004
(iv) Intangible assets under development		-	-
(b) Non-current investments	L.	510,000	510,000
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances		-	-
(e) Other non-current assets	M.	20,423,457	17,158,061
(2) Current assets			
(a) Current investments		-	-
(b) Inventories	N.	19,420,251	19,871,331
(c) Trade receivables	O.	25,802,940	24,078,090
(d) Cash and cash equivalents	P.	772,473	582,034
(e) Short-term loans and advances	Q.	40,708,223	29,086,546
(f) Other current assets	R.	2,721,696	2,086,417
Total		288,258,513	278,170,472

The accompanying notes are an integral part of the financial statements
Notes forming part of Accounts as per NOTES

As per our Report attached of even date.

For S R Rahalkar & Associates
Chartered Accountants
Firm Registration No.108283W

For and on behalf of the Board of Directors of
Vadivarhe Speciality Chemicals Limited

S. R. Rahalkar
Partner
Membership No.014509

Sunil H. Pophale
Director

Len F. Vaz
Director

PLACE : NASHIK
DATE : 31-08-2013



PLACE : NASHIK
DATE : 31-08-2013



STATEMENT OF PROFIT AND LOSS
Profit and Loss statement for the year ended 31st March, 2013

Particulars	Note No	Rupees	
		Figures as at the end of current reporting period As at 31st March 13	Figures as at the end of previous reporting period As at 31st March 12
I. Revenue from operations	1	131,609,321	109,550,196
II. Other Income	2	496,375	345,804
III. Total Revenue (I + II)		132,105,697	109,895,999
IV. Expenses:			
Cost of materials consumed	3	34,389,485	46,006,812
Purchase of Stock-in-Trade	4	5,177,897	2,639,390
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	5	(2,123,735)	3,516,238
Employee benefit expense	6	45,105,778	23,960,572
Financial costs	7	10,960,150	2,230,105
Depreciation and amortization expense	8	16,906,284	10,517,088
Manufacturing Expenses	9	42,071,049	24,556,202
Other expenses	10	28,931,117	19,728,695
IV. Total Expenses		181,418,027	133,155,101
V. Profit before exceptional and extraordinary items and tax	(III - IV)	(49,312,330)	(23,259,102)
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		(49,312,330)	(23,259,102)
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		(49,312,330)	(23,259,102)
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI. Profit(Loss) from the period from continuing operations	(VII-VIII)	(49,312,330)	(23,259,102)
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		(49,312,330)	(23,259,102)
No. of Shares Outstanding at the end of the period		483,750	193,500
XVI. Earning per equity share:			
(1) Basic		(101.94)	(120.20)
(2) Diluted			(48.08)

The accompanying notes are an integral part of the financial statements

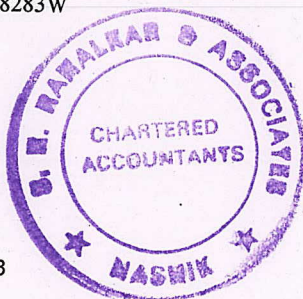
The Notes referred to above and notes to accounts form an integral part of the Profit and Loss Account

As per our report of even date

For S R Rahalkar & Associates
Chartered Accountants
Firm Registration No.108283W

S. R. Rahalkar
Partner
Membership No.014509

PLACE : NASHIK
DATE : 31-08-2013



For and on behalf of the Board of Directors of
Vadivarhe Speciality Chemicals Limited

Sunil H. Pophale
Director

Len F. Vaz
Director

PLACE : NASHIK
DATE : 31-08-2013



Notes To and Forming Part of the Balance Sheet

	31/03/2013 Amount Rs.	31/03/2012 Amount Rs.
Note A : Share Capital		
Authorised:		
5,00,000 (Previous Year: 2,00,000) Equity Shares of Rs. 100 each	<u>50,000,000</u>	<u>20,000,000</u>
Issued, Subscribed and Paid-up:		
4,83,750 (Previous Year: 1,93,500) Equity Shares of Rs.100 each fully paid-up	<u>48,375,000</u>	<u>19,350,000</u>
Total	<u>48,375,000</u>	<u>19,350,000</u>

Of the above:

4,62,250 Equity Shares of Rs.100 each, fully paid up, have been allotted as bonus shares

Deatils of Share holder holding more than 5% Shares in the company

Name of Shareholder	%	No of Shares	%	No of Shares
Mr.Sunil H Pophale	91.41	441,150	91.41	176,460
Ms.Manasi S Pophale	8.59	41,475	8.59	16,590
TOTAL		482,625		193,050

Note B : Reserves and Surplus

Securities Premium Account	117,125,000	146,150,000
Surplus / (Loss) in the statement of Profit & Loss		
Balance as per last account	(37,009,039)	(13,749,937)
Profit / (Loss) of the current year	(49,312,330)	(23,259,102)
Total	<u>(86,321,369)</u>	<u>(37,009,039)</u>
Total	<u>30,803,631</u>	<u>109,140,961</u>



Notes To and Forming Part of the Balance Sheet

	31/03/2013 Amount Rs.	31/03/2012 Amount Rs.
Note C: Long-term borrowings		
(a) Secured Loan		
1) Cash Credit Facility		
From NKGSB Co-Op Bank Ltd	29,440,234	18,990,613
(Secured by an exclusive charge by way of hypothecation of Stock & Book Debts)		
2) Term Loans		
From NKGSB Co-Op Bank Ltd	43,706,012	34,355,042
(Secured by Plant & Machinery and charge on the assets and personal guarantee of directors)		
(Above term loan will be settled as on 31/03/2017 Balance Sheet date 31/03/2017 Number of Installment due 35, Amount of Installment Rs.4,94,20,000/-, and applicable rate of Interest 12.50%)		
From Financial Institution under Vehicle Finance Scheme	216,729	942,445
(Secured by an exclusive charge by way of hypothecation of vehicles purchased under the said scheme)		
(Above term loan will be settled as on 01/09/2014 Balance Sheet date 31/03/2015 Number of Installment due 6, Amount of Installment Rs. 2,25,300/- and applicable rate of Interest 6.90%)		
(b) Unsecured Loans		
Loan from Promotor Director Mr.Sunil H Pophale	93,902,656	63,129,780
	<u>167,265,631</u>	<u>117,417,880</u>
Note D : Deferred Tax Liability (Net)		
Deferred Tax Liability		
Difference in depreciation and other differences in block of fixed assets as per tax books and financial books	11,758,851	9,851,531
Gross Deferred Tax Liability	<u>11,758,851</u>	<u>9,851,531</u>
Deferred Tax Assets		
Carry Forward Loss and depreciation *	11,078,826	9,288,632
Provision for Bonus	275,164	183,949
Provision for Leave Encashment	98,063	161,331
Others	306,798	217,619
Gross Deferred Tax Assets	<u>11,758,851</u>	<u>9,851,531</u>
Net Deferred tax liability	<u>-</u>	<u>-</u>



Notes To and Forming Part of the Balance Sheet

	31/03/2013 Amount Rs.	31/03/2012 Amount Rs.
Note E: Short-term borrowings		
Secured Loan		
1) Cash Credit Facility		
From Axis Bank Ltd	-	-
(Secured by an exclusive charge by way of hypothecation of Stock & Book Debts)		
2) Term Loans		
From NKGSB Co-Op Bank Ltd	11,070,020	7,217,180
(Secured by Plant & Machinery and charge on the assets and personal guarantee of directors)		
From Financial Institution under Vehicle Finance Scheme	392,363	343,305
(Secured by an exclusive charge by way of hypothecation of vehicles purchased under the said scheme)		
	<u>11,462,383</u>	<u>7,560,485</u>
Note F: Trade Payable		
Creditors for Supplies	14,630,426	12,805,978
Creditors for Services	413,571	535,302
	<u>15,043,997</u>	<u>13,341,280</u>
Note G: Other Current Liabilities		
Advance from Customers	352,595	406,755
Retention Amount Payable	185,558	274,558
Deposits	1,601,000	-
Creditors for Expenses	2,401,740	1,694,148
Creditors for Capital Goods	1,031,122	2,654,075
	<u>5,572,015</u>	<u>5,029,536</u>
Note H: Short Term Provisions		
Provision for Employees Benefit		
Provision for L.T.A.	610,242	603,240
Provision for Bonus	896,707	633,951
Provision for Gratuity	485,335	-
Provision for Leave Encashment	317,355	1,237,556
Statutory Liabilities	495,630	869,146
Provision for Expences	1,494,020	1,163,103
Others	5,436,567	1,823,334
	<u>9,735,856</u>	<u>6,330,330</u>



Vadivarhe Speciality Chemicals Limited
Notes To and Forming Part of the Balance Sheet
Notes I, J, & K : Fixed Assets
Amount Rs.

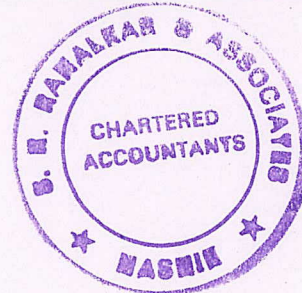
Description	Gross block				Depreciation / Amortization				Net block	
	As at April 1, 2012	Additions	Deletions / Adjustments	As at March 31, 2013	As at April 1, 2012	For the Year	Deletions / Adjustments	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Note I :Tangible Assets										
Freehold land	4,472,000	-	-	4,472,000	-	-	-	-	4,472,000	4,472,000
Buildings	64,181,068	-	-	64,181,068	5,342,274	2,143,648	-	7,485,922	56,695,146	58,838,794
Air Conditioners	172,737	-	-	172,737	22,502	8,205	-	30,707	142,030	150,235
Office Equipments	3,608,936	307,309	-	3,916,245	135,221	181,942	-	317,163	3,599,082	3,473,715
Plant and machinery	63,329,129	15,250,124	-	78,579,253	7,743,015	7,665,503	-	15,408,518	63,170,735	55,586,113
R & D Equipments	486,203	50,000	-	536,203	67,542	54,069	-	121,611	414,592	418,661
Q.C. Equipments	14,393,096	1,562,238	-	15,955,334	1,564,080	1,188,509	-	2,752,589	13,202,745	12,829,017
ETP	1,447,616	-	-	1,447,616	172,610	149,683	-	322,293	1,125,323	1,275,006
Utility	17,531,594	644,761	-	18,176,355	2,759,255	1,837,097	-	4,596,352	13,580,003	14,772,339
Electrical installation	12,197,351	-	-	12,197,351	1,967,625	767,990	-	2,735,615	9,461,736	10,229,726
Computers	2,055,498	109,744	-	2,165,242	538,267	343,528	-	881,795	1,283,447	1,517,231
Furniture and fixtures	2,326,965	183,144	395,420	2,114,689	191,632	125,381	24,070	292,943	1,821,746	2,135,333
Vehicles	12,051,126	-	846,414	11,204,712	1,964,906	1,064,448	220,520	2,808,834	8,395,878	10,086,220
Non Erected Machinery	2,463,699	-	2,463,699	-	-	-	-	-	-	2,463,699
Total	200,717,018	18,107,320	3,705,533	215,118,805	22,468,929	15,530,003	244,590	37,754,342	177,364,463	178,248,089
Note J :Intangible Assets										
Computer Softwares	594,113	1,324,391	-	1,918,504	7,213	1,376,281	-	1,383,494	535,010	586,900
Total	594,113	1,324,391	-	1,918,504	7,213	1,376,281	-	1,383,494	535,010	586,900
Note K :Capital Work-in-Progress										
Capital Advances	5,963,004	-	5,963,004	-	-	-	-	-	-	5,963,004
Total	5,963,004	-	5,963,004	-	-	-	-	-	-	5,963,004
Grand Total	207,274,135	19,431,711	9,668,537	217,037,309	22,476,142	16,906,284	244,590	39,137,836	177,899,473	184,797,993
Previous year	137,175,172	75,331,534	5,232,571	207,274,135	12,552,782	10,517,088	593,728	22,476,142	184,797,993	124,622,390

Notes :-

1) Vehicles includes vehicle taken on finance lease:

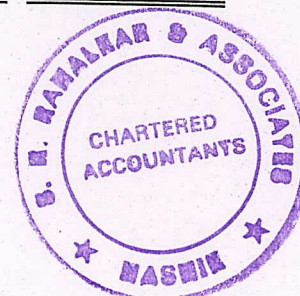
Gross Block Value Rs.12,84,229/- (Previous Year: Rs. 51,97,029)

Net Block Value Rs.11,06,073/- (Previous Year: Rs. 41,78,487)



Notes To and Forming Part of the Balance Sheet

	31/03/2013 Amount Rs.	31/03/2012 Amount Rs.
Note L: Non-Current Investments		
Investments in Govt Securities		
6 years National Saving Certificate VIII issue	10,000	10,000
Investment in equity instruments (unquoted)		
Equity Shares of NKGSB Co-Op Bank Ltd	500,000	500,000
(of the above 50,000 Equity Shares of NKGSB Co-op Bank Ltd bearing Face Value of Rs.10/- each)		
	<u>510,000</u>	<u>510,000</u>
Note M: Other non-current assets		
Interest accrued but not received on National Savings Certificate	2,008	1,104
Balances with Customs, Port Trust, Excise etc.	12,649,821	11,364,128
VAT Credit (Input) Receivable	6,667,830	4,629,031
Deposits - Others	1,103,798	1,103,798
Preliminary Expenses	-	60,000
(to the extent not written off or adjusted)		
	<u>20,423,457</u>	<u>17,158,061</u>
Note N : Inventories (at lower of cost and net realisable value)		
Raw Materials	8,919,765	11,463,127
Packing Materials	102,845	134,298
Works In Progress	4,573,396	5,782,985
Finished Goods	2,511,205	24,944
Stock-in-Trade	3,313,040	2,465,976
Total	<u>19,420,251</u>	<u>19,871,331</u>
Note O : Trade receivables		
Debts outstanding for a period exceeding six months -		
Considered good	-	-
Considered doubtful	-	-
Other debts		
Considered good	25,802,940	24,078,090
Considered doubtful	-	-
	<u>25,802,940</u>	<u>24,078,090</u>
Less: Provision for doubtful debts	-	-
Total	<u>25,802,940</u>	<u>24,078,090</u>
Note P : Cash and cash equivalents		
Cash on hand	291,975	123,154
Balances with Scheduled banks :		
in current accounts	480,498	458,880
in deposits accounts	-	-
Total	<u>772,473</u>	<u>582,034</u>



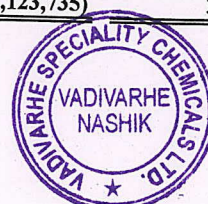
Notes To and Forming Part of the Balance Sheet

	31/03/2013 Amount Rs.	31/03/2012 Amount Rs.
Note Q : Short-term loans and advances		
(Unsecured, Considered good unless otherwise stated)		
Advances recoverable in cash or in kind for value to be received		
Advance to Suppliers	38,158,425	26,106,348
Loans and Advances to Staff	653,410	98,576
(Secured to the extent of Rs. Nil (Previous Year: Rs. Nil)		
VAT Credit (Input) Receivable	1,896,388	2,881,622
Total	40,708,223	29,086,546
Note R : Other Current Assets		
(Unsecured, Considered good unless otherwise stated)		
Preliminary Expenses	60,000	60,000
(to the extent not written off or adjusted)		
Prepaid Expenses	420,300	1,399,367
Advance Income Tax	2,016,508	627,050
Insurance Claim Receivable	224,888	-
Total	2,721,696	2,086,417



Notes To and Forming Part of the Profit and Loss Accounts

	31/03/2013 Amount Rs.	31/03/2012 Amount Rs.
Note 1 : Revenue from operations		
Sales of Goods (Gross)	68,174,667	84,141,555
Less - Excise Duty	4,369,272	5,256,673
	63,805,395	78,884,882
Service Income	67,803,926	30,665,314
	131,609,321	109,550,196
Note 2 : Other income		
Interest on		
- Bank deposits [Tax deducted at source: Rs 29,917 (Previous Year: Rs. 18,400)]	-	168,177
- Others	-	-
Dividend Received	12,301	-
Discount Received	53,172	111,962
Exchange Difference (Gain)	245,531	-
Miscellaneous Income	169,409	52,718
Notice Pay Received	15,962	12,947
Total	496,375	345,804
Note 3 : Cost of Materials consumed		
Raw Materials		
Opening stock	11,463,127	12,523,258
Purchases during the year	31,438,179	44,357,789
Closing stock	8,919,765	11,463,127
Raw material consumed	33,981,541	45,417,919
Packing Materials		
Opening stock	134,298	193,395
Purchases during the year	376,491	529,795
Closing stock	102,845	134,298
Packing material consumed	407,944	588,892
Total	34,389,485	46,006,812
Note 4 : Purchase of Stock-in-Trade		
Trading goods purchased	5,177,897	2,639,390
	5,177,897	2,639,390
Note 5 : Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade		
Work-In-Progress		
Opening Stock	5,782,985	11,790,144
Less: Closing Stock	4,573,396	5,782,985
	1,209,589	6,007,159
Finished Goods		
Opening Stock	24,944	-
Less: Closing Stock	2,511,205	24,944
	(2,486,261)	(24,944)
Stock-in-Trade		
Opening Stock	2,465,976	-
Less: Closing Stock	3,313,040	2,465,976
	(847,064)	(2,465,976)
	(2,123,735)	3,516,238



Notes To and Forming Part of the Profit and Loss Accounts

	31/03/2013 Amount Rs.	31/03/2012 Amount Rs.
Note 6 : Employee Benefit Expense		
Salaries, Wages and Bonus	40,288,987	21,070,506
Contribution to Provident and other funds	1,819,858	1,420,220
Gratuity Expenses (Refer Note 11.06)	1,048,419	216,067
Workmen and Staff Welfare Expenses	1,948,514	1,253,779
Total	45,105,778	23,960,572

Note 7 : Financial Expenses

Interest		
- On Term Loan	6,855,974	-
- On Banks	3,684,667	1,341,517
- On Others	261,809	64,736
Bank Charges	157,700	823,852
Total	10,960,150	2,230,105

Note 8 : Depreciation and Amortization Expenses

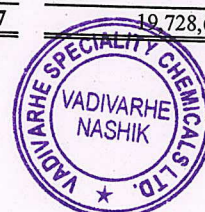
Depreciation on Tangible Fixed Assets	15,530,003	10,509,875
Depreciation on Intangible Fixed Assets	1,376,281	7,213
Total	16,906,284	10,517,088

Note 9 : Manufacturing Expenses

Consumption of Consumables, Stores and Spares	3,604,475	2,200,752
Labour Charges	12,702,808	6,794,454
Power and Fuel	20,647,676	10,619,614
Rates and Taxes	358,393	104,735
Repairs and Maintenance of Plant and Machinery	4,757,697	4,836,647
Total	42,071,049	24,556,202

Note 10 : Other Expenses

Repairs and Maintenance of:		
- Building	1,029,617	1,993,020
- Others	1,222,545	783,655
Insurance	680,257	800,100
Printing and Stationery	532,284	316,755
Communication Costs	799,485	433,369
Travelling and Conveyance	9,149,815	3,368,754
Legal and Professional Charges	3,518,790	4,101,715
Rent	264,000	252,000
Auditors' Remuneration (Refer Note 11 [12.8])	61,798	30,000
Freight and Forwarding Charges	1,588,682	804,173
Advertisement and Sales Promotion	2,290,530	1,700,137
Commission	773,399	3,312
Security Charges	898,589	798,254
Loss by Theft/Natural Calamities/Fire of Fixed Assets	338,142	1,219,349
Preliminary Expenses Written Off	60,000	60,000
Exchange loss (net)	-	686,323
Administration Expenses	5,723,184	2,377,779
Total	28,931,117	19,728,695



Notes to the accounts

Note 11

01 Segment Information

I. Business Segments

The Company has considered Business Segments as the primary segment for disclosure. The Company operates in two Business Segments.

a) Speciality Chemicals - The Company is engaged in the business of manufacturing

b) Nutraceutical Product - The Company is engaged in Trading and Marketing of Nutraceutical (Food & Health Supplymentary) Products.

Particulars	Continuing Operations				Total	
	Speciality Chemicals		Neutraceuticals Products			
	March 31,2013	March 31,2012	March 31,2013	March 31,2012	March 31,2013	March 31,2012
Revenue						
External sales	111,733,018	108,976,239	19,876,303	573,957	131,609,321	109,550,196
Inter-segment sales	-	-	-	-	-	-
Segment Revenue	111,733,018	108,976,239	19,876,303	573,957	131,609,321	109,550,196
Result						
Segment Result	(21,536,234)	(13,000,734)	(17,312,321)	(8,374,067)	(38,848,555)	(21,374,801)
Unallocated corporate expenses	-	-	-	-	-	-
Operating profit					(38,848,555)	(21,374,801)
Interest expenses					(10,960,150)	(2,230,105)
Unallocated corporate income					-	-
Other Income	488,459	345,804	7,916	-	496,375	345,804
Profit before tax and Exceptional items					(49,312,330)	(23,259,102)
Exceptional items					-	-
Current Tax					-	-
Deferred Tax					-	-
Fringe Benefit Tax					-	-
Prior year tax adjustments					-	-
Net Profit after tax					(49,312,330)	(23,259,102)
Other information						
Segment assets	279,433,233	274,234,477	8,825,280	3,935,995	288,258,513	278,170,472
Unallocated corporate assets	-	-	-	-	-	-
Total assets	279,433,233	274,234,477	8,825,280	3,935,995	288,258,513	278,170,472
Segment liabilities	201,069,169	149,200,372	8,010,713	479,139	209,079,882	149,679,511
Unallocated corporate liabilities	-	-	-	-	-	-
Total liabilities	201,069,169	149,200,372	8,010,713	479,139	209,079,882	149,679,511
Capital expenditure	19,431,711	74,449,476	-	882,058	19,431,711	75,331,534
Unallocated capital expenditure					-	-
					19,431,711	75,331,534



Notes to the accounts

Note 11

01 Segment Information

II. Geographical Segments

Secondary segmental reporting is based on the geographical location of customers. The geographical segments have been disclosed based on revenues within India (sales to customers in India) and revenues outside India

Geographical Segments

The following table shows the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced.

Particulars	March 31,2013 Amount Rs.	March 31,2012 Amount Rs.
Sales Revenue by Geographical Market (including Service Income)		
India	58,678,451	77,695,315
Outside India	9,496,216	6,446,240
Total	68,174,667	84,141,555

Assets and additions to tangible and intangible fixed assets by geographical area: The following table shows the carrying amount of segment assets and addition to segment assets by geographical area in which assets are located:

Particulars	March 31,2013 Amount Rs.	March 31,2012 Amount Rs.
Carrying amount of Segment Assets and Intangible Assets		
India	177,364,463	178,248,089
Outside India	-	-
Total	177,364,463	178,248,089
Additions to Fixed Assets including Capital Work In Progress		
India	19,431,711	75,331,534
Outside India	-	-
Total	19,431,711	75,331,534



Notes to the accounts

Note 11

02 Related Parties

Related party disclosures:

Name of related parties with whom transactions have taken place during the year:

Key Management Personnel	Director	Mr. S. H. Pophale
	Director	Mrs.M. S. Pophale
	Director	Mr. Len Vaz
Enterprises owned or significantly influenced by key management personnel or their relatives		Ree Laboratories Pvt Ltd

a) Related party transactions:

Particulars	Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	March 31,2013	March 31,2012	March 31,2013	March 31,2012	March 31,2013	March 31,2012
Purchase of goods	-	-	-	-	-	-
Sale of goods	-	-	-	-	-	-
Services Provided	-	-	6,048,303	-	6,048,303	-
Purchase of fixed assets	-	-	-	-	-	-
Interest received	-	-	-	-	-	-
Loan taken	93,902,656	63,129,780	-	-	93,902,656	63,129,780
Dividend paid	-	-	-	-	-	-
Managerial remuneration *	2,232,698	2,203,315	-	-	2,232,698	2,203,315
Closing Outstanding Balances:						
Receivables (Refer Note below)	-	-	-	-	-	-
Payables	93,902,656	63,129,780	-	-	93,902,656	63,129,780

* As the future liabilities for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to individual basis is not ascertainable and therefore not included above.

d) Details of transactions with related parties, exceeding 10% of line transactions.

Particulars	Key Management Personnel	
	March 31,2013	March 31,2012
Managerial remuneration:		
Director -Mr.A L Chaudhari	-	1,026,114
Director -Mrs.M S Pophale	-	100,000
Director -Mr.Len Vaz	2,232,698	1,077,201
Total	2,232,698	2,203,315
Loan taken :		
Director -Mr.S H Pophale	93,902,656	63,129,780
Total	93,902,656	63,129,780

Note:

Details of loans given to associates and firms / companies in which directors are interested

The Company has not made any loans and advances in the nature of loan to associates or loans and advances in the nature of loans where there is no repayment schedule or repayment beyond seven years or no interest or interest below Section 372A of the Companies Act, 1956.

Further, there are no loans and advances in the nature of loans to firms / companies in which directors are interested.



Notes to the accounts

Note 11

03 Leases

In case of assets taken on lease

Finance lease:

Vehicles includes vehicle obtained on finance lease. The lease is for four years after which the legal title would be passed to the lessee. There is no escalation clause in the lease agreement. There is no restrictions imposed by lease arrangements. There are no subleases.

04 Capital Commitments

Estimated amount Of contracts remaining to be executed on capital account and not provided for

March 31, 2013

Amount Rs.

March 31, 2012

Amount Rs.

- 1,770,390

05 Provisions and Contingencies

There are no contingent liabilities .



Notes to the accounts

Note 11

06 Gratuity and other post-employment benefit plans

(i) Defined Benefit Plans –

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy. The Company has provided for gratuity based on actuarial valuation done as per Projected Unit Credit Method.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amount recognized in the balance sheet for the respective plans.

	March 31, 2013 Amount Rs.	March 31, 2012 Amount Rs.
Profit and Loss Account		
Net employee benefit expense (recognized in Employee Cost)		
Current service cost	696,338	336,834
Interest cost on benefit obligation	53,833	134,682
Expected Return on plan assets	(365,074)	(87,788)
Net Actuarial (gain)/ loss recognized in the year	(1,011,194)	(838,119)
Net benefit expense	(626,097)	(454,391)
Actual return on plan assets	365,074	87,788

Balance Sheet**Net liability recognised in the balance sheet**

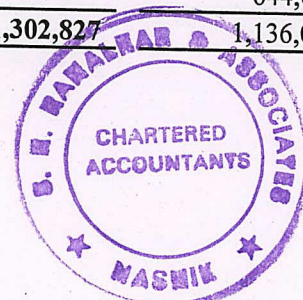
Defined benefit obligation	1,788,162	672,917
Fair value of plan assets	1,302,827	1,136,001
Plan (Liability)	(485,335)	463,084

Changes in the present value of the defined benefit obligation are as follows:

Opening defined benefit obligations	672,917	1,683,520
Interest cost	53,833	134,682
Current service cost	696,338	336,834
Benefits paid	-	644,000
Actuarial (gain)/Loss on obligations	365,074	(838,119)
Closing defined benefit obligations	1,788,162	672,917

Changes in the fair value of plan assets are as follows:

Opening fair value of plan assets	1,136,001	1,104,544
Planned assets transferred from Fem Care		
Expected return on plan assets	104,051	87,788
Contributions by employer	62,775	587,669
Benefits paid	-	644,000
Closing fair value of plan assets	1,302,827	1,136,001



Notes to the accounts

Note 11

07 Gratuity and other post-employment benefit plans

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows.

Category of Assets	March 31, 2013 %	March 31, 2012 %
Investment with Insurer	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining benefit obligations are shown below:

Discount rate	8.00%	8.00%
Expected rate of return on assets	9.16%	7.95%
Withdrawal rate	1.00%	1.00%
Expected rate of Salary increase	5.00%	5.00%
Mortality Pre-retirement	LIC(1994-96) Ultimate	LIC(1994-96) Ultimate

The estimate of future salary increase, considered in the actuarial valuation, takes account of inflation, security, promotion and other relevant factors such as supply and demand in the employment market.

(ii) Defined Contribution Plans –

Amount of Rs.18,19,858/- (Previous Year: Rs.14,20,220) is recognized as an expense and included in Note 6 - "Contribution to Provident and other funds" in the Profit and Loss account.

08 Derivative Instruments and Un-hedged Foreign Currency Exposure

a Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet date

The Company does not enter into any derivate contracts to hedge its risk associated with foreign currency fluctuations for its revenue transactions. There are no accounts payables denominated in foreign currency at year end. The unhedged foreign currency exposure in respect of accounts receivable and loans and advances at the year end is given below:

Particulars	Currency	March 31, 2013		March 31, 2012	
		Foreign Currency	Amount Rs.	Foreign Currency	Amount Rs.
Export Debtors	USD	-	-	-	-



Notes to the accounts

Note 11

09

Excise duty on sales amounting to Rs.43,69,272/- (Previous Year: Rs. 52,56,673) has been reduced from sales in Profit & Loss account and has been considered as (income) / expense in Note No 9 & 10 financial statements.

10 Earning Per Share (EPS)

Particulars	March 31, 2013 Amount Rs.	March 31, 2012 Amount Rs.
Basic and Diluted earning per share		
Net Profit attributable to equity shareholders (in Rs.)	(49,312,330)	(23,259,102)
Weighted average number of equity shares outstanding during the year	483,750	193,500
Nominal Value of equity shares	100	100
Basic earnings per share (in Rs.)	(101.94)	(120.20)
Diluted earnings per share (in Rs.)	-	(48.08)

11 Details of due to Micro, Small and Medium Enterprises as per MSMED Act, 2006

Particulars	March 31, 2013 Amount Rs.	March 31, 2012 Amount Rs.
Principal amount outstanding as at March 31, 2013	-	32,313
Interest due as on March 31, 2013	-	-

The Company is in the process of compiling information necessary for it to ascertain the liability of interest payable to suppliers pursuant to The Micro, Small and Medium Enterprises Development Act, 2006. Management estimates that the amount of interest payable, if any, would not be significant.



Notes to the accounts

Note 11

12 Additional Information pursuant to the provisions of paragraphs 3, 4, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

12.1 Licensed capacity, Installed Capacity and Actual Production

Licensed Capacity (*): Not applicable (Previous Year: Not Applicable)

Particulars	Units	Installed Capacity *		Actual Production	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
		Quantity	Quantity	Quantity	Quantity
Chemicals	Tons	70	70	65	73

* As certified by the Management and relied upon by the Auditors being technical matter

12.2 Details of Finished Goods

Opening stocks (including inventory acquired):

Particulars	Units	March 31, 2013		March 31, 2012	
		Quantity	Amount Rs.	Quantity	Amount Rs.
Chemicals	Tons	0.45	24,944	-	-
		0.45	24,944	-	-

Closing Stocks:

Particulars	Units	March 31, 2013		March 31, 2012	
		Quantity	Amount Rs.	Quantity	Amount Rs.
Chemicals	Tons	0.18	2,511,205	0.45	24,944
		0.18	2,511,205	0.45	24,944

12.3 Sales

Particulars	Units	March 31, 2013		March 31, 2012	
		Quantity	Amount Rs.	Quantity	Amount Rs.
Chemicals	Tons	65.76	63,805,395	72.80	78,884,882
		65.76	63,805,395	72.80	78,884,882



Notes to the accounts

Note 11

12 Additional Information pursuant to the provisions of paragraphs 3, 4, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

12.4 Consumption of Raw Materials

Particulars	Units	March 31, 2013		March 31, 2012	
		Quantity	Amount Rs.	Quantity	Amount Rs.
L-Arginine Free Base	Tons	3.76	4,354,953	6.31	5,239,157
Alpha-Methyl Amino-M-Hydroxy	Tons	1.20	3,092,400	1.04	2,858,983
Aloe Vera Juice (RM)	Tons	39.75	2,186,250	37.98	2,036,000
Ethyl Acetate	Tons	32.66	2,134,868	30.39	1,513,803
Methylene Chloride (MDC)	Tons	12.08	503,534	45.81	2,123,768
Hexane	Tons	5.51	373,223	15.23	851,856
Methanol	Tons	13.89	344,600	18.24	353,067
Others		-	21,399,657	-	31,030,178
Total			34,389,485		46,006,812

12.5 Value of imports calculated on CIF basis

Particulars	March 31, 2013 Amount Rs.	March 31, 2012 Amount Rs.
Raw Material	2,420,973	5,008,520
Capital Goods	1,236,000	7,219,143
Total	3,656,973	12,227,663

12.6 Imported and indigenous raw materials consumed

Particulars	March 31, 2013		March 31, 2012	
	Amount Rs.	%	Amount Rs.	%
a) Imported	1,560,405	4.54	2,976,362	7.45
b) Indigenously obtained	32,829,080	95.46	36,995,707	92.55
Total	34,389,485	100.00	39,972,069	100.00



Notes to the accounts

Note 11

12.7 Directors' Remuneration

To Executive Directors:

Salaries

Perquisites

Contribution to Provident and Other funds

Other allowances including Commission

(includes directors' sitting fees of Nil (Previous Year: Rs. Nil))

March 31, 2013
Amount Rs.March 31, 2012
Amount Rs.

2,080,310

2,040,733

152,388

162,582

2,232,698

2,203,315

12.8 Auditors' Remuneration

Statutory audit fees (Inclusive Service Tax)

Tax Audit Fees

VAT Audit Fees

Out of pocket expenses

March 31, 2013
Amount Rs.March 31, 2012
Amount Rs.

36,798

35,150

10,000

10,000

15,000

10,000

61,798

55,150

12.9 Expenditure in foreign currency (on Cash basis)

Travelling expenses

Business Promotion, Exhibition Expenses

Legal Expenses

March 31, 2013
Amount Rs.March 31, 2012
Amount Rs.

-

-

-

574,430

-

574,430

12.10 Earnings in foreign currency (on Cash basis)

FOB value of exports

March 31, 2013
Amount Rs.March 31, 2012
Amount Rs.

9,496,216

6,318,702

9,496,216

6,318,702

13 Details of Revenue Expenditure directly related to R&D

Raw material consumed

Packing Material

666,792

328,934

2,872

-

669,664

328,934

14 Previous year comparatives

Previous year's figures have been regrouped, where necessary to conform to the current year's classification.

As per our report of even date

For S R Rahalkar & Associates
Chartered Accountants
Firm Registration No.108283WFor and on behalf of the Board of Directors of
Vadivarhe Speciality Chemicals LimitedS. R. Rahalkar
Partner

Membership No.014509

Sunil H. Pophale
DirectorLen E. Vaz
DirectorPLACE : NASHIK
DATE : 31-08-2013PLACE : NASHIK
DATE : 31-08-2013