

Vadivarhe Speciality Chemicals Ltd

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Annual Report 2013–2014

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 661200

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

VADIVARHE SPECIALITY CHEMICALS LIMITED

Gat No.204, Nashik-Mumbai Highway, Vadivarhe,
Tal-Igatpuri, Dist. Nashik - 422403, Maharashtra State
Phone - 02553 306205 Fax - 02553 306203 E-mail accounts@vscl.co.in
CIN : U24100MH2009PLC190516

Notice

Notice is hereby given that the Fifth 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 Thursday, 31st July, 2014, at 11.00 a.m. to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2014, 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 Sixth Annual General Meeting of the Company subjected to the shareholders ratification at every Annual General Meeting, at a remuneration as may be fixed by members or board of directors, if so desired by members.

Registered Office:
Gat No 204, Vadivarhe,
Tal-Igatpuri, Dist-Nashik 422 403
Date: 1st July, 2014

By Order of the Board

SUNIL H POPHALE
Director



VADIVARHE SPECIALITY CHEMICALS LIMITED

Gat No.204, Nashik-Mumbai Highway, Vadivarhe,
Tal-Igatpuri, Dist. Nashik - 422403, Maharashtra State
Phone - 02553 306205 Fax - 02553 306203 E-mail accounts@vscl.co.in
CIN : U24100MH2009PLC190516

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 2014.

PERFORMANCE OF THE COMPANY

	Year ended 31 March, 2014 Rupees	Year ended 31 March, 2013 Rupees
Net sales & other income	139854918	132105697
Profit / (loss) before depreciation	16503344	(32406046)
Less : Depreciation / Amortization	16519816	16906284
Profit / (loss) before Tax	(16472)	(49312330)
Less : Provision for Taxation	-	-
Deferred Tax Expense/(Benefits)	-	-
Profit / (loss) after Tax	(16472)	(49312330)
Add: Balance brought forward	(86231369)	(37009039)
Profit / (loss) available for Appropriation	(86337841)	(86321369)
Profit / (loss) carried to Balance Sheet	(86337841)	(86321369)

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 Fifth year of operation of your Company and has achieved a net sales of Rs.1387.30 lakh but Loss after tax Rs.0.16 Lakh, as compared to last year FY 2012-13 net sales Rs.1316.09 Lakh and Loss after tax Rs.493.12 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.150.59 Lakhs as compared to previous year Rs.94.96 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 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 re-appointment in the sixth Annual General Meeting. You shall ratify the appointment of the auditors in each Annual General Meeting. You are requested to appoint the auditors, and fix their remuneration or request Board of Directors to fix their remuneration.

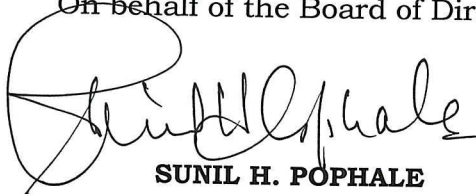
ACKNOWLEDGMENTS

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: 1st July, 2014

On behalf of the Board of Directors



SUNIL H. POPHALE

Director

DIN: 00064412

Address: Flat no 15, Lalit Bldg, Wode
House Road. Colaba,
Mumbai, 400039



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, 2014.

FORM - A

	Unit of measure- ment	Year ended 31st March, 2014	Year ended 31st March, 2013
A) Power and Fuel Consumption			
1. Electricity			
Purchased			
Units	'000 Kwhr.	1477	1494
Total Amount	Rs. 000	10156	10874
Rate/Unit	Rs./Kwhr.	6.87	7.28
Self-generated (see note 1 below)			
Units	'000 Kwhr.	77.76	52.24
Total Amount	Rs. 000	144.6	136.5
Rate/Unit	Rs./Kwhr.	1.86	2.61
2. Diesel *			
Quantity	KL	209.60	194.30
Total Amount	Rs. 000	115.93	94.74
Average Rate	Rs./Ltr.	55.19	48.76
* Used for both D G Set and Boiler			
B) Consumption per unit of Production *			
Electricity	Kwhr./Kg.	2.99	2.35
Diesel	Ltrs./Kg.	4.03	2.95
* 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 2014.

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 + lacten Intermediates for Diltiazam will be under development.
- For API Dextromethorphan Hydrobromide 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, 2014.

Name	Designation	Qualification	Age	Joining date	Experience (Years)	Gross Remuneration (Rs.)	Previous Employment Designation
Len F Vaz	Director	B.Com	56	26/10/2011	26	10.10	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.

Ph.: 2575093, 2581597, Telefax: 2581597 E-mail : srr.assoc@gmail.com

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 2014 & also the Statement of Profit & Loss for the year then ended and a summary of significant accounting policies and other explanatory information.

The companies Act 2013 is effective from 01/04/2014 however as per General Circular No. 8/2014 (number 1/19/2013-CL-VI, dated 04/04/2014) issued by the Government of India Ministry of Corporate affairs. The audit reports in the financial statements are prepared as per the Companies Act 1956.

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.

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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 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.

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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 2014 &
- (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 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 out audit;

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- 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 2014, & taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2014 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 : 01-07-2014

S. R. RAHALKAR AND ASSOCIATES

CHARTERED ACCOUNTANTS

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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)

- a. The company has maintained the proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. 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.
- c. The Company has disposed vehicle of Rs 81,37,947/- (Gross block) of any substantial part of its fixed assets but it does not affect its going concern status.

ii)

- a. The inventories have been physically verified by the management at reasonable intervals during the year and partially at the close of the year.
- 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. 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. 8,57,64,424/- 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	8,57,64,424/-	8,57,64,424/-

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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.

- 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

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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.

- 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, 2014 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.8,63,26,605/-. The company has not incurred cash losses during the year.

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.

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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.

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 : 01/07/2014

S.R. RAHALKAR
Partner

Membership Number 014509



REG. VADIVARHE SPECIALITY CHEMICALS LIMITED

NOTES FORMING PART OF ACCOUNTS AS AT 31st MARCH 2014

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 income from loan licensing facilities is recognised on the basis of actual production and invoice raised accordingly.

(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 31/3/2014 is as below:

Particulars	Liabilities	Liabilities
	As on 31/3/14	As on 31/03/13
Depreciation	11859668/-	11,758,851/-
Particulars	Assets	Assets
	As on 31/3/14	As on 31/03/13
Loss	10894378/-	11,078,826/-
Leave Encashment	88863/-	98,063/-
Bonus	318287/-	275,164/-
LTA	159584/-	156,830/-
Gratuity /PF	398556/-	149,969/-
TOTAL	11859668/-	11,758,851/-
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 Cholamadalam Finance Ltd. by way of vehicle loan has been secured by 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	1010379/-

8. Auditors Remuneration:-

	<u>Current Year</u>	<u>Previous Year</u>
	Financial Year	Financial Year
	13-14	12-13
Statutory Audit Fees	39,326	36,798
Tax Audit Fees	16,854	10,000
M-VAT Audit Fees	16,854	15,000
	-----	-----
Total	73,034	61,798

9. 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.

10. The company has discontinued the activity of Neutraceutical (Food & Health Supplementary) Products from 01/04/2013.

11. The company is in process of installation of ERP software since Financial year 2012-13 and the expenditure incurred upto 31/03/2014 is Rs. 5,88,000/-. All modules of the software are not in operation and therefore company has not provided the depreciation.
12. Items wherever necessary are re grouped re arranged and reclassified accordingly.

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


Sunil Pophale
Director


Meena S. Pophale
Director


S.R. Rahalkar
PARTNER



Place: Nashik
Date: 01/07/2014



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

Vadivarhe Speciality Chemicals Limited

Balance Sheet as at 31st March, 2014

Rupees

Particulars	Note No	Figures as at the end of current reporting period As at 31st March 14	Figures as at the end of previous reporting period As at 31st March 13
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	A.	48,375,000	48,375,000
(b) Reserves and Surplus	B.	30,787,159	30,803,631
(3) Non-Current Liabilities			
(a) Long-term borrowings	C.	143,269,808	167,265,631
(b) Deferred tax liabilities (Net)	D.		
(4) Current Liabilities			
(a) Short-term borrowings	E.	13,398,076	11,462,383
(b) Trade payables	F.	9,346,770	15,043,997
(c) Other current liabilities	G.	47,526,288	7,971,242
(d) Short-term provisions	H.	7,451,741	9,735,856
Total		300,154,841	290,657,740
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	I.	158,576,888	177,364,463
(ii) Intangible assets	J.	748,057	535,010
(iii) Capital work-in-progress	K.	-	-
(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.	3,875,512	7,773,636
(2) Current assets			
(a) Current investments		-	-
(b) Inventories	N.	16,159,543	19,420,251
(c) Trade receivables	O.	51,294,293	25,802,940
(d) Cash and cash equivalents	P.	2,962,841	772,473
(e) Short-term loans and advances	Q.	47,708,916	43,107,450
(f) Other current assets	R.	18,318,790	15,371,517
Total		300,154,841	290,657,740

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.014599



Sunil H. Pophale
Director



Meena S. Pophale
Director

PLACE : NASHIK
DATE : 01-07-2014

PLACE : NASHIK
DATE : 01-07-2014

STATEMENT OF PROFIT AND LOSS
Profit and Loss statement for the year ended 31st March, 2014

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 14	As at 31st March 13
I. Revenue from operations	1	138,730,925	131,609,321
II. Other Income	2	1,123,993	496,375
III. Total Revenue (I + II)		139,854,918	132,105,697
IV. Expenses:			
Cost of materials consumed	3	21,248,397	34,389,485
Purchase of Stock-in-Trade	4	356,536	5,177,897
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	5	4,750,873	(2,123,735)
Employee benefit expense	6	26,430,493	45,105,778
Financial costs	7	10,225,612	10,960,150
Depreciation and amortization expense	8	16,519,816	16,906,284
Manufacturing Expenses	9	45,714,000	42,071,049
Other expenses	10	14,625,663	28,931,117
IV. Total Expenses		139,871,390	181,418,027
V. Profit before exceptional and extraordinary items and tax	(III - IV)	(16,472)	(49,312,330)
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		(16,472)	(49,312,330)
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		(16,472)	(49,312,330)
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI. Profit(Loss) from the period from continuing operations	(VII-VIII)	(16,472)	(49,312,330)
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)		(16,472)	(49,312,330)
No. of Shares Outstanding at the end of the period		483,750	483,750
XVI. Earning per equity share:			
(1) Basic		(0.03)	(101.94)
(2) Diluted			

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



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

Sunil H. Pophale
Director

Meena S. Pophale
Director



PLACE : NASHIK
DATE : 01-07-2014

PLACE : NASHIK
DATE : 01-07-2014

Notes To and Forming Part of the Balance Sheet

Note A : Share Capital

Authorised:

5,00,000 (Previous Year: 2,00,000) Equity Shares of Rs. 100 each

31/03/2014
Amount ₹31/03/2013
Amount ₹

50,000,000

50,000,000

Issued, Subscribed and Paid-up:

4,83,750 (Previous Year: 1,93,500) Equity Shares of Rs.100 each fully paid-up

48,375,000

48,375,000

Total

48,375,000

48,375,000

Of the above:

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

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

Name of Shareholder	%	No of Shares	%	No of Shares
Mr.Sunil H Pophale	91.19%	441,150	91.41	176,460
Ms.Manasi S Pophale	8.57%	41,475	8.59	16,590
TOTAL		482,625		193,050

Note B : Reserves and Surplus

Securities Premium Account

117,125,000

117,125,000

Surplus / (Loss) in the statement of Profit & Loss

Balance as per last account

(86,321,369)

(37,009,039)

Profit / (Loss) of the current year

(16,472)

(49,312,330)

Total

(86,337,841)

(86,321,369)

Total

30,787,159

30,803,631



Notes To and Forming Part of the Balance Sheet

	31/03/2014 Amount ₹	31/03/2013 Amount ₹
Note C: Long-term borrowings		
(a) Secured Loan		
1) Cash Credit Facility		
From NKGSB Co-Op Bank Ltd	27,768,078	29,440,234
(Secured by an exclusive charge by way of hypothecation of Stock & Book Debts)		
2) Term Loans		
From NKGSB Co-Op Bank Ltd	29,737,306	43,706,012
(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
(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	85,764,424	93,902,656
	143,269,808	167,265,631
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	11,859,668	11,758,851
Gross Deferred Tax Liability	11,859,668	11,758,851
Deferred Tax Assets		
Carry Forward Loss and depreciation *	10,894,378	11,078,826
Provision for Bonus	318,287	275,164
Provision for Leave Encashment	88,863	98,063
Others	558,140	306,798
Gross Deferred Tax Assets	11,859,668	11,758,851
Net Deferred tax liability	-	-



Notes To and Forming Part of the Balance Sheet

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

(Secured by Plant & Machinery and charge on the assets and personal guarantee of directors)

From Financial Institution under Vehicle Finance Scheme

(Secured by an exclusive charge by way of hypothecation of vehicles purchased under the said scheme)

31/03/2014

Amount ₹

31/03/2013

Amount ₹

13,181,347

11,070,020

216,729

392,363

13,398,076

11,462,383

Note F: Trade Payable

Creditors for Supplies

7,081,381

14,630,426

Creditors for Services

2,265,389

413,571

9,346,770

15,043,997

Note G: Other Current Liabilities

Advance from Customers

43,678,556

2,751,822

Retention Amount Payable

135,558

185,558

Deposits

-

1,601,000

Creditors for Expenses

3,668,540

2,401,740

Creditors for Capital Goods

43,634

1,031,122

47,526,288

7,971,242

Note H: Short Term Provisions

Provision for Employees Benefit

Provision for L.T.A.

516,453

610,242

Provision for Bonus

1,030,054

896,707

Provision for Gratuity

1,289,825

485,335

Provision for Leave Encashment

287,583

317,355

Statutory Liabilities

609,698

495,630

Provision for Expences

299,074

1,494,020

Others

3,419,054

5,436,567

7,451,741

9,735,856



Vadivarhe Speciality Chemicals Limited

Notes To and Forming Part of the Balance Sheet

Notes I, J, & K : Fixed Assets

Description	Gross block				Depreciation / Amortization				Net block	
	As at April 1, 2013	Additions	Deletions / Adjustments	As at March 31, 2014	As at April 1, 2013	For the Year	Deletions / Adjustments	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
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	7,485,922	2,143,648	-	9,629,570	54,551,498	56,695,146
Air Conditioners	172,737	-	-	172,737	30,707	8,205	-	38,912	133,825	142,030
Office Equipments	3,916,245	133,931	-	4,050,176	317,163	189,199	-	506,362	3,543,814	3,599,082
Plant and machinery	78,579,253	2,386,584	-	80,965,837	15,408,518	8,099,876	-	23,508,394	57,457,443	63,170,735
R & D Equipments	536,203	-	-	536,203	121,611	55,443	-	177,054	359,149	414,592
Q.C. Equipments	15,955,334	24,960	-	15,980,294	2,752,589	1,650,900	-	4,403,489	11,576,805	13,202,745
ETP	1,447,616	-	-	1,447,616	322,293	149,683	-	471,976	975,640	1,125,323
Utility	18,176,355	123,920	-	18,300,275	4,596,352	1,882,271	-	6,478,623	11,821,652	13,580,003
Electrical installation	12,197,351	148,781	-	12,346,132	2,735,615	773,461	-	3,509,076	8,837,056	9,461,736
Computers	2,165,242	129,780	-	2,295,022	881,795	359,113	-	1,240,908	1,054,114	1,283,447
Furniture and fixtures	2,114,689	91,100	-	2,205,789	292,943	134,271	-	427,214	1,778,575	1,821,746
Vehicles	11,204,712	-	8,137,947	3,066,765	2,808,834	1,034,793	2,792,179	1,051,448	2,015,317	8,395,878
Total	215,118,805	3,039,056	8,137,947	210,019,914	37,754,342	16,480,863	2,792,179	51,443,026	158,576,888	177,364,463
Note J :Intangible Assets										
Computer Softwares	1,582,504	-	-	1,582,504	1,383,494	38,953	-	1,422,447	160,057	199,010
ERP Software	336,000	252,000	-	588,000	-	-	-	-	588,000	336,000
Total	1,918,504	252,000	-	2,170,504	1,383,494	38,953	-	1,422,447	748,057	535,010
Note K :Capital Work-in-Progress										
Capital Advances	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Grand Total	217,037,309	3,291,056	8,137,947	212,190,418	39,137,836	16,519,816	2,792,179	52,865,473	159,324,945	177,899,473
Previous year	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

Notes :-

1) Vehicles includes vehicle taken on finance lease:

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

Net Block Value Rs.9,84,071/- (Previous Year: Rs. 11,06,073)



Notes To and Forming Part of the Balance Sheet

	31/03/2014 Amount ₹	31/03/2013 Amount ₹
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)		
	510,000	510,000
Note M: Other non-current assets		
Interest accrued but not received on National Savings Certificate	2,988	2,008
VAT Credit (Input) Receivable	2,519,226	6,667,830
Deposits - Others	1,353,298	1,103,798
Preliminary Expenses	-	-
(to the extent not written off or adjusted)		
	3,875,512	7,773,636
Note N : Inventories (at lower of cost and net realisable value)		
Raw Materials	10,317,871	8,919,765
Packing Materials	194,905	102,845
Works In Progress	3,077,197	4,573,396
Finished Goods	2,569,570	2,511,205
Stock-in-Trade	-	3,313,040
Total	16,159,543	19,420,251
Note O : Trade receivables		
Debts outstanding for a period exceeding six months -		
Considered good	1,356,009	-
Considered doubtful	-	-
Other debts		
Considered good	49,938,284	25,802,940
Considered doubtful	-	-
	51,294,293	25,802,940
Less: Provision for doubtful debts	-	-
Total	51,294,293	25,802,940
Note P : Cash and cash equivalents		
Cash on hand	369,024	291,975
Balances with Scheduled banks :		
in current accounts	593,817	480,498
in deposits accounts	2,000,000	-
(Maturity Date : 30/04/2014)		
Total	2,962,841	772,473



Notes To and Forming Part of the Balance Sheet

	31/03/2014 Amount ₹	31/03/2013 Amount ₹
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	43,007,743	40,557,652
Loans and Advances to Staff	145,853	653,410
(Secured to the extent of Rs. Nil (Previous Year: Rs. Nil)		
VAT Credit (Input) Receivable	4,555,320	1,896,388
Total	47,708,916	43,107,450
Note R : Other Current Assets		
(Unsecured, Considered good unless otherwise stated)		
Preliminary Expenses	-	60,000
(to the extent not written off or adjusted)		
Balances with Customs, Port Trust, Excise etc.	13,014,121	12,649,821
Prepaid Expenses	615,154	420,300
Advance Income Tax	2,725,913	2,016,508
Insurance Claim Receivable	1,963,602	224,888
Total	18,318,790	15,371,517



	31/03/2014 Amount ₹	31/03/2013 Amount ₹
Note 1 : Revenue from operations		
Sales of Goods (Gross)	64,877,747	68,174,667
Less - Excise Duty	5,886,022	4,369,272
	58,991,725	63,805,395
Service Income	79,739,200	67,803,926
	138,730,925	131,609,321
Note 2 : Other income		
Interest on		
- Others	59,395	-
Dividend Received	75,000	12,301
Discount Received	-	53,172
Exchange Difference (Gain)	345,892	245,531
Insurance Claim Received	76,796	-
Miscellaneous Income	460,283	169,409
Notice Pay Received	106,627	15,962
Total	1,123,993	496,375
Note 3 : Cost of Materials consumed		
Raw Materials		
Opening stock	8,919,765	11,463,127
Purchases during the year	22,449,777	31,438,179
Closing stock	10,317,871	8,919,765
Raw material consumed	21,051,671	33,981,541
Packing Materials		
Opening stock	102,845	134,298
Purchases during the year	288,785	376,491
Closing stock	194,905	102,845
Packing material consumed	196,726	407,944
Total	21,248,397	34,389,485
Note 4 : Purchase of Stock-in-Trade		
Trading goods purchased	356,536	5,177,897
	356,536	5,177,897
Note 5 : Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade		
Work-In-Progress		
Opening Stock	4,573,396	5,782,985
Less: Closing Stock	3,077,197	4,573,396
	1,496,199	1,209,589
Finished Goods		
Opening Stock	2,511,205	24,944
Less: Closing Stock	2,569,570	2,511,205
	(58,365)	(2,486,261)
Stock-in-Trade		
Opening Stock	3,313,040	2,465,976
Less: Closing Stock	-	3,313,040
	3,313,040	(847,064)
	4,750,873	(2,123,735)



Notes To and Forming Part of the Profit and Loss Accounts

	31/03/2014 Amount ₹	31/03/2013 Amount ₹
Note 6 : Employee Benefit Expense		
Salaries, Wages and Bonus	21,955,917	40,288,987
Contribution to Provident and other funds	1,948,740	1,819,858
Gratuity Expenses (Refer Note 11.06)	804,490	1,048,419
Workmen and Staff Welfare Expenses	1,721,346	1,948,514
Total	26,430,493	45,105,778
Note 7 : Financial Expenses		
Interest		
- On Term Loan	6,246,443	6,855,974
- On Bank Cash credit facility	3,749,926	3,684,667
- On Loan from NBFC	107,849	261,809
Bank Charges	121,394	157,700
Total	10,225,612	10,960,150
Note 8 : Depreciation and Amortization Expenses		
Depreciation on Tangible Fixed Assets	16,480,863	15,530,003
Depreciation on Intangible Fixed Assets	38,953	1,376,281
Total	16,519,816	16,906,284
Note 9 : Manufacturing Expenses		
Consumption of Consumables, Stores and Spares	4,146,043	3,604,475
Labour Charges	15,795,836	12,702,808
Power and Fuel	22,272,008	20,647,676
Rates and Taxes	984,704	358,393
Repairs and Maintenance of Plant and Machinery	2,515,409	4,757,697
Total	45,714,000	42,071,049
Note 10 : Other Expenses		
Repairs and Maintenance of:		
- Building	206,299	1,029,617
- Others	2,687,142	1,222,545
Insurance	884,987	680,257
Printing and Stationery	67,974	532,284
Communication Costs	351,216	799,485
Travelling and Conveyance	2,633,073	9,149,815
Legal and Professional Charges	921,559	3,518,790
Rent	168,000	264,000
Auditors' Remuneration (Refer Note 11 [12.8])	73,034	61,798
Freight and Forwarding Charges	1,473,494	1,588,682
Advertisement and Sales Promotion	251,684	2,290,530
Commission	14,956	773,399
Security Charges	2,030,718	898,589
Loss on Sale of Asset	2,145,768	338,142
Preliminary Expenses Written Off	60,000	60,000
Administration Expenses	655,759	5,723,184
Total	14,625,663	28,931,117



Notes to the accounts

Note 11

01 Segment Information

I. Business Segments

The Company is only engaged in the business of manufacturing of Speciality Chemicals, Intermediates & API.
The Company has discontinued the Trading and Marketing of Nutraceutical (Food & Health Supplementary) Products.

II. Geographical Segments

Disclosed based on revenues within India (sales to customers in India) and revenues outside India (sales to customer located 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, 2014 Amount ₹	March 31, 2013 Amount ₹
Sales Revenue by Geographical Market (including Service Income)		
India	49,818,149	58,678,451
Outside India	15,059,598	9,496,216
Total	64,877,747	68,174,667

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, 2014 Amount ₹	March 31, 2013 Amount ₹
Carrying amount of Segment Assets and Intangible Assets		
India	158,576,888	177,364,463
Outside India	-	-
Total	158,576,888	177,364,463
Additions to Fixed Assets including Capital Work In Progress		
India	3,291,056	19,431,711
Outside India	-	-
Total	3,291,056	19,431,711



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, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Purchase of goods	-	-	-	-	-	-
Sale of goods	-	-	3,380,963	-	3,380,963	-
Services Provided	-	-	-	6,048,303	-	6,048,303
Purchase of fixed assets	-	-	-	-	-	-
Interest received	-	-	-	-	-	-
Loan taken	85,764,424	93,902,656	-	-	85,764,424	93,902,656
Dividend paid	-	-	-	-	-	-
Managerial remuneration *	1,010,379	2,232,698	-	-	1,010,379	2,232,698
Closing Outstanding Balances:						
Receivables (Refer Note below)	-	-	-	-	-	-
Payables	85,764,424	93,902,656	-	-	85,764,424	93,902,656

* 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, 2014	March 31, 2013
Managerial remuneration:		
Director -Mr.Len Vaz	1,010,379	2,232,698
Total	1,010,379	2,232,698
Loan taken :		
Director -Mr.S H Pophale	85,764,424	93,902,656
Total	85,764,424	93,902,656

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.



Vadivarhe Speciality Chemicals Limited

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.

March 31, 2014

Amount ₹

March 31, 2013

Amount ₹

04 Capital Commitments

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

-

-

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, 2014 Amount ₹	March 31, 2013 Amount ₹
Profit and Loss Account		
Net employee benefit expense (recognized in Employee Cost)		
Current service cost	432,170	696,338
Interest cost on benefit obligation	143,053	53,833
Expected Return on plan assets	1,073,560	(365,074)
Net Actuarial (gain)/ loss recognized in the year	577,014	(1,011,194)
Net benefit expense	<u>2,225,797</u>	<u>(626,097)</u>
Actual return on plan assets	(1,073,560)	365,074

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

Defined benefit obligation	1,289,825	1,788,162
Fair value of plan assets	<u>1,381,504</u>	<u>1,302,827</u>
Plan (Liability)	<u>91,679</u>	<u>(485,335)</u>

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

Opening defined benefit obligations	1,788,162	672,917
Interest cost	143,053	53,833
Current service cost	432,170	696,338
Benefits paid	-	-
Actuarial (gain)/Loss on obligations	(1,073,560)	365,074
Closing defined benefit obligations	<u>1,289,825</u>	<u>1,788,162</u>

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

Opening fair value of plan assets	1,302,827	1,136,001
Planned assets transferred from Fem Care		
Expected return on plan assets	78,677	104,051
Contributions by employer	-	62,775
Benefits paid	-	-
Closing fair value of plan assets	<u>1,381,504</u>	<u>1,302,827</u>



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, 2014 %	March 31, 2013 %
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	6.04%	9.16%
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.19,48,740/- (Previous Year: Rs.18,19,858) 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, 2014		March 31, 2013	
		Foreign Currency	Amount ₹	Foreign Currency	Amount ₹
Export Debtors	USD	-	-	-	-



Notes to the accounts

Note 11

09

Excise duty on sales amounting to Rs.58,86,022/- (Previous Year: Rs.43,69,272) 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, 2014 Amount ₹	March 31, 2013 Amount ₹
Basic and Diluted earning per share		
Net Profit attributable to equity shareholders (in Rs.)	(16,472)	(49,312,330)
Weighted average number of equity shares outstanding during the year	483,750	483,750
Nominal Value of equity shares	100	100
Basic earnings per share (in Rs.)	(0.03)	(101.94)
Diluted earnings per share (in Rs.)	-	-

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

Particulars	March 31, 2014 Amount ₹	March 31, 2013 Amount ₹
Principal amount outstanding as at March 31, 2014	-	-
Interest due as on March 31, 2014	-	-

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, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		Quantity	Quantity	Quantity	Quantity
Chemicals	Tons	70	70	52	65

* 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, 2014		March 31, 2013	
		Quantity	Amount ₹	Quantity	Amount ₹
Chemicals	Tons	0.18	2,511,205	0.45	24,944
		0.18	2,511,205	0.45	24,944

Closing Stocks:

Particulars	Units	March 31, 2014		March 31, 2013	
		Quantity	Amount ₹	Quantity	Amount ₹
Chemicals	Tons	0.54	2,569,570	0.18	2,511,205
		0.54	2,569,570	0.18	2,511,205

12.3 Sales

Particulars	Units	March 31, 2014		March 31, 2013	
		Quantity	Amount ₹	Quantity	Amount ₹
Chemicals	Tons	51.92	58,991,725	65.76	63,805,395
		51.92	58,991,725	65.76	63,805,395



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, 2014		March 31, 2013	
		Quantity	Amount ₹	Quantity	Amount ₹
L-Arginine Free Base	Tons	-	-	3.76	4,354,953
Alpha-Methyl Amino-M-Hydroxy	Tons	0.30	881,600	1.20	3,092,400
Aloe Vera Juice (RM)	Tons	45.30	2,491,500	39.75	2,186,250
Ethyl Acetate	Tons	0.07	4,818	32.66	2,134,868
Methylene Chloride (MDC)	Tons	0.38	16,031	12.08	503,534
Hexane	Tons	10.56	1,111,705	5.51	373,223
Methanol	Tons	10.57	421,864	13.89	344,600
N-Butanol	Tons	4.90	569,206	-	-
Toluene	Tons	3.03	253,298	-	-
Tetra Hydrofuran	Tons	2.82	582,931	-	-
ISO Propyl Alcohol	Tons	2.75	280,979	-	-
Others		-	14,634,465	-	21,399,657
Total			21,248,397		34,389,485

12.5 Value of imports calculated on CIF basis

Particulars	March 31, 2014 Amount ₹	March 31, 2013 Amount ₹
Raw Material	2,999,177	2,420,973
Capital Goods	-	1,236,000
Total	2,999,177	3,656,973

12.6 Imported and indigenous raw materials consumed (including Trading Goods)

Particulars	March 31, 2014		March 31, 2013	
	Amount ₹	%	Amount ₹	%
a) Imported	3,603,322	16.96	1,560,405	4.54
b) Indigenously obtained	17,645,075	83.04	32,829,080	95.46
Total	21,248,397	100.00	34,389,485	100.00



Notes to the accounts

Note 11

12.7 Directors' Remuneration

To Executive Directors:

	March 31, 2014 Amount ₹	March 31, 2013 Amount ₹
Salaries	895,185	2,080,310
Perquisites	-	-
Contribution to Provident and Other funds	115,194	152,388
Other allowances including Commission (includes directors' sitting fees of Nil (Previous Year: Rs. Nil))	-	-

1,010,379	2,232,698
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12.8 Auditors' Remuneration

	March 31, 2014 Amount ₹	March 31, 2013 Amount ₹
Statutory audit fees (Inclusive Service Tax)	39,326	36,798
Tax Audit Fees	16,854	10,000
VAT Audit Fees	16,854	15,000
Out of pocket expenses	-	-

73,034	61,798
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12.9 Expenditure in foreign currency (on Cash basis)

	March 31, 2014 Amount ₹	March 31, 2013 Amount ₹
Travelling expenses	-	-
Business Promotion, Exhibition Expenses	-	-
Legal Expenses	-	-

-	-
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12.10 Earnings in foreign currency (on Cash basis)

	March 31, 2014 Amount ₹	March 31, 2013 Amount ₹
FOB value of exports	15,059,598	9,496,216

15,059,598	9,496,216
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13 Details of Revenue Expenditure directly related to R&D

	March 31, 2014 Amount ₹	March 31, 2013 Amount ₹
Raw material consumed	30,347	666,792
Packing Material	-	2,872

30,347	669,664
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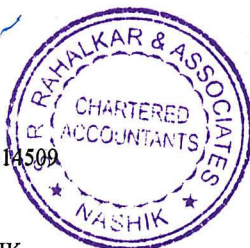
14 Previous year comparatives

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.108283W

S. R. Rahalkar
Partner
Membership No.014509



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

Sunil H. Pophale
Director



Meena S. Pophale
Meena S. Pophale
Director

PLACE : NASHIK
DATE : 01-07-2014

PLACE : NASHIK
DATE : 01-07-2014