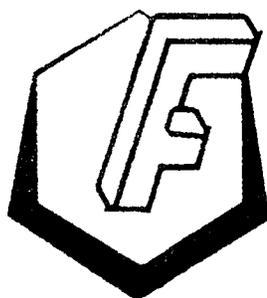


FISCHER

16th ANNUAL REPORT 2008 - 2009



FISCHER CHEMIC LIMITED

**BOARD OF DIRECTORS:**

Mr.G.M.S. Narayanan	-	Whole Time Director
Mr.K. Vasudevan	-	Whole Time Director
Mr.V. Balakrishna	-	Director
Mr.R. Venkatachalam	-	Director
Mr.V. Ganesh	-	Director

REGISTERED OFFICE & WORKS:

Plot No.111, SIDCO Industrial Estate,
Kakallur, Thiruvallur District, Tamil Nadu.

ADMINISTRATIVE OFFICE:

3/240, Govindan Nagar, Palavakkam
Chennai 600 041.

BRANCHES:

Hyderabad

BANKERS:

Bank of Baroda
ECST, Chennai – 600 001.
KVB – Triplicane, Chennai – 5.
IOB – Thiruvanmiyur, Chennai – 41.
IB, Abiramapuram, Chennai

AUDITORS:

Manian & Narayanan,
Chartered Accountants,
New No.11 (Old No.42), Sai Prasad, 12th Avenue,
Ashok Nagar, Chennai - 600 083.
Membership No. 27959

SHARE TRANSFER AGENTS:

Physical & Electronic:
Cameo Corporate Services Limited
"Subramanian Building"
No.1, Club House Road, Chennai 600 002.

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NOTICE

Notice is hereby given that the 16th Annual General Meeting of the company will be held on Tuesday the 29th September 2009 at 10.30 a.m at Sri Arjuna Mini Hall, #5, Panagal Street, Tiruvellore 602 001, Tamil Nadu to transact the following business.

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet at 31st March 2009 and the Profit and Loss Account made upto that date together with the report of the Directors and Auditor thereon.
2. To appoint a Director in the place of Mr. R. Venkatachalam, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in the place of Mr. G. M. S. Narayanan, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint auditors and to fix their remuneration.

Special Business

5. To consider and if thought fit to pass with or without modification the following Ordinary resolution
 - a) **"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 read with Section II (I) of Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and based on the recommendation made by the Remuneration Committee and approved by the Board of Directors at their meeting held on 15/02/09, Mr. G M S Narayanan, be and is hereby re-appointed as the Whole Time Director of the company for a further period of five years on rotational basis with effect from 15th February 2009 on a remuneration by way of salary of Rs. 50,000/- per month excluding the allowances/perquisites as detailed in the explanatory statement annexed hereto and the reappointment made by the Board of Directors be and is hereby ratified, confirmed and approved."
 - b) **"RESOLVED FURTHER THAT** the aggregate of overall remuneration including all perquisites payable to Mr.G.M.S.Narayanan, Whole-time Director shall not exceed Rs. 75,000/- per month calculated as per the provisions of Section II (I) of Part II of Schedule XIII of the Companies Act, 1956."
6. To consider and if thought fit to pass with or without modification the following Ordinary resolution
 - a) **RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, 310 read with Section II (I) of Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and based on the recommendation made by the Remuneration Committee and approved by
 - c) **"FURTHER RESOLVED THAT** the authority be and is hereby granted to the Board of Directors to alter and vary above salary as also the type and amount of perquisites and other benefits payable to Mr. G.M.S.Narayanan, in such manner as may be agreed to between the Board of Directors and Mr. G.M.S.Narayanan, provided, however, that the remuneration payable to him shall not exceed the limits prescribed under Schedule XIII to the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof."
 - d) **"RESOLVED FURTHER THAT** the company on attaining adequate profits, the Board of Directors/Remuneration Committee constituted by the Board do accept to vary the terms of remuneration and perquisites with the liberty to revise the remuneration payable to Mr.G.M.S.Narayanan if it in its absolute discretion thinks fit in accordance with the provisions of Section 198 read with Section 309 and Schedule XIII i.e. within the overall ceiling of 5% or 10% of the net profits of the Company calculated in the manner specified in the Act without further reference or approval from the shareholders of the Company."
 - e) **"RESOLVED FURTHER THAT** the information provided above shall be treated as an Abstract under section 302 of the Companies Act, 1956.
 - f) **"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its power herein conferred to any committee of directors or director(s) to give effect to the above resolution.

the Board of Directors at their meeting held on 15/02/09, Mr. K.Vasudevan, be and is hereby re-appointed as the Whole Time Director of the company for a further period of five years with effect from 15th February 2009 on a remuneration by way of salary of Rs. 50,000/- per month excluding the allowances/perquisites as detailed in the explanatory statement annexed hereto and the reappointment made by the Board of Directors be and is hereby ratified, confirmed and approved.

- b) **"RESOLVED FURTHER THAT** the aggregate of overall remuneration including all perquisites payable to Mr.K.Vasudevan, Whole-time Director shall not exceed Rs. 75,000/- per month calculated as per the provisions of Section II (I) of Part II of Schedule XIII of the Companies Act, 1956."
- c) **"FURTHER RESOLVED THAT** the authority be and is hereby granted to the Board of Directors to alter and vary above salary as also the type and amount of perquisites and other benefits payable to Mr. K.Vasudevan, in such manner as may be agreed to between the Board of Directors and Mr. K.Vasudevan, provided, however, that the remuneration payable to him shall not exceed the limits prescribed under Schedule XIII to the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof."

- d) **"RESOLVED FURTHER THAT** the company on attaining adequate profits, the Board of Directors/Remuneration Committee constituted by the Board do accept to vary the terms of remuneration and perquisites with the liberty to revise the remuneration payable to Mr.K.Vasudevan, if it in its absolute discretion thinks fit in accordance with the provisions of Section 198 read with Section 309 and Schedule XIII i.e. within the overall ceiling of 5% or 10% of the net profits of the Company calculated in the manner specified in the Act without further reference or approval from the shareholders of the Company."
- e) **"RESOLVED FURTHER THAT** the information provided above shall be treated as an Abstract under section 302 of the Companies Act, 1956.
- f) **"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its power herein conferred to any committee of directors or director(s) to give effect to the above resolution

By Order of the Board
for **FISCHER CHEMIC LIMITED**

Place : CHENNAI
Date : 29.08.2009

G.M.S. NARAYANAN
Whole time Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Members are requested to bring their copies of the annual report to the meeting.
3. Members are requested to notify immediately any change in their address to the Company's registered office or to the Registrar and transfer agent.
4. The Register of Members and share transfer books of the company will remain closed from Wednesday, 23rd September 2009 to Tuesday, 29th September 2009. (Both days inclusive).

5. Information pursuant to Clause 49 of the Listing Agreement for reappointment of Directors, retiring by rotation:

Item no. 2:

Mr.R.Venkatachalam aged 54 years is a Science Graduate from University of Madras and CAIIB and has rich experience in Banking Industry as a Senior Manager in a leading Nationalised Banks. His rich experience shall help the company for better management of working capital and Finance management. He does not hold any other directorships.

Item nos. 3 & 5:

Mr. G.M.S.Narayanan, aged 54 is a Post Graduate in Chemistry and he is a promoter Director of the company and is a director of the company since its

inception. He has worked in different capacities with erstwhile M/s. Glaxo Laboratories India Ltd. and resigned as a Senior Manager before joining M/s. Fischer Chemic Ltd. He has more than 25 years experience in the marketing and manufacturing of laboratory chemicals and he is well-known name in the industry. He has to his credit steering the company right from the inception and he is responsible for the company venture into speciality chemicals and contract manufacturing. He does not hold any other directorships.

He retires at the ensuing Annual General Meeting and is eligible for reappointment. On his re-election he shall continue to be Whole time Director. Mr.G.M.S.Narayanan, has been reappointed by the Board of Directors as Whole-time Director for a further period of five years.

Item nos. 6

Mr.K.Vasudevan, aged 53 years is a post graduate in Chemistry from Anna University, Chennai. He is a Promoter Director of the Company. He has worked in M/s. Glaxo Laboratories India Ltd. He has rich and varied experience in the manufacture and marketing of laboratory chemicals. He does not hold any other directorships.

EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 5 :

Mr.G.M.S.Narayanan, was appointed as Whole-time Director at the Annual General Meeting held on 23rd December 2004 with effect from 15th February 2004 for a period of five years upto 14th February 2009. The Board of Directors reappointed him as a Whole Time Director at its meeting held on 15th February, 2009 for a further period of five years based on the recommendation of the remuneration committee, on the following terms and conditions:

TERMS AND CONDITIONS:

1. Salary Scale per month : Rs. 50,000/- (Rupees Fifty Thousand only)
2. Perquisites : As in Category A and B

CATEGORY A :

HOUSING

1. House Rent Allowance of Rs 7,500/- (Rupees Seven Thousand Five Hundred only) per month.
2. The expenditure incurred by the company on gas, electricity water, etc. R. 2,500/- (Rupees Two Thousand Five Hundred only) per month.

MEDICAL REIMBURSEMENT :

1. Mr. G M S Narayanan and his family will be covered by a medical claim policy by the company and the premium will be subject to a ceiling of one month's salary per annum.
2. Medical Reimbursement allowance shall be maximum of one month's salary subject to deduction of medical insurance premium.

LEAVE TRAVEL CONCESSION:

1. For self and family once in a year in accordance with the rules of the company.

CLUB FEES

1. Fees of club, subject to a maximum of two clubs excluding admission and life membership fees.

EARNED LEAVE

1. Can avail of earned leave as per the rules of the company but not exceeding one month's leave for every 11 months subject to that leave accumulated but not availed will not be allowed to be encashed.

CATEGORY B

The Whole Time Director shall be entitled for reimbursement of all actual expenses including on entertainment and traveling incurred in the course of the company's business.

The company shall provide a chauffeur driven car to the Whole Time Director and reimburse petrol expenses for the car and provide telephone facility at the residence of the Whole Time Director. Reimbursement of petrol for car for the use of company's business and telephone facility at his residence will not be considered as perquisites.

Personal long distance calls on telephone will not be qualified for reimbursement.

The overall remuneration payable to Whole-time Director including salary and perquisites shall not exceed Rs. 75,000/- per month calculated as per the provisions of Section II (I) of Schedule XIII of the Companies Act, 1956.

On the company attaining profitability, the Remuneration Committee and the Board of Directors shall have the power to revise the remuneration in accordance with the limits form under Section 198 read with Section 309 of Companies Act, 1956.

Mr. G M S Narayanan will not be entitled for any sitting fees to attend the meetings of the Board of Directors or any Committee thereof.

The re-appointment and remuneration is as per the provisions of Section II (I) of Part II of Schedule XIII to the Companies Act, 1956. As the re-appointment and remuneration payable requires the approval of the shareholders, the Directors recommend the resolution 5 above.

The information provided above shall be treated as an Abstract under section 302 of the Companies Act, 1956.

None of the Directors except Mr. G M S Narayanan as the appointee is concerned or interested in the resolution.

Item No : 6

Mr.K.Vasudevan, was appointed as Whole-time Director at the Annual General Meeting held on 23rd December 2004 with effect from 15th February 2004 for a period of five years upto 14th February 2009. The Board of Directors reappointed him as a Whole Time Director at its meeting held on 15th February, 2009 for a further period of five years based on the recommendation of the remuneration committee, on the following terms and conditions:

TERMS AND CONDITIONS:

1. Salary Scale per month : Rs. 50,000/- (Rupees Fifty Thousand only)
2. Perquisites : As in Category A and B

CATEGORY A:

HOUSING

1. House Rent Allowance of Rs 7,500/- (Rupees Seven Thousand Five Hundred only) per month..
2. The expenditure incurred by the company on gas, electricity water, etc. R. 2,500/- (Rupees Two Thousand Five Hundred only) per month.

MEDICAL REIMBURSEMENT:

1. Mr. K. Vasudevan, and his family will be covered by a medical claim policy by the company and the premium will be subject to a ceiling of one month's salary per annum.
2. Medical Reimbursement allowance shall be maximum of one month's salary subject to deduction of medical insurance premium.

LEAVE TRAVEL CONCESSION:

1. For self and family once in a year in accordance with the rules of the company.

CLUB FEES

1. Fees of club, subject to a maximum of two clubs excluding admission and life membership fees.

EARNED LEAVE

1. Can avail of earned leave as per the rules of the company but not exceeding one month's leave for every 11 months subject to that leave accumulated but not availed will not be allowed to be encashed.

CATEGORY B

The Whole Time Director shall be entitled for reimbursement of all actual expenses including on entertainment and travelling incurred in the course of the company's business.

The company shall provide a chauffeur driven car to the Whole Time Director and reimburse petrol expenses for the car and provide telephone facility at the residence of the Whole Time Director . Reimbursement of petrol for car for the use of company's business and telephone facility at his residence will not be considered as perquisites.

Personal long distance calls on telephone will not be qualified for reimbursement.

The overall remuneration payable to Whole-time Director including salary, perquisites etc shall not exceed Rs. 75,000/- per month calculated as per the provisions of Section II (I) of Part II of Schedule XIII of the Companies Act, 1956."

Mr.K.Vasudevan, will not be entitled for any sitting fees to attend the meetings of the Board of Directors or any Committee thereof.

On the company attaining profitability, the Remuneration Committee and the Board of Directors shall have the power to revise the remuneration in accordance with the limits form under Section 198 read with Section 309 of Companies Act, 1956.

The re-appointment and remuneration is as per of Section II (I) of Part II of Schedule XIII to the Companies Act, 1956. As the re-appointment and remuneration payable requires the approval of the shareholders, the Directors recommend the resolution 6 above.

The information provided above shall be treated as an Abstract under section 302 of the Companies Act, 1956.

None of the Directors except Mr. K.Vasudevan as the appointee is concerned or interested in the resolution.

By Order of the Board
for FISCHER CHEMIC LIMITED

Place : CHENNAI
Date : 29.08.2009

G.M.S. NARAYANAN
Whole time Director

ANNEXURE A TO DIRECTORS REPORT

MANAGEMENT DISCUSSION ANALYSIS REPORT:

i) **Industry Structure and Developments :**

Profile : The Company is manufacturing laboratory chemicals under the brand name "FISCHER" and the brand is known to customers for more than two decades. Company has elaborate manufacturing facility near Chennai in the state of Tamil Nadu, India.

Product Range : Our product range varies from laboratory reagent grade which are normally used in any laboratory for estimate, to highly specialized grade like HPLC grade solvents.

Production : Production of various grades of laboratory chemicals is done through GMP using custom made machineries like glass lined/rubber lines/SS reactors, distillation assemblies – glass/stainless steel and finished products are packed under controlled conditions.

Quality Control : Fischer Chemic Limited gives much importance to the end product quality which is well reflected in the Company's growth as well as increased customer preference for the Company's Products. All Products are tested as per international standards using state of the art quality control instruments like UV Spectrophotometer, GC, HPLC, etc. which are ISO certified instruments. Company also has got good wet analysis laboratory for volumetric and gravimetric work. People engaged in the activity of certifying the end quality of our product are so dedicated ensuring the right quality to our customers.

Distribution : Company has got a well established net work of distributors who are also supplementing our effort to give effective service to our customer. Company has also entered into rate contract with premier institutions/ industries across the country.

Specialty Chemicals : The Company has created new facility for manufacturing custom made molecules for Research purpose. The Company is also engaged in Contract manufacturing of complex Organic molecules intermediates under CRAM model.

ii) **Opportunities and Threats :** The facility created by the company are being put to use for manufacturing Speciality Chemicals, Contract Manufacturing of complex organic molecules, intermediates and Laboratory Chemicals and Reagents. The Companies Products are also being exported to Prestigious Countries like US, Sri Lanka, Middle East etc., In view of the varied Customer Profile / Product Profile the

company is sure to come out from the recession being experienced by the user industries.

iii) **Segment - wise or Product - wise performance**

The company has a well diversified and balanced sales performance in the various divisions: Laboratory chemicals 50% Specialty Chemicals, contract manufacturing and custom synthesis 50%.

iv) **Outlook :** The Company is experiencing severe recession due to slump in demand faced by the user industries. The Company has resorted to severe cut in production, manpower, and are effectively tackling the situation. The Recession still continues and the company sale is severely affected in the first quarters of the current year. (i.e 2009-2010). The Company is confident that significant improvement is in the offing from end of October, 09.

v) **Risks and concerns:** The Cost of Raw Materials, Packaging Materials, Consumables, used by the company are increasing continuously, due to steep increase in Raw Material price, cost of various inorganic metal, Consumables. Due to severe competition the company is unable to pass on the increased cost to the customers, resulting in reduced profitability. However the company is managing by means of tight control on cost and inventories, cashflow etc.

vi) **Internal Control systems and their adequacy**

For the type of operation, the company has effective internal control system in all areas of operation.

vii) **Discussion on financial performance with respect to operational performance**

The company has clocked a turnover of Rs.260.58 lakhs during the year and made a profit of Rs.60.92 lakhs. This is possible due to better utilization of various facilities and concentrating into profitable product mix. The company has also crated additional facilities, balancing equipment to strengthen the manufacturing activities.

viii) **Material Development in Human Resources / Industrial Relations Front, including number of People employed.**

During the year the company has closed the marketing activities in West Bengal and Orissa due to poor response and logistic reasons. The number of field force is also reduced from 15 nos to 5 nos as a cost cutting measures. The Company is making all efforts in retaining the technical manpower numbering about 70 during the year and the attrition rate is within the industrial average. The Industrial relationship has been very cordial throughout the year.

ANNEXURE B TO DIRECTORS REPORT**REPORT ON CORPORATE GOVERNANCE****1. Company's Philosophy on Code of Governance:**

Fischer Chemic Ltd. is committed to good Corporate Governance. The core objective is "enhancement of the long term shareholders value while at the same time protecting the interests of individual shareholders". Fischer Chemic's code of Corporate Governance has been drafted in compliance with the code of Corporate Governance as amended by the Securities and Exchange Board of India (SEBI).

2. Board of Directors:

The Board of Directors of Fischer Chemic Limited has the right mix of executive and non-executive directors, i.e. Two Executive Directors and three Non-executive Independent Directors. During the financial year 2008-2009, Eight (8) meetings were held viz., from 1st April 2008 to 31st March 2009 on the following dates: 30.4.2008, 31.7.2008, 25.08.2008, 13.10.2008, 31.10.2008, 29.11.2008, 30.01.2009 and 15.02.2009 The Annual General Meeting was held on 30th December 2008.

The composition and membership on other Boards, Committees of Directors and attendance of Directors at the Board of Directors Meetings held during the Financial Year 2008-2009 and the last AGM held on 30.12.2008 is given below.

Composition, Attendance of each director at the Board Meetings and at the Last AGM and the number of other directorship, committee memberships are set out below:-

Name of the Director	Category	Attendance Particulars		Number of other Directorships and Members/Chairmanships	
		Board Meeting	Last AGM (Yes/)	Other Directorships	Committee (Other than Fischer)
Shri.G.M.S.Naryanan	Whole-Time Director -- Executive	8	Yes	-	-
Shri.K.Vasudevan	Whole-Time Director -- Executive	8	Yes	-	-
Shri. V.Ganesh	Non-Executive Independent	8	Yes	-	-
Shri.R.Venkatachalam	Non-Executive Independent	8	Yes	-	-
Shri.V.Balakrishna	Non-Executive Independent	8	Yes	-	-

3. BOARD COMMITTEES:-**A. Audit Committee:****Role and Terms of Reference:**

The role and terms of reference of the Audit Committee cover the area mentioned under Clause 49 of the Listing agreement besides other terms as may be referred from time to time by the Board of Directors of the Company.

The broad terms of reference of the audit committee were to review the following issues:

- Oversee company's financial reporting process and disclosures of its financial statements are correct, sufficient and credible.
- Recommend appointment and removal of statutory auditors, fixation of audit fee and also approve payment of other service.
- Review the adequacy of internal control system with the Management, Statutory auditors and Internal auditors.
- Review the Company's financial and risk management policies.

Composition:-

The company derived immense benefit from the deliberation of audit committee with the following three Non-Executive Independent Directors of the company:

Shri.V.Balakrishna	Chairman
Shri.R.Venkatachalam	Member
Shri.V.Ganesh	Member

Meeting and Attendance of the Committee:-

During the financial year five Audit Committee meetings were held on the following dates: 30.04.2008, 31.07.2008, 31.10.2008, 29.11.2008, 30.1.2009.

The Attendance of Directors at the Audit Committee Meetings held during the year 2008-2009 is given below:

Name of the Director	Attendance Meetings Held	Particulars Meetings Attended
Shri.V.Balakrishna	5	5
Shri.R.Venkatachalam	5	5
Shri. V.Ganesh	5	5

B. Remuneration Committee:

The Remuneration Committee comprises of three non-executive Directors viz.:

Shri.V.Balakrishna	Chairman
Shri.R.Venkatachalam	Member
Shri. V.Ganesh	Member

Terms of reference:

The terms of reference of the Remuneration Committee are as per the guidelines set out in the Listing Agreement with the stock exchanges that include determination of the Company's policy on specific remuneration packages for Directors.

During the year one meeting of the remuneration committee was held on 15/02/2009, to consider and recommend the remuneration payable to Mr.G.M.S.Narayanan, Whole-Time Director and Mr.K.Vasudevan, Whole-Time Director on their reappointment with effect from 15/02/2009 for a further period of five years.

k. COMPLIANCE CERTIFICATE

In accordance with Section 383A of the Companies Act, 1956, and Companies (Certificate) Rules, 2001, the Company has obtained a certificate from M/s. Lakshmmi Subramanian & Associates, Chennai, Secretary in whole time practice and a copy of such certificate is annexed (Annexure C) to this report.

l. DEPOSITS

The company has not accepted any fixed deposits from the public during the year under review.

m. CONSERVATION OF ENERGY

The Company has been continuously taking all possible measures to conserve energy. The Company's manufacturing process is not power intensive.

Power Consumption :

Particulars	2008-09	2007-08
Unit Consumed	138278	113240
Amount (Rs.in Lakhs)	6.21	5.64
Rate per Unit	4.49	4.98

n. RESEARCH & DEVELOPMENT

R&D facilities are continuously used for upgrading the quality of end products and also for synthesizing specialty chemicals.

o. FOREIGN EXCHANGE EARNINGS AND OUTGO

The company has earned an amount of US \$ 25414 and the company has not incurred any foreign exchange expenses.

p. DIRECTORS REPLY TO THE QUALIFICATIONS SPECIFIED IN AUDIT REPORT**4.6.1 of Auditors Report and 15(a) of Notes on Accounts**

The Company has already initiated Reconciliation of Accounts of Sundry Debtors, Creditors Unsecured Loans, Deposits and in view of the continuous dealing with some of the Creditors and Debtors the Reconciliation is still under process. However, Reconciliation is completed for major parties.

4.4 & 4.6.2 of Auditors Report and 15(b) of Notes on Accounts

The Company is following the policy of providing Gratuity and encashment of leave as and when they become eligible and as per the rules of the employment terms and as per the management estimates. The same is provided current year also. The Company will arrange for independent actuarial valuation during the course of the current year. Any difference estimated will be duly provided.

4.7.1. of Auditors Report

The Company has initiated actions to segregate

vendors as per the status Micro, Small, Medium by intimating vendors and the same will be completed in the current year.

(i) (a) & (b) of Annexure to Auditors Report

Records and Quantitative details is being updated and the same will be completed in the course of the current year. Physical verification of the Fixed Assets is also initiated.

(vii) of Annexure to Auditors Report

The Company has initiated plans to strengthen the internal audit system during the course of the year.

(ix) of Annexure to Auditors Report

Major portion of Provident Fund has been cleared, regarding ESI, payment is regular for the current year and demand for the earlier years will be cleared during the course of the year. The company has plan to clear the dues of Wealth Tax and FBT during the current year.

(x) of Annexure to Auditors Report

Being an SSI industry, the company is not coming under the purview of BIFR.

15 (c) of Notes on Accounts

As regards the observation of the auditor regarding the appointment of Company Secretary, we would like to clarify that as per the amendment dated 5th January 2009 to Section 383A of the Companies Act, 1956, any company having a paid up share capital of less than Rs.5 crores, can obtain a certificate from a secretary in whole time practice under Rule 3 of the Companies (Companies Certificate) Rules, 2001 in case of whole time company secretary is not appointed. Hence the Company has obtained a certificate from M/s. Lakshmmi Subramanian & Associates, Chennai, Secretary in whole time practice, which is annexed to this report.

q. ACKNOWLEDGEMENTS:

The Board of Directors of the company would like to thank and wish to express the appreciation for the committed services by all the employees of the company. The Board place on record their appreciation for the support and cooperation your company has been receiving by bankers, customers, distributors, suppliers. The Directors also wish to thank the stakeholders, regulatory and government authorities for their support.

By Order of the Board
for FISCHER CHEMIC LIMITED

Place : CHENNAI

G.M.S. NARAYANAN

K. VASUDEVAN

Date : 29th August 2009

Whole time Director

Whole time Director

DIRECTORS REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting to you the 16th Annual Report together with the AUDITED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009.

a. FINANCIAL PERFORMANCE:

Particulars	Year Ended	
	31 st March 2009 (Rs.in Lakhs)	31 st March 2008 (Rs.in Lakhs)
Profit (loss) before interest & Depreciation	95.40	86.06
Interest	2.93	11.02
Depreciation	31.55	26.13
Loss brought forward from Previous year	(376.05)	(429.22)
Balance Loss: Carried forward	(317.75)	(376.05)

b. DIVIDEND

In view of the accumulated loss, the Board of Directors have decided not to recommend any dividend for the year 2008 - 2009.

c. PERFORMANCE DURING THE YEAR 2008-2009

During the year under review your company has posted a sale of Rs.260.58 Lakhs against a turnover of Rs.366.00 Lakhs in the previous year. Your Company's sale is severely affected during the year under review due to severe recession experienced by the user segment. The company has to cut the production drastically and had to resort to severe reduction in expenses. The Company made a net profit of Rs.60.92 Lakhs during the year.

d. FUTURE PROSPECTS

Your company has created substantial facilities for Custom Synthesis, Contract Manufacturing and Speciality Chemicals. This infrastructure will certainly help the company to leverage on Market Opportunities being presented in the coming years. The company is operating on large segment of customers and assure to reap benefits in the coming years.

e. DIRECTORS

Mr.G.M.S.Narayanan and R.Venkatachalam Directors of the company retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

The approval of the shareholders for confirmation to the reappointment of Mr.G.M.S. Narayanan, as Whole-time Director and Mr.K.Vasudevan, as Whole-time Director is required at the ensuing Annual General Meeting.

f. PARTICULARS OF EMPLOYEES

During the year under review there were no

employee in respect of whom information as per Section 217 (2A) of the Companies Act 1956 is required to be given in the Directors report.

g. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, Your Directors confirm that they had : Followed in the preparation of Annual Accounts, the applicable Accounting standards and given proper explanations relating to material departures, if any ;

Selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities; and Prepared the Annual Accounts on a going concern basis.

h. CORPORATE SOCIAL RESPONSIBILITIES

The Manufacturing process and plants of your company adhere with the standards laid down by various statutory / regulatory authorities for the protection of environment and workers safety. Your company has obtained ISO 9001-2000 from M/s. TUV India Private Limited.

i. CORPORATE GOVERNANCE

Your company recognizes the importance and need of good Corporate Governance as an important step in creating stakeholders confidence and for a healthy and stable Capital Market thereby enhancing the long term enterprise value. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report and Corporate Governance Report along with Auditors' Certificate regarding Compliance of the conditions of Corporate Governance are given as part of this Annual Report (Annexure 'A', 'B', 'C').

j. AUDITORS

M/s.Manian & Narayanan, Chartered Accountants, Chennai Statutory Auditors of the company retires at the ensuing Annual General Meeting and being eligible have given the consent for reappointment. The Company has also received a confirmation from them that their appointment would be within the limits prescribed under Proviso of Section 224 (1B) of the Companies Act, 1956.

Remuneration Policy:

The remuneration of the Executive Directors is recommended by the Remuneration committee, based on criteria such as industry benchmarks, the Company's performance vis-à-vis the industry and responsibilities shouldered. The Company pays remuneration by way of salary and perquisites to its Executive Directors.

The Non-executive Directors are not paid any remuneration. Further the company has not entered into any pecuniary relationship or transactions with the Non-executive directors.

The details of the remuneration paid/payable to the Directors during the Financial Year 2008-2009 are as under:

Name of the Director	Salary & Perquisites (Rs.)	Sitting Fees (Rs.)	No. of shares held
Shri.G.M.S.Naryanan	426000	-	243276
Shri.K.Vasudevan.	426000	-	263676
Shri. V.Ganesh	-	Nil	Nil
Shri.R.Venkatachalam	-	Nil	45800
Shri.V.Balakrishna	-	Nil	7700

C. Shareholders Committee:

Composition:-The Shareholders Committee comprises of:

1. Mr. R.Venkatachalam, Chairman of the Committee
2. Mr. K. Vasudevan, Member
3. Mr. G. M. S. Narayanan, Member

The terms of reference of this committee are as under:-

The shareholders committee specifically looks into redressing of shareholder's and investor's complaints such as transfer of shares, non-receipt of shares, non-receipt of declared dividend and to ensure expeditious share transfers.

Meeting and Attendance of the committee:-

The said Committee met 15 times during the year 2008-2009. Mr .K. Vasudevan, Director is the Compliance officer.

Shareholders queries received and replied in 2008-2009.

During the Financial Year 2008-2009, two investor complaints were received from the shareholders. There are no complaints pending as on date of this report. There were no share transfers pending registration as at 31st March 2009.

In case of any investor complaint, shareholders are requested to address the same to fischerchemic@gmail.com

4. General Body Meetings:

The particulars of Annual General Meetings held during the last three years are as under:

Year	Date and Time	Venue
2005-2006	29 th December 2006 at 10.30 a.m.	Sri Arjuna Mini Hall, #5, Panagal Street, Thiruvallur -602001
2006-2007	27 th December 2007 at 10.30 a.m.	Sri Arjuna Mini Hall, #5, Panagal Street, Thiruvallur -6020012006
2007-2008	30 th December 2008 at 10.30 a.m.	Sri Arjuna Mini Hall, #5, Panagal Street, Thiruvallur -602001

I) Special Resolution Passed in the Past three AGM's:-

No special resolutions were passed during the last three annual general meetings.

II) Postal Ballots:

No resolutions were passed through Postal Ballot during the financial year under review.

5. Disclosures:

- a. Related Party Transactions: The Company has not entered into any transactions of a material nature with the Promoters, the Directors or the Management, their subsidiaries or relatives, etc, that may have potential conflict with the interests of the Company. The necessary disclosures regarding the transactions are given in the Notes to the Accounts.
- b. The trading of the equity shares of the company have been suspended from the Bombay Stock Exchange since September 20, 2006. Steps are being taken by the company for revocation of the suspension. There were no penalties or strictures imposed on the Company by SEBI or any statutory authority on any matter related to Capital Markets during the last three years.
- c. Disclosure on accounting treatment: No differential treatment from the Accounting standard was followed in the preparation of the financial statements.
- d. The company does not have a Whistle Blower Policy and no employee has been denied access to approach the audit committee to report any serious concerns.
- e. No money has been raised through Public / right / Preferential issue during the year.

6. Means of Communication:

The financial results are published in newspapers.

7. Management Discussion and Analysis Report:

Management Discussion and Analysis Report forms a part of the Directors Report.

(ix) Share Transfer System: Presently the share transfer documents which are received by the Company are processed, approved and kept ready for despatch within 15 days from the date of the receipt.

8. General Shareholders Information:

(i) Date of Annual General Meeting : 29th September 2009
Time : 10.30 a.m.
Venue : Sri Arjuna Mini Hall,
#5, Panagal Street,
Thiruvallur -602001

(x) Distribution of Shareholding as on 31.3.2009:

Range	No. of share-holders	% to total	Share/ Debenture Amount (Rs.)	% to total
Up to 5000	8705	93.131	11994480	34.868
5001-10000	342	3.659	2707000	7.869
10001-20000	170	1.819	2645000	7.689
20001-30000	58	0.621	1484000	4.314
30001-40000	17	0.182	604000	1.756
40001-50000	22	0.235	1050000	3.052
50001-100000	15	0.160	1027000	2.985
100001 & above	18	0.193	12888520	37.467
Total	9347	100.000	34400000	100.000

(ii) Financial Calendar :
Results for the quarter ending June 30, 2009 : Last week of July 2009
Results for the quarter ending September 30, 2009 : Last week of October 2009
Results for the quarter ending December 30, 2009 : Last week of January 2010
Results for the quarter ending March 31, 2010 : Last week of April 2010
Annual General Meeting : By 3rd/4th week of September 2010

(xi) Shareholding Pattern as on 31.3.2009:

Category	No. of Shares Held	Percentage of Share holding
A. PROMOTER HOLDING		
1. Promoters		
Indian Promoters	560452	16.29%
Foreign Promoters	NIL	
2. Persons acting in concert	NIL	
Sub-Total	560452	16.29%
B. Non-Promoters Holding		
Institutional Investors	NIL	NIL
a. Mutual Funds and UTI	3300	0.10%
b. Banks, financial Institutions, Insurance Companies (central/state Govt. Institutions /Non-government Institutions)	NIL	NIL
c. FIs	NIL	NIL
Sub-Total	3300	0.10%
4. a. Private Corporate Bodies	76100	2.21%
b. Indian Public	2749748	79.94%
c. Clearing Member	45200	1.31%
d. HUF	5200	0.15%
Sub-Total	2876248	83.61%
Grand Total	3440000	100.00%

(iii) Book-Closure Dates : 23rd September 2009 to 29th September 2009 (Both days inclusive)

(iv) Dividend Payment Date : No Dividend recommended for the year 2008-09

(v) Listing on the Stock Exchanges : The Equity shares of the Company are listed in the Bombay, Madras and Coimbatore stock exchanges.

(vi) Stock Code : Bombay Stock Exchange - 524743

(vii) Stock Market Data :
Bombay Stock Exchange: High and Low quotations of the Company's shares during the period 1st April 2008 to 31st March 2009:

The trading of the equity shares of the company have been suspended from the Bombay Stock Exchange since September 20, 2006. Steps are being taken by the company for revocation of the suspension.

(viii) Registrar and Share Transfer Agents :
M/s. Cameo Corporate Services Limited.
"Subramanian Buildings"
1, Club House Road, Chennai- 600 002.

(xii) Dematerialisation of shares: The equity shares of the company have been admitted for dematerialization with CDSL. The ISIN No. of the Company is INE771F01017. 8.24% of the Company's paid up Equity share capital has been dematerialized upto March 31, 2009.

(xiii) Registered Office and Works:

Plot No. 111, SIDCO Industrial Estate,
Kakallur, Thiruvallur District,
Tamil Nadu
Branches: Hyderabad,

(xiv) Address for Correspondence:

Fischer Chemic Ltd
3/240, Govindan Nagar,
Palavakkam,
Chennai 600 041

(xv) E-Mail ID of Investor Grievance redressal cell :

fischerchemic@gmail.com

9. Non-Mandatory Requirements:

- Chairman of the Board: The company maintains the office of the Chairman at its Corporate Office and also reimburses the expenses incurred in performance of duties.
- The Board has duly constituted a Remuneration Committee under the Chairmanship of Mr. V. Balakrishna, which determines the remuneration package for Executive Directors.
- Shareholder Rights: The financial results are published in newspapers.

- Audit qualifications: The Company is moving towards a regime of unqualified financial statements.
- Training of Board members: Periodical meetings are held with skilled consultancy agencies for the Board members to appraise them in recent developments and existing laws and practices
- Mechanism of evaluating Non-executive directors: Same as above.
- Whistle Blower Policy: As mentioned earlier, the Company does not have a Whistle blower policy.

DECLARATION

I G. M. S. Narayanan, Whole-Time Director of the company, hereby declare that the Board of Directors has laid down a code of conduct for its Board members and senior Management of the company and Board members have affirmed compliance with the said code of conduct. The code of conduct is posted on the website of our company at www.fischerlab.com.

for Fischer Chemic Limited

Place: Chennai
Date: 29th August 2009

G.M.S.Narayanan
Whole-Time Director

ANNEXURE C TO DIRECTORS REPORT**Compliance Certificate**

Registration No. 18-024661
Authorised Capital: Rs. 4,00,00,000/-

To,
The Members,
M/s. FISCHER CHEMIC LIMITED

We have examined the registers, records, books and papers of **FISCHER CHEMIC LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March 2009**. In our opinion and to the best of our information and according to the examinations carried out by us and information, explanations and declaration furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

- The company had kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made there under and all entries therein have been recorded.
- The company had filed all forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, on the dates mentioned there in.
- The company being a public limited company the applicability of section 3(i)(iii) does not arise.

- The Board of Directors duly met **8 (Eight)** times on **30.04.2008, 31.07.2008, 25.08.2008, 13.10.2008, 31.10.2008, 29.11.2008, 30.01.09 and 15.02.2009** in respect of which meetings proper notices were given and the proceedings were recorded in the Minutes Book maintained for the purpose.
- The company has closed its Register of Members from 24th December 2008 to 30th December 2008 and necessary compliance of section 154 of the act has been made.
- The Annual general meeting for the financial year ended on **31.03.2008** was held on **30.12.2008** after giving notice to the members of the company and the resolutions passed thereat were recorded in Minutes Book maintained for the purpose.
- No Extra Ordinary General Meeting was held during the financial year under review.
- According to the information and explanation furnished by the management, the company has made some trade advances to a company referred in the section 295 of the Act. However in the opinion of the management since the amount being a trade advance made in the prevailing market price and hence the said transaction shall not fall under the purview of section 295 of the Act.
- According to the information and explanation furnished by the management, the company had entered into any transaction with related party. However no approval of the Central Government was obtained since the said transaction was at the prevailing market price. Accordingly no Central Government approval had been obtained.

10. The company had made necessary entries in the register maintained under Section 301 of the Act.
11. In the opinion of the management, as there was no instance falling within the purview of Section 314 of the Companies Act, 1956 during the financial year under review and hence the necessity for obtaining any approval from the Board of Directors, members, Central Government during the financial year under review does not arise.
12. The Board of Directors of the company had not approved any issue of duplicate share certificates during the year under review.
13. The Company, during the financial year under review has,
 - (i) Delivered all the share certificates on lodgment thereof for transfer of shares in accordance with the provisions of the Act and there was no allotment or transmission of shares during the financial year under review.
 - (ii) Not declared dividend/interim dividend during the financial year and hence the question of opening of a separate bank account within stipulated period does not arise.
 - (iii) Not declared any dividend including interim dividend, hence the question of payment/posting of dividend warrants with in the stipulated time and transfer of unpaid/unclaimed dividend to "unclaimed dividend account" of the company does not arise.
 - (iv) No unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon, which has remained unclaimed or unpaid for more than seven years to be transferred to Investor Education and Protection Fund.
 - (v) Generally complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the company is duly constituted and there was no appointment of directors, additional directors, alternate directors and directors to fill casual vacancies were made during the financial year under review.
15. The appointment of Whole-time Directors has been made in compliance with the provisions of section 269 read with Schedule XIII to the Act. However the company is yet to file necessary forms with Registrar of Companies.
16. The company has not appointed any sole-selling agents during the financial year under review.
17. During the financial year under review the company had obtained approval from the Registrar of Companies seeking extension of time for holding its Annual General Meeting and apart from the above the company had not obtained any approval from the Central Government, Company law Board, Regional Director or other authorities as may be prescribed under the various provisions of the Act
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The company had not issued any shares / debentures / other securities during the financial year under review.
20. The company had not made any buy back of shares during the financial year under review.
21. The company had not issued any Preference shares/debentures hence the question of redeeming any preference share/ debenture does not arise.
22. During the financial year under review the company had not kept in abeyance rights to dividend rights shares and bonus shares pending registration of transfer of shares.
23. The company had not accepted any deposits from the public except the unsecured loans from Directors, Body Corporate & others which in the opinion of management are not deposits and hence not complied with the provisions of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975.
24. During the year under review the amount borrowed by the company from its directors, banks and others are within the borrowing limits of the company.
25. According to the information and explanations given by the management, the company has not made any investments or given guarantees or provided securities to other body corporate except the trade advances to another body corporate which in the opinion of the management was not loan and hence the provisions of Section 372 A of the Companies Act, 1956 is not applicable and accordingly no entries in the register were made.
26. The company had not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the financial year under review.
27. The company had not altered the provisions of the memorandum with respect to the objects of the company during the financial year under review.
28. The company had not altered the provisions of the memorandum with respect to name of the company during the financial year under review.
29. The company had not altered the provisions of the memorandum with respect to the share capital of the company during the financial year under review.
30. The company has not altered its Articles of Association during the financial year under scrutiny.
31. As per the information, explanations and declaration furnished by the management, no prosecution had been initiated against the company nor show-cause notices had been received by the company for any alleged offences under the Act and consequently the question of fine or penalties does not arise.
32. As per the information given by the management, the company had not received any amount as security deposits from it

employees pursuant to the provisions of section 417(1) of the Act during the year under certification and hence the question of depositing the same does not arise.

33. The company has not deposited the employee's & employees contribution to Provident fund authorities pursuant to section 418 of the Act and as on the financial year end under review the company is having arrears of Rs.1,14,431/-.

Place : Chennai

Signature: —sd—

Date : 29.08.2009

Name of Company Secretary:

P.S.Srinivasan

C. P. No.: 3122

Annexure A

Registers as maintained by the Company:

- 1) Register of Members u/s 150 of the Companies Act, 1956 (Computerized)
- 2) Register of Directors u/s 303 of the Companies Act, 1956
- 3) Register of Charges u/s 143 of the Companies Act, 1956

CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To

The Members of

M/s. FISCHER CHEMIC LIMITED

(Formerly Fischer Inorganics & Aromatics Limited)

We have examined the compliance of conditions of corporate governance by M/S. FISCHER CHEMIC LIMITED for the year ended on 31st March, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The objective of our examination is to give our opinion on whether the company has complied with the conditions of Corporate Governance as stipulated in the provisions of Clause 49 of the Listing agreement entered into by the company with the listed stock exchanges of India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company

AUDITOR'S REPORT

To

The Members

M/s. FISCHER CHEMIC LIMITED

Chennai

We have audited the attached Balance Sheet of Fischer Chemic Limited, as at 31st March 2009, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

- 4) Register of Directors' Shareholdings u/s 307 of the Companies Act, 1956 (Computerized)
- 5) Register of Companies and Firms in which Directors of the Company are interested u/s 301 of the Companies Act, 1956.
- 6) Minutes of the Annual General Meeting/Extra Ordinary General Meeting & Board Meetings u/s 193 of the Companies Act, 1956.
- 7) Register of companies and firms in which the directors of the company are interested under section 297, 299, 301 and 301 (3)

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ending on **31st March 2009**.

Name of the Document	Date of Event	Date of filing	Due Date	Remarks
Form 23AC & ACA	31.03.2008	27.01.2009	30.01.2009	InTime
Form 20B	30.12.2008	27.02.2009	28.02.2009	InTime
Form 61	--		--	In Time

for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

On the basis of review and according to the information and explanation given to us and representation made to us by the Management, we state that to the best of our knowledge and belief the Company has complied in all material respects with the conditions of corporate governance stipulated in Clause 49 of the above-mentioned listing agreement.

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

for **MANIAN & NARAYANAN**
Chartered Accountants

C. Subramanian
Partner

Place: Chennai

Date : 29th August 2009

M.NO. 27959

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order,

2004 (together "the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, of India (the "Act") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in paragraph 3 above, we report that: -

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of audit.

In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books.

The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

- 4.4 In our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards, *except as stated in Note 15(b) of Schedule No. 19- Notes on Accounts*, Referred to in Section 211 (3C) of the Companies Act, 1956.
- 4.5 On the basis of the written representations received from the Directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- 4.6 Attention is invited to the following matters:

4.6.1 *Confirmation of balance as on 31st March 2009 is pending from Sundry Debtors, Sundry Creditors, Unsecured Loans, Loans &*

Annexure Auditor's Report

(Referred to in paragraph 3 of our report of even date to the Members of FISCHER CHEMIC LIMITED on the Financial Statements for the year ended 31st March, 2009)

- (i) (a) *The Company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets. The Fixed Assets Register needs to be updated to provide full particulars including quantitative details and situation of fixed assets.*
- (b) *The fixed assets have not been verified by the management at reasonable intervals and hence reporting on any material discrepancies on such verification does not arise.*
- (c) *The Company has not disposed off substantial part of fixed assets during the year,*
- (ii) (a) *As explained to us, inventories were physically verified during the year by the management.*

Advances, Deposits and Other Current Assets as mentioned in Note No.15 (a) of Schedule No.19 - Notes on Accounts wherein the effect on the profit is not quantifiable.

4.6.2 *The Company has provided for the liability on Gratuity and compensated absences on the basis of the estimates made by the Management without obtaining the Actuarial valuation as mentioned in Note No.15 (b) of Schedule No.19 – Notes on Accounts, wherein the effect on the Profit is not quantifiable.*

4.7 Attention is invited to the following matters:

4.7.1 *The Company has not received information from vendors regarding their status under Micro, small and Medium Enterprises Development Act, 2006 as mentioned in Note No. 12 of Schedule No. 19 – Notes on Accounts.*

4.8 In our opinion and to the best our information and according to the explanations given to us read together with the accounting policies and notes thereon, the said accounts *subject to paragraph 4.6 above*, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2009;

in the case of the Profit & Loss Account of the PROFIT of the company for the year ended on that date; and

in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

for **MANIAN & NARAYANAN**
Chartered Accountants

C. Subramanian
Partner

Place: Chennai
Date: 29th August 2009

M.NO. 27959

(b) In our opinion, the procedure of physical verification of inventories followed by the Management is reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and material discrepancies noticed during such physical verification have been properly dealt with in the books of accounts.

(iii) (a) The Company had granted unsecured loans to a Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 6.50 lakhs and the year end balance was Rs. NIL.

(b) In our opinion and according to the information and explanations given to us, the rate of interest wherever applicable and other terms and conditions on which the

loans granted to Company are not, prima facie, prejudicial to the interest of the Company.

- (c) In respect of loans granted by the Company wherever stipulated, the interest and the principal amount were regular and the loan was squared off during the year.
- (d) There are no overdue amounts in respect of loans granted to company and hence the reporting of steps taken for recovery does not arise.
- (e) The Company had taken unsecured interest free loans from the Two of its Directors covered in the register maintained under Section 301 of the Companies Act, 1956 and the maximum amount involved during the year was Rs. 37.98 lakhs and the year-end balance was Rs. 36.28 lakhs.
- (f) In our opinion and according to the information and explanations given to us, the loans are interest free and other terms and conditions on which the loans have been taken from Parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (g) In respect of loans taken by the Company, they are interest free and no time limit for repayment is stipulated and hence reporting under the provisions of clause 4(1)(iii)(g) does not arise.

In our opinion and according to the information and explanations given to us, there are internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets, inventory and with regard to the sale of goods. During the course of our audit, we have not observed continuing failure to correct major weaknesses in internal control.

- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions / particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of rupees five lakhs in respect of any party during the year 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 any deposits from public during the year under the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 and hence the provisions clause 4(1)(vi) of the Order are not applicable to the company.
- (vii) In our opinion, the internal audit system of the company needs

to be strengthened to commensurate with the size and nature of its business.

- (viii) As per the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 hence the provisions clause 4(1)(viii) of the Order are not applicable to the company.
- (ix) (a) According to the records of the Company, the company is not regular in depositing the undisputed statutory dues relating to the contributions under Provident Fund Act, Employees' State Insurance Act and the Wealth Tax, Fringe Benefit Tax wherever applicable to it with appropriate authorities. The Company is generally regular in depositing other statutory dues, including, Excise Duty, Customs Duty and other applicable dues with appropriate authorities.

According to the information and explanations given to us, the undisputed amounts payable in respect of contributions under the Provident Fund Act, Employees' State Insurance Act and Fringe Benefit Tax under the Income Tax Act., which were in arrears as at 31st March, 2009 for a period of more than six months from the date they became payable are as given below:-

Nature of Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates
Provident Fund Act	Provident Fund Contribution	114,431	Financial Year 2008-09
Employees State Insurance Act	ESI Contribution	506,053	Financial Year 2006-07, 2007-08.
Income Tax Act, 1961	Fringe Benefit Tax	453,108	Financial Year 2006-07, 2007-08, 2008-09

- (b) According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, excise duty and cess, which have not been deposited on account of disputes.
- (x) In our opinion, the accumulated losses of the company are not less than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and during the immediately preceding financial year.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of its dues to any Bank / Financial Institutions at the Balance sheet date.
- (xii) In our opinion and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures

and other securities and hence the provisions clause 4(1)(xii) of the Order are not applicable to the company.

(xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society and hence, the provisions of clause 4(xiii) of the Order are not applicable to the company.

(xiv) In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments, and hence, the provisions of clause 4(xiv) of the Order are not applicable to the company.

(xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions and hence the provisions of clause 4(xv) of the Order is not applicable to the company.

(xvi) In our opinion and according to the information and explanations given to us, the Company has not availed any term loan during the year and hence the provision of clause 4(xvi) of the order is not applicable to the company.

(xvii) According to the information and explanation given to us and on the basis of an overall examination of the Balance Sheet of the Company, there are no funds raised on short-term basis which have been used for long-term investments.

(xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares during the year to parties and companies covered in the register

maintained under section 301 of the Companies Act, 1956, and hence provisions of clause 4(xviii) of the order is not applicable to the company.

(xix) According to the information and explanations given to us, the company has neither any outstanding debentures at the beginning of the year nor it has issued any debentures during the year and hence the provisions of clause 4 (xix) of the order are not applicable to the company.

(xx) According to the information and explanations given to us, the company has not raised money by public issues during the year and hence the provisions of clause 4 (xx) of the order are not applicable to the company.

(xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

for **MANIAN & NARAYANAN**
Chartered Accountants

C. Subramanian
Partner
M.NO. 27959

Place: Chennai
Date : 29th August 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

SOURCE OF FUNDS	SCH. NO	As at March 31, 2009 Amount in Rupees	As at March 31, 2008 Amount in Rupees
Shareholders' Funds			
Equity Share Capital	1	34,400,000	34,400,000
Reserves & Surplus	2	<u>1,500,000</u>	<u>1,500,000</u>
		35,900,000	35,900,000
Loan Funds			
Secured Loans	3	1,794,790	2,288,920
Unsecured Loans	4	<u>22,825,543</u>	<u>23,455,158</u>
		24,620,333	25,744,078
Deferred Tax Liabilities		<u>2,790,274</u>	<u>2,844,218</u>
TOTAL		<u>63,310,607</u>	<u>64,488,296</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	55,883,123	46,373,213
Less: Depreciation		<u>24,162,746</u>	<u>21,007,765</u>
Net Block		31,720,377	25,365,448
Current Assets , Loans & Advances			
Inventories	6	12,327,137	10,287,137
Sundry Debtors	7	11,039,153	18,886,616
Cash and Bank Balances	8	2,551,817	8,605,922
Loans & Advances	9	103,317	1,236,556
Other Current Assets	10	<u>805,081</u>	<u>708,053</u>
Total (A)		26,826,505	39,724,284
Less: Current Liabilities & Provisions			
Current Liabilities	11	26,228,873	37,739,992
Provisions	12	<u>632,222</u>	<u>316,048</u>
Total (B)		26,861,095	38,056,040
Net Current Assets(A) - (B)		(34,590)	1,668,244
Profit & Loss Account	13	31,624,820	37,454,604
TOTAL		<u>63,310,607</u>	<u>64,488,296</u>
SIGNIFICANT ACCOUNTING POLICIES &	19		

NOTES ON ACCOUNTS

As per our report of even date

for **Manian & Narayanan**
Chartered Accountants**C. Subramanian**
(Partner)
Membership No. 27959**G.M.S. NARAYANAN**
Whole Time Director**K.VASUDEVAN**
Whole Time Director

Place : Chennai

Date : 29th August 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCH	For the year ended	
		March 31, 2009	March 31, 2008
(Amount in Rs.)			
INCOME			
Sales		26,058,438	36,600,485
Other Income	14	9,198,952	70,732
		<u>35,257,390</u>	<u>36,671,217</u>
EXPENDITURE			
Cost of Goods Sold	15	13,932,220	16,393,461
Employee Remuneration & Benefits	16	3,397,623	3,576,772
Other Operating Expenses	17	7,881,850	8,153,826
Interest & Finance Charges	18	292,649	1,102,459
Depreciation		3,154,981	2,613,049
		<u>28,659,323</u>	<u>31,839,567</u>
Net Profit		6,598,067	4,831,650
Less: Prior period Item		506,053	-
Net Profit for the year before Taxation		<u>6,092,014</u>	<u>4,831,650</u>
Less: Provision for Wealth Tax		58,091	17,790
Provision for FBT		258,083	172,118
Provision for Tax - Deferred Tax (Asset)/Liability		(53,944)	(675,814)
Profit \ (Loss) after Taxation		<u>5,829,784</u>	<u>5,317,557</u>
Balance Brought Forward (Previous Year)		(37,605,276)	(42,922,833)
Balance taken to Balance Sheet		<u>(31,775,492)</u>	<u>(37,605,276)</u>
Earnings Per Share Basic / Diluted (Face Value Rs. 10/-)		1.69	1.55
SIGNIFICANT ACCOUNTING POLICIES &			
NOTES ON ACCOUNTS	19		

As per our report of even date
for **Manian & Narayanan**
Chartered Accountants

C. Subramanian
(Partner)
Membership No. 27959

G.M.S. NARAYANAN
Whole Time Director

K.VASUDEVAN
Whole Time Director

Place : Chennai
Date : 29th August 2009

Schedules Forming part of Balance Sheet as at March 31, 2009

	March 31, 2009	March 31, 2008
	Amount in Rs.	
SCHEDULE - 1 : EQUITY SHARE CAPITAL :		
Authorised - 4,000,000 (Pr. Yr. 4,000,000) Equity shares of Rs. 10/- each	40,000,000	40,000,000
Issued, Subscribed and Paid up Share Capital :		
3,440,000 (Pr. Yr. 3,440,000) Equity Shares of Rs.10/- each (Of the above 582,000 (Pr. Yr. 582,000) Equity Shares were allotted as fully paid-up pursuant to a contract without payment being received in cash)	34,400,000	34,400,000
	<u>34,400,000</u>	<u>34,400,000</u>
SCHEDULE - 2 : RESERVES & SURPLUS :		
Investment Subsidy	1,500,000	1,500,000
	<u>1,500,000</u>	<u>1,500,000</u>
SCHEDULE - 3 : SECURED LOANS :		
Loans under Hire Purchase Agreements - <i>Refer Note No.1 of Sch. 19</i>	533,463	2,288,920
Term Loan Against Fixed Deposit - <i>Refer Note No. 1 of Sch. 19</i>	1,261,327	-
	<u>1,794,790</u>	<u>2,288,920</u>
SCHEDULE - 4 : UNSECURED LOANS :		
From Directors	3,652,686	3,280,491
From Others	9,172,857	10,174,667
Inter Corporate Deposits	10,000,000	10,000,000
	<u>22,825,543</u>	<u>23,455,158</u>
SCHEDULE - 6 : INVENTORIES :		
Raw materials	845,201	485,201
Finished goods	11,072,508	9,552,508
Stores & Spares	409,428	249,428
	<u>12,327,137</u>	<u>10,287,137</u>
SCHEDULE - 7 : SUNDRY DEBTORS:		
[Unsecured, Considered Good for which the Company holds no securities other than debtors' personal securities]		
Debts outstanding for more than six months	8,781,240	-
Other Debts	2,257,913	18,886,615
	<u>11,039,153</u>	<u>18,886,615</u>
SCHEDULE - 8 : CASH & BANK BALANCES :		
Cash on Hand	66,794	66,834
Balance with Scheduled Banks - Deposit Account	2,268,889	5,335,753
- Current Account	216,134	3,203,335
	<u>2,551,817</u>	<u>8,605,922</u>

Schedules Forming part of Balance Sheet as at March 31, 2009

March 31, 2009 March 31, 2008
Amount in Rs.

SCHEDULE - 9 : LOANS & ADVANCES

(Advances recoverable in Cash or in kind or for value to be received,
Unsecured and considered good)

Staff & Other Advances	100,518	1,233,813
Balances with Customs & Excise Authorities	2,799	2,743
	<u>103,317</u>	<u>1,236,556</u>

SCHEDULE - 10 : OTHER CURRENT ASSETS :

Deposits	671,766	538,663
Prepaid Expenses	133,315	169,390
	<u>805,081</u>	<u>708,053</u>

SCHEDULE - 11 : CURRENT LIABILITIES :

Sundry Creditors		
For Goods	9,364,650	19,428,881
For Expenses	1,242,442	1,645,697
Credit Balances in Bank Account	6,112	488,737
Other Liabilities	15,615,669	16,176,677
	<u>26,228,873</u>	<u>37,739,992</u>

SCHEDULE - 12 : PROVISIONS :

Provision for Fringe Benefit Tax	556,341	298,258
Provision for Wealth Tax	75,881	17,790
	<u>632,222</u>	<u>316,048</u>

Schedules Forming part of Balance Sheet as at March 31, 2009

SCHEDULE 5 : FIXED ASSETS

ASSET	ORIGINAL COST			ACCUMULATED DEPRECIATION			NET BOOK VALUE	
	As on 01-04-2008 Rs.	For the year Addition Rs.	As on 31-03-2009 Rs.	As on 01-04-2008 Rs.	For the year Rs.	As on 31-03-2009 Rs.	As on 31-03-2009 Rs.	As on 31-03-2008 Rs.
Land	491,790	-	491,790	-	-	-	491,790	491,790
Factory Building	12,938,732	-	12,938,732	4,621,465	432,154	5,053,619	7,885,113	8,317,264
Material Handling & Auxillary Equipments	8,845,049	18,699	8,863,748	5,446,539	482,878	5,929,417	2,934,331	3,398,510
Plant & Machinery	10,394,891	9,105,260	19,500,151	5,282,527	904,633	6,187,160	13,312,991	5,112,364
Computers	1,031,370	20,950	1,052,320	873,396	169,911	1,043,307	9,013	157,974
Furniture & Fittings	2,026,810	15,000	2,041,810	1,601,971	128,300	1,730,271	311,539	424,839
Vehicles	10,644,572	350,000	10,994,572	3,181,867	1,037,105	4,218,972	6,775,600	7,462,705
Total	46,373,214	9,509,909	55,883,123	21,007,765	3,154,981	24,162,746	31,720,377	25,365,446
Previous Year	43,920,986	2,452,225	46,373,211	18,394,716	2,613,049	21,007,765	25,526,270	25,365,446

Schedules Forming part of Balance Sheet as at March 31, 2009

	March 31, 2009	March 31, 2008
	Amount in Rs.	
SCHEDULE - 13 : PROFIT and LOSS ACCOUNT		
a) Balance in Profit and Loss Account (A)	31,775,492	37,605,276
Less :		
b) General Reserves		
Opening Balance	42,000	42,000
Add: Transfer from Investment Allowance Reserve	108,672	-
Closing Balance (B)	150,672	42,000
c) Investment Allowance Reserve		
Opening Balance	108,672	108,672
Less: Transfer to General Reserve	108,672	-
Closing Balance (C)	-	108,672
Total (A-B-C)	<u>31,624,820</u>	<u>37,454,604</u>

Schedules Forming part of Profit and Loss Account as at March 31, 2009

	March 31, 2009	March 31, 2008
	Amount in Rs.	
SCHEDULE - 14 : OTHER INCOME :		
Interest Income (Gross) (TDS Amount Rs. 39,777)	438,366	8,798
Liabilities No Longer Required	8,553,978	-
Miscellaneous Income	206,608	61,934
	<u>9,198,952</u>	<u>70,732</u>
SCHEDULE - 15 : COST OF GOODS SOLD		
Raw Material, Stores and Spares		
Opening Stock	734,629	534,060
Add: Purchases	10,288,302	12,369,544
	<u>11,022,931</u>	<u>12,903,604</u>
Less: Closing Stock	1,254,629	734,629
Raw Material, Stores and Spares Consumed	<u>9,768,302</u>	<u>12,168,975</u>
Production Overhead		
Salary & Wages	3,900,536	2,664,897
Power & Fuel	692,092	974,380
Excise Duty	18,494	-
Transportation & Carriage Inwards	1,072,796	1,838,949
	<u>5,683,918</u>	<u>5,478,226</u>
Finished Goods		
Opening Stock	9,552,508	8,298,768
Less: Closing Stock	11,072,508	9,552,508
Increase/(Decrease) in stock of Finished Goods	<u>1,520,000</u>	<u>1,253,740</u>
	<u>13,932,220</u>	<u>16,393,461</u>

Schedules Forming part of Profit and Loss Account as at March 31, 2009

	March 31, 2009	March 31, 2008
	Amount in Rs.	
SCHEDULE - 16 : EMPLOYEE REMUNERATION & BENEFITS		
Salaries, Wages & Bonus	1,863,491	2,021,640
Directors' Remuneration	845,000	852,000
Staff Welfare	403,758	412,889
Employer's contribution to Welfare Funds	144,174	214,263
Other Employee Benefits	50,000	-
Gratuity	91,200	75,980
	<u>3,397,623</u>	<u>3,576,772</u>
SCHEDULE - 17 : OTHER OPERATING EXPENSES :		
Rent	358,700	372,500
Rates and Taxes	10,610	52,350
Printing and Stationery	352,367	306,796
Travelling and Conveyance	695,109	933,762
Professional Charges	271,016	259,228
Communication Expenses	535,080	530,089
Insurance	324,389	224,385
Repairs and Maintenance :		
- Buildings	348,975	175,432
- Plant and Machinery	780,400	658,194
- Other Assets	652,611	548,648
Bad Debts	569,739	649,453
Discount & Commission	345,066	457,333
Freight	773,256	755,275
Selling & Distribution Expenses	604,771	409,617
Advertisement & Promotional Expenses	305,529	77,268
Exchange Difference Loss	-	33,445
Auditor's Remuneration	82,725	89,270
General Expenses	871,507	1,620,781
	<u>7,881,850</u>	<u>8,153,826</u>
SCHEDULE - 18 : INTEREST & FINANCE CHARGES		
Bank Charges	129,235	164,134
Interest on Vehicle Loans	146,211	924,498
Other Interests	17,203	13,827
	<u>292,649</u>	<u>1,102,459</u>

Schedule: 19. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS:**SIGNIFICANT ACCOUNTING POLICIES.****A) BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

The Financial Statements have been prepared under historical cost conventions and in accordance with the Generally Accepted Accounting Principles ('GAAP') applicable in India, the accounting standards notified u/s 211(3C) and other relevant provisions of the Companies Act, 1956.

B) USE OF ESTIMATES

The preparation of Financial Statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets and intangible assets, provision for doubtful debts / advances, future obligations in respect of retirement benefit plans, etc. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized. Management believes that the estimates used in preparation of financial statements are prudent and reasonable.

C) FIXED ASSETS

Fixed Assets are stated at cost less accumulated depreciation. All significant costs relating to the acquisition and installation of fixed assets are capitalized. Assets acquired under finance lease are recognized at the inception of lease at the lower of the fair value or present value of Minimum Lease Payments. The initial direct costs incurred in connection with the finance lease are recognized as an asset under the lease.

D) DEPRECIATION AND AMORTISATION

Depreciation on fixed assets is provided on Straight-line method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 which coincides with the useful life of the assets as estimated by the management. Depreciation of Assets sold / discarded during the period is proportionately charged. Individual low cost assets (acquired for less than Rs 5,000/-) are depreciated in the year of acquisition. Intangible assets are amortized over their estimated useful life on a straight-line basis.

E) INVESTMENTS:

Investments that are readily realizable and intended to be held for not more than a year are classified as 'Current Investments'. All other investments are classified as Long Term Investments.

Current Investments are carried at lower of cost or Market / Fair Value determined on an individual investment basis.

Long Term investments are valued at cost. Provision for diminution in the value of long term investment is made only if such decline is other than temporary in nature.

F) FOREIGN CURRENCY TRANSACTIONS

Foreign Exchange transaction is recorded at the rate of exchange prevailing on the date of the respective transaction. Foreign exchange monetary items in the Balance Sheet are translated at the year-end rates. Exchange differences on settlement of / conversion are recognized in the Profit & Loss account.

G) BORROWING COSTS

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

H) REVENUE RECOGNITION

The Company recognizes revenue on sale of goods when the goods are dispatched to the customers which are when the risk and rewards of the ownership of the goods pass on to the customers.

Sales are net of discounts and inclusive of Excise duty and Sales tax.

Interest income is recognized on time-proportionate basis.

I) INVENTORIES

Inventories are valued at lower of cost and estimated net realizable value after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. Cost includes taxes, duties and all incidental expenses directly attributable to the purchases.

Method of assignment of cost is as under:

Raw Material, Stores & Spares	: First In First Out Method
Work – in – progress	: Direct expenses plus appropriate Factory overheads on the basis of completed production.
Finished Goods	: Cost of goods, direct expenses plus appropriate Factory overheads.
Traded Goods	: Actual cost

J) EMPLOYEE BENEFIT

The company's superannuating scheme, state governed provident fund scheme and employee state insurance scheme are defined contribution plans. The company contributes a fixed sum to the Provident Fund / Employees State Insurance Scheme maintained by the Central Government. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a non funded defined benefit retirement plan (the "Gratuity Plan") covering all employees. The company estimates its liability on actuarial valuation basis as of each year-end balance sheet date carried out, and is charged to Profit and Loss Account in accordance with AS-15 (revised).

K) LEASES

Finance Lease

Leases, which effectively transfer to the company the entire risks and benefits incidental to ownership of the leased item, are classified as Finance Lease. Lease rentals are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income life of the assets at the following rates

Operating Lease

Lease where the lessor effectively retains substantially all risks and benefits of the asset are classified as Operating lease. Operating lease payments are recognized as an expense in the Profit & Loss account on a Straight Line Basis over the Lease term.

I) INCOME TAXES

Tax expenses comprises of Current, Deferred and Fringe Benefit Tax

Current income tax is determined as the amount of tax payable in respect of taxable income for the period computed in accordance with the Income Tax Act, 1961.

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the reporting period and is capable of reversal in one or more subsequent periods. Deferred tax are quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet Date.

Deferred tax assets are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax asset on unabsorbed depreciation and carry forward of losses are not recognized unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Fringe Benefit Tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961 and Rules there under.

M) EARNINGS PER SHARE

In determining the Earnings Per share, the company considers the net profit after tax the includes any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing Diluted earnings per share comprises the weighted average number of shares considered for computing Basic Earning per share and also the weighted number of equity shares that would have been issued on conversion of all potentially dilative shares.

N) IMPAIRMENT OF ASSETS

At each Balance Sheet date, the carrying values of the tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where there is an indication of impairment, loss is recognized in the Profit and Loss account when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

Value in use is determined from the Present Value of the estimated future cash flows from continuing use of the assets. The impairment loss recognized in prior accounting period is reversed if there is a change in the estimate of recoverable amount.

O) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSET

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent Liability is disclosed for Possible obligation which will be confirmed only by future events not wholly within the control of the company or Present obligations arising from the past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made.

Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

B. NOTES ON ACCOUNTS**1. SECURED LOANS**

Secured loans includes Car loans from banks outstanding as on 31st March 2009 Rs.533,463/- (secured by the hypothecation of vehicles as per the Hire purchase agreement and the company holds the ownership on the car subject to the Hire Purchase Agreement). Loan against Deposit represents Loans obtained against security of the Deposits maintained by the company with the respective banks.

2. CONSUMPTION OF RAW MATERIALS AND COMPONENTS.

Information pursuant to provisions of Para 3 & 4 of Part II of Schedule VI of Companies Act, 1956 is as under: Licensed Capacity and Installed Capacity¹:

S No.	Products	Unit	Year ending March 31, 2009	Year ending March 31, 2008
1.	Licensed Capacity		Not Applicable	
2.	Installed Capacity			
	Acids	KL	300.00	300.00
	Salts	MT	900.00	900.00
	Solvents	KL	600.00	600.00

Consumption, Production, Sales and Stock:

Raw Material:

S No	Products	Unit	Year ending March 31, 2009		Year ending March 31, 2008	
			Quantity	Value (Rs.)	Quantity	Value (Rs.)
1.	Opening Stock					
	Acids	KL	3.80	485,201	4.26	350,528
	Salts	MT	7.50		5.78	
	Solvents	KL	3.20		2.42	
2.	Consumption					
	Acids	KL	50.60	9,644,713	45.08	12,234,871
	Salts	MT	103.85		94.10	
	Solvents	KL	129.95		118.12	

3.	Closing stock					
	Acids	KL	4.40	845,201	3.80	485,201
	Salts	MT	9.25		7.50	
	Solvents	KL	3.85		3.20	

The Stores, Spares and Other Materials contain large number of items and none of the items individually account for 10% or more of the total value and hence the quantitative details are not furnished. The total Stores and Spares consumption amounted to Rs. 123,589/-

Finished Goods:

S No	Products	Unit	Year ending March 31, 2009 Quantity	Year ending March 31, 2008 Quantity
1.	Opening Stock			
	Acids	KL	4.80	3.50
	Salts	MT	26.60	22.60
	Solvents	KL	16.65	15.00
2.	Production			
	Acids	KL	21.70	28.10
	Salts	MT	104.90	92
	Solvents	KL	85.35	98.10
3.	Sales			
	Acids	KL	17.25	26.80
	Salts	MT	100.25	88.00
	Solvents	KL	82.20	96.45
4.	Closing stock			
	Acids	KL	9.25	4.80
	Salts	MT	31.25	26.60
	Solvents	KL	19.80	16.65

Ratio of Raw Material Consumed during the year.

Particulars	Year ending March 31, 2009 (%)	Year ending March 31, 2008 (%)
Imported Material	NIL	0.33%
Indigenous Material	100%	99.67%

3. The Company has during the year written back the liabilities amounting to Rs.6,755,867 which in the opinion of the Management are not payable. The Company is in the process of finalizing documentation with the respective parties.

4. Foreign Currency Income / Expense

	Year ending March 31, 2009 Amount in Rupees	Year ending March 31, 2008 Amount in Rupees
Export Earnings	1,047,012/-	Rs. 676,657/-
Imports	Nil	Rs. 38,040/-

	As on 31 st March, 2009	As on 31 st March, 2008
The estimated amount of contracts remaining to be executed on account of Capital expenditure as at 31 st March 2009	NIL	NIL
Claim against the company not acknowledged as debt	NIL	NIL
Contingent Liabilities not provided for	NIL	NIL

6. AUDIT FEES

PARTICULARS	Year ending March 31, 2009	Year ending March 31, 2008
Statutory Audit	50,000/-	50,000/-
Tax Audit	25,000/-	25,000/-
Service tax on above	7,725/-	9,270/-
Others	-	5,000/-
Total	82,725/-	89,270/-

7. REMUNERATION TO KEY MANAGERIAL PERSONS.

	Year ending March 31, 2009			
	GMS Narayanan	K Vasudevan	GMS Narayanan	K Vasudevan
Salary	300,000	300,000	300,000	300,000
HRA	90,000	90,000	90,000	90,000
Total	390,000	390,000	390,000	390,000
Amount included under "Employer's contribution to Welfare Funds"	36,000	36,000	36,000	36,000
Total	426,000	426,000	426,000	426,000

Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956

	Amount in Rupees			
	Year ended March 31, 2009		Year ended March 31, 2008	
Profit as per Profit & Loss Account		5,829,784		5,317,557
Add:				
Taxation	58,091		17,790	
Deferred Tax	(53,944)		(675,814)	
Fringe Benefit Tax	258,083		172,118	
Depreciation	3,154,981		2,613,049	
Directors Remuneration	917,000	4,334,211	852,000	2,979,143
		10,163,995		8,296,700
Less:				
Depreciation allowable under Section 350 of the Companies Act, 1956		3,154,981		2,613,049
Net Profit as per Section 198 of the Companies Act, 1956		7,009,014		5,683,651

In view of inadequacy of profit, the managerial remuneration has been determined as per the provisions of Schedule XIII of the Companies Act, 1956.

SEGMENT REPORTING

As per guiding principles of AS – 17, "Segment Reporting", the company is engaged in only Primary segment of Laboratory Chemicals. Since the company operates in a single business segment, disclosure requirements are not applicable. The company primarily caters to the domestic market and export sales do not form significant part of Total Turnover and hence the information required for the Secondary segment has not been furnished.

RELATED PARTY DISCLOSURE

I. List of Related Parties.

Related Parties with whom transactions have taken place during the year.

Group Companies/Associates/Individual Relatives:

Glance Chemie (P) Ltd : Company in which relative of Director is interested as Directors.

Mrs. Bhaghirathi : Relative of Whole Time Director

Mrs. Sasikala : Relative of Whole Time Director

Mr. V Ananthanarayanan: Relative of Whole Time Director

(b) Key Managerial Personnel.

G M S Narayanan – Whole time Director.

K Vasudevan – Whole time Director

V. Balakrishnan - Director

II. During the year the following transactions were carried out with related parties in the ordinary course of business and at arms length:

S No	Nature of Transaction	Associates/ Individual Relatives		Key Managerial Personnel	
		31.03.2009	31.03.2008	31.03.2009	31.03.2008
1	Directors' Remuneration	NIL	NIL	917,000	852,000
2	Rent – Godown	180,000	180,000	NIL	NIL
3	Loan Taken	NIL	4,771,119	756,000	639,124
4	Loan Repaid	NIL	1,171,598	408,500	725,673
5	Outstanding balance included in unsecured loan	NIL	NIL	3,652,686	3,280,491
6	Advance Given	650,000	NIL	NIL	NIL

Leases.

Finance Lease:

(i) Disclosure as per AS – 19 on "Leases", in respect of formal agreements entered into for assets taken on lease during periods commencing on or after 1st April, 2008:

(ii) The maturity profile of the finance lease obligations is as follows:

	Total Minimum Lease payments Outstanding as at 31 st March, 2009	Interest not due	Present Value of MLPs
Not later than one Year	228,373	57,827	216,230
Later than one year but not later than five years	305,032	197,313	250,755
TOTAL	533,463	255,137	466,985

Operating Lease:

Lease payments are recognized in Profit and Loss Account for the year as follows:

	Year ending March 31, 2009	Year ending March 31, 2008
Lease Rentals	Rs. 387,500	Rs. 372,500

TAXATION

Income Tax:

No Provision for Income Tax for the current year has been made in the books, since the company has unabsorbed business losses and unabsorbed depreciation losses eligible for set-off.

Deferred Tax

The details of Deferred Tax Assets and Liabilities as on March 31, 2009 is given below.

	As on 31 st March 2009	As on 31 st March 2008
Deferred Tax Liabilities		
Depreciation	3,259,297	2,844,218
Deferred Tax Assets		
On account of disallowances	469,022	NIL
Net Deferred Tax Liability	2,790,275	2,844,218

- 12.. The Company has not received information from vendors regarding their status under Micro, small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at year end together with interest paid/payable under this account have not been given.
13. In the opinion of the Board of Directors, loans, debtors and other current assets are of the value stated in the Balance Sheet, to be realized in the normal course of business and provision for all known liabilities have been made which are adequate.
14. The management of the company has during the year carried out technical evaluation for identification of impairment of assets, if any in accordance with Accounting Standard (AS) 28. Based on the judgment of the management and as certified by the directors, no provision for impairment of assets is considered necessary in respect of any assets of the company.
15. (a) Confirmation of balances from Sundry Debtors, Sundry Creditors, Unsecured Loans, Loans & Advances, Deposits and Other Current Assets are yet to be received / reconciled and in the opinion of management, the impact such non-receipt/non reconciliation is not material.
- (b) The Company has provided for the liability on Gratuity and compensated absences for the year ended/as at March 31, 2009 on the basis of estimates made by the management without obtaining Actuarial Valuation. However, in the opinion of the Management, the difference between the amount provided and the provisions as may be required in accordance with Accounting Standard 15 will not be material, considering the amount involved and number of employees.
- (c) The company has to appoint a company secretary as required under section 383A of the Companies Act, 1956 pending which the company has obtained a secretarial compliance certificate from a Company Secretary in whole time practice.
16. Earnings per Share (EPS).

	As at 31 st March, 2009	As at 31 st March, 2008
Net Profit attributable to Equity Share Holders	5,829,784	5,317,556
Weighted Average Number of Equity Shares	3,440,000	3,440,000
Nominal Value of Equity Share (Rs.)	10	10
Basic/Diluted EPS in (Rs.)	1.69	1.55

17. Previous year's figures which have been audited by another firm of Chartered Accountants have been regrouped wherever necessary to conform to this year's classification.

As per our report of even date
for **Manian & Narayanan**
Chartered Accountants

C. Subramanian
(Partner)
Membership No. 27959

G.M.S. NARAYANAN
Whole Time Director

K.VASUDEVAN
Whole Time Director

Place : Chennai
Date : 29th August 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Notes on Accounts Contd.,)

I	Registration No.		24661
	State Code		18
	Balance Sheet Date		31.03.2009
II	Public Issue		Nil
	Rights Issue		Nil
	Bonus Issue		Nil
	Private Placement		Nil
	GDR Issue		Nil
III			Rs.
	Total Liabilities		63,310,607
	Total Assets		63,310,607
	Paid up Capital		34,400,000
	Reserves and Surplus		1,650,672
	Secured Loans		Nil
	Unsecured Loan		22,825,543
	Net Fixed Assets		31,720,377
	Investments		Nil
	Net Current Assets		(34,590)
	Deferred Tax Liability		2,790,274
	Misc. Expenditure		Nil
	Accumulated Losses		31,624,820
IV	Total Income		35,257,390
	Total Expenditure(net)		29,165,376
	Profit before tax		6,092,014
	Profit after Tax		5,829,784
	Earnings per share in Rs.		1.69
	Dividend %		Nil
V			
	Item	Code No. (ITC Code)	Product Description
	1	290511	Formaldehyde
	2	291521	Oxatic Acid
	3	290512	Propan-2-ol (Iso-Propyl Alcohol)

As per our report of even date

for **Manian & Narayanan**

Chartered Accountants

C. Subramanian

(Partner)

Membership No. 27959

G.M.S. NARAYANAN

Whole Time Director

K.VASUDEVAN

Whole Time Director

Place : Chennai

Date : 29th August 2009

Statement of Cash Flows for the year ended March 31, 2009

	Year Ended	
	March 31, 2009	March 31, 2008
A CASH FLOW FROM OPERATING ACTIVITIES	(Amount in Rupees)	
Net Profit for the year before tax and extra ordinary items	6,092,014	4,831,650
Adjustments for:		
Other Income	(438,366)	(70,732)
Depreciation	3,154,981	2,613,049
Interest & Finance Charges	292,649	1,102,459
Operating Profit before working Capital Changes	<u>9,101,278</u>	<u>8,476,426</u>
Changes in Current Assets & Current Liabilities		
Adjustments for Trade & other receivables		
Decrease/ (Increase) in Sundry Debtors	7,847,463	(5,491,345)
Decrease/ (Increase) in Inventories	(2,040,000)	(1,454,309)
Decrease/ (Increase) in Other Current Assets	(97,028)	(30,393)
Decrease/ (Increase) in Loans & Advances	1,133,239	3,468,063
Increase/ (Decrease) in Current Liabilities	<u>(11,511,120)</u>	<u>6,088,277</u>
Cash Generated from Operations	4,433,832	11,056,719
Taxes Paid	-	(180,000)
Cash Flow before extraordinary items	<u>4,433,832</u>	<u>10,876,719</u>
Extra ordinary Items	-	-
Net Cash from Operating Activities	<u>4,433,832</u>	<u>10,876,719</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(9,509,909)	(2,092,262)
Interest Income	438,366	70,732
	<u>(9,071,543)</u>	<u>(2,021,530)</u>
C CASH FLOWS FROM FINANCING ACTIVITIES		
Increase / (Decrease) in Loans net of repayments	(1,123,745)	(2,955,267)
Interest & Finance Charges	(292,649)	(1,102,459)
	<u>(1,416,394)</u>	<u>(4,057,726)</u>
Total Increase/(Decrease) in cash and equivalents during the year (A + B + C)	(6,054,105)	4,797,463
Cash and equivalents at the beginning of the year	8,605,922	3,808,459
Cash and equivalents at the end of the year	2,551,817	8,605,922

As per our report of even date
for **Manian & Narayanan**
Chartered Accountants

C. Subramanian
(Partner)
Membership No. 27959

G.M.S. NARAYANAN
Whole Time Director

K.VASUDEVAN
Whole Time Director

Place : Chennai
Date : 29th August 2009



FISCHER CHEMIC LIMITED

(Formerly Fischer Inorganics & Aromatics Ltd.)

Regd. Office : Plot No. 111, SIDCO Industrial Estate, Kakallur, Thiruvallur District, Tamil Nadu.

PROXY FORM

I/We of
being a Member / Members of Fischer Chemic Limited, hereby appoint
..... of or
failing him/her of as my/our proxy
to attend and vote for me/us on my/our behalf on the **16th ANNUAL GENERAL MEETING** of the Company
to be held at **Sri Arjuna Mini Hall, #5, Panagal Street, Tiruvellore 602 001** on Tuesday
29th September, 2009 at 10.30 a.m. and at any adjournment thereof.

Signed this day of 2009.

Note :

1. In the case of a Corporation the proxy shall be given under the common seal or signed on its behalf by an attorney or official of the Corporation.
2. Proxies to be valid must be deposited at the Registered Office of the Company at Plot No. 111, SIDCO Industrial Estate, Kakallur, Thiruvallur Taluk, Thiruvallur District, Tamil Nadu not later than 48 hours before the commencement of the meeting.



FISCHER CHEMIC LIMITED

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Regd. Office : Plot No. 111, SIDCO Industrial Estate, Kakallur, Thiruvallur District, Tamil Nadu.

ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the hall. Only members or their proxies are entitled to be present at the meeting.

R.F. No.
Folio No.

Name and Address of Member
Shares held

I hereby record my presence at the 16th Annual General Meeting held at Sri Arjuna Mini Hall, #5, Panagal Street, Tiruvellore 602 001 on Tuesday, the 29th September 2009 at 10.30 a.m.

Name of the Proxy (in Bold Letter)
*Strike out whichever is not applicable)

Signature of the Member/Proxy* (To be signed at the time of handing over this slip)
--

NO GIFTS OR COMPLIMENTS WILL BE DISTRIBUTED AT THE MEETING HALL.

BOOK-POST

To



If undelivered, please return to :

FISCHER CHEMIC LIMITED

PLOT NO. 111, SIDCO INDUSTRIAL ESTATE,
KAKALLUR, THIRUVALLUR DISTRICT,
TAMIL NADU.