



**Sadhana Nitro Chem Limited**  
36th Annual Report 2008-09

# CONTENTS

Page No.

Board of Directors etc.....	01
Notice to the Members.....	02
Directors' Report.....	09
Corporate Governance Report.....	15
Auditors' Report.....	28
Balance Sheet.....	32
Profit & Loss Account.....	33
Schedules to Balance Sheet.....	34
Schedule to Profit & Loss Account.....	39
Notes on Balance Sheet and Profit & Loss Account.....	41
Balance Sheet Abstract.....	50
Cash Flow Statement.....	51
Statement Pursuant to Section 212 related to subsidiary company.....	52
Annual Report of the Subsidiary Companies -	
1) ANUCHEM B. V. B. A.....	53
2) ANUCHEM PTE. LTD.....	57
3) LIFESTYLE NETWORKS LTD.....	62
Auditor's Report on the Consolidated Financial Statement.....	75
Consolidated Balance Sheet, Profit and Loss Account & Cash Flow.....	76
Five Year Highlights.....	84
Proxy & Entrance Pass.....	85

# SADHANANITRO CHEM LIMITED



## BOARD OF DIRECTORS

Shri Asit D. Javeri  
Shri Arvind R. Doshi  
Shri Arvind L. Apte  
Shri Ramesh A. Shroff  
Shri Priyam S. Jhaveri  
Shri Dharendra M. Shah  
Shri Abhishek A. Javeri  
Shri Nitin R. Jani

*Chairman & Managing Director*  
*Director*  
*Director*  
*Director*  
*Director*  
*Director*  
*Director*  
*Director & Company Secretary*

## BANKERS

STATE BANK OF INDIA, Mumbai & Roha  
AXIS BANK LTD., Mumbai  
STATE BANK OF PATIALA, Mumbai  
EXIM BANK OF INDIA, Mumbai

## ADVOCATES & SOLICITORS

MULLA & MULLA CRAIGIE BLUNT & CAROE  
Mulla House,  
51, Mahatma Gandhi Road,  
Mumbai - 400 023.

## AUDITORS

V. SANKARAIYAR & CO.  
Chartered Accountants  
2-C, Court Chambers, 35, New Marine Lines,  
Mumbai - 400 020.

## REGISTERED OFFICE

207, Kakad Chambers, 2nd Floor,  
132, Dr. Annie Besant Road,  
Worli, Mumbai - 400 018.  
Phone : 6660 4881 - 5 (5 Lines) Fax : (91)22-6660 4147.  
Email : sadhananitro@sncl.com

## FACTORY

47, M.I.D.C. Industrial Area, Roha, Dist. Raigad,  
Maharashtra - 402 116.

## REGISTRAR AND TRANSFER AGENT (RTA)

LINK INTIME INDIA PRIVATE LIMITED  
{Formerly known as Intime Spectrum Registry Limited}  
C-13 Pannalal Silk Mills Compound,  
LBS Road, Bhandup (West), Mumbai - 400 078.  
Phones : 022-25946970 Fax : 022-2594 6969.  
Email : rnt.helpdesk@linkintime.co.in

## NOTICE TO THE MEMBERS



NOTICE is hereby given that the **THIRTYSIXTH ANNUAL GENERAL MEETING** of the Company will be held at, "PRINCE HALL", The National Sports Club of India, Lala Lajpatrai Marg, ( Nr. Vallabhbai Patel stadium) Worli, Mumbai-400018 on Wednesday the 9<sup>th</sup> September, 2009 at 4.15 P.M. to transact the following business :-

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet and the Profit and Loss Account for the Financial Year ended 31<sup>st</sup> March, 2009 together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri R.A. Shroff who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri A.R. Doshi 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(s), the following resolution as **SPECIAL RESOLUTION** :

"RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions if any, of The Companies Act 1956 and subject to further approval of the Central Government if required, the consent of the Company be and is hereby accorded to the reappointment of Shri A.D. Javeri as Chairman & Managing Director of the Company for period of 3 (Three) Years with effect from 1<sup>st</sup> September, 2009 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri A.D. Javeri, a draft whereof is placed before this meeting and initialed by the Chairman for the purpose of identification, which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the remuneration committee constituted by the Board) to alter and vary the terms and conditions of the said reappointment and/or remuneration and/or agreement subject to same not exceeding the limits specified in the Schedule XIII of the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendment thereto as may be agreed to between the Board and Shri A.D. Javeri ."

"RESOLVED FURTHER THAT subject to further approval of the Central Government if required, in the event of loss or inadequacy of profits, in any financial year, aforesaid remuneration by way of salary, allowances and perquisites not exceeding the limits specified in Schedule XIII shall be payable to Shri A.D. Javeri, Chairman & Managing Director, as minimum remuneration."

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

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as **SPECIAL RESOLUTION** :

"RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions if any, of the Companies Act 1956 and subject to further approval of the Central Government if required, the consent of the Company be and is hereby accorded to the reappointment of Shri N.R. Jani, Director & Company Secretary of the Company for period of 3 (Three) Years with effect from 1<sup>st</sup> September, 2009 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri N.R. Jani, a draft whereof is placed before this meeting and initialed by the Chairman for the purpose of identification, which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the remuneration committee constituted by the Board) to alter and vary the terms and conditions of the said reappointment and/or remuneration and/or agreement subject to same not exceeding the limits specified in the Schedule XIII of The Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendment thereto as may be agreed to between the Board and Shri N.R. Jani."



"RESOLVED FURTHER THAT subject to further approval of the Central Government if required, in the event of loss or inadequacy of profits, in any financial year, aforesaid remuneration by way of salary, allowances and perquisites not exceeding the limits specified in Schedule XIII shall be payable to Shri N.R. Jani, Director & Company Secretary, as minimum remuneration."

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

**Registered Office:**

207 Kakad Chambers, 2nd Floor  
132 Dr. Annie Besant Road  
Worli, Mumbai 400 018.

By Order of the Board

**N.R. Jani**  
Director & Company Secretary

Date: 26<sup>th</sup> June, 2009.

**NOTES:**

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. The proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of special business under Item No. 5 to 6 is annexed hereto.
3. The Company has appointed M/s. Link Intime India Private Limited, (RTA) C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai 400 078 as Registrars and Share Transfer Agents for Physical Shares. The said (RTA) is also the Depository interface of the Company with both NSDL & CDSL. Their Telephone No. 022-25946970 E-mail address : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in), Fax No. 022-25946969.  
However, keeping in view the convenience of Shareholders, documents relating to shares will continue to be received by the Company at its Registered Office. Telephone No. 6660 4881-5, E-mail address : [sadhananitra@sncl.com](mailto:sadhananitra@sncl.com).
4. The Register of Members and the Share Transfer Book of the Company will remain closed from Thursday, the 3<sup>rd</sup> September, 2009 to Wednesday, the 9<sup>th</sup> September, 2009 (both days inclusive) for the purpose of Annual General Meeting.
5. All documents referred to in the accompanying notice and the explanatory statements are open for inspection at the Registered Office of the Company during office hours on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.
6. Members are requested to notify immediately change of address, if any, to their Depository Participants (DPs) in respect of their electronic share accounts and Link Intime India Private Limited (RTA), or to the Company at its Registered Office in respect of their physical shares.
7. Entrance Pass and Proxy Form is annexed. Members are requested to affix their signature at the space provided in the entrance pass and hand over the same at the entrance to the place of meeting.
8. Members who hold shares in Dematerialised form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
9. Members desiring any information are requested to write to the Company 10 days in advance.

**Registered Office:**

207 Kakad Chambers, 2nd Floor  
132 Dr. Annie Besant Road  
Worli, Mumbai 400 018.

By Order of the Board

**N.R. Jani**  
Director & Company Secretary

Date: 26<sup>th</sup> June, 2009.

## ANNEXURE TO THE NOTICE



### DIRECTOR'S INFORMATION PURSUENT TO CLAUSE 49 VI(A) OF THE LISTING AGREEMENT

#### Profile of Directors being re-appointed at the ensuing Annual General Meeting:

Name Age	Educational Qualification	Experience
Mr. Ramesh A. Shroff (83 Yrs.)	Law Graduate	He has an experience of 50 years as Advocate & Solicitors. He joined the company as a Director on 22 <sup>nd</sup> January, 1985.
Mr. Arvind R. Doshi (70 Yrs.)	Civil & Sanitary Engineer, Diploma in Business Management	He joined the company as a Director on 17 <sup>th</sup> September, 1974. He has wide experience in industries like Engineering & Automobiles since 1965. He has received Prestigious Dadabhai Naroji International award for Excellence & Achievement in 1999. Also, he has been awarded Samaj Ratna by Mahamastaka Abhishek Committee 2006. Presently he is acting as Chairman & Managing Director of PAE Limited.

#### Name of the Companies in which Directors to be re-appointed by Shareholders holds directorship and the membership of Committees of the board :

Name of the Director	Name of the Companies in which he holds Directorship	Name of the Companies in which he is a Member of the Committee of the Board
Mr. Ramesh A. Shroff	1. CIPLA Limited 2. Simonds Marshall Ltd.	- Audit Committee
Mr. Arvind R. Doshi	1. PAE Limited. 2. Shurjo Energy Pvt. Ltd.	- Investors' Grievance

### EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

#### 1. Item No. 5 & 6

On the recommendation of the Remuneration Committee and subject to approval of the Members and the approval of Central Government if required, the Board of Directors of the company at its meeting held on 26<sup>th</sup> June, 2009 have reappointed (a) Shri A.D. Javeri, as the Chairman & Managing Director and (b) Shri N.R. Jani, as Director & Company Secretary of the Company with effect from 1<sup>st</sup> September, 2009 for a further period of 3 years. The present agreement between the Company and the said Managerial personnel is upto 31<sup>st</sup> August, 2009.

The directors have, on recommendation of Remuneration Committee and keeping in mind the qualification, experience, expertise of and in particular the contribution made by Shri A.D. Javeri and Shri N.R. Jani in the overall development of the Company and having regard to the provisions in respect of managerial remuneration of the Companies Act 1956, thought it justified to reappoint them at the existing level of the remuneration payable to them, within the overall limits specified in the Schedule XIII of the said Act.

It is proposed to pay, subject to approval of the members and the approval of Central Government if required, the following remuneration to them which is commensurate with their responsibilities of heading a company of this size, and experience and performance of individual managerial personnel and external environment.

#### i) Basic Salary and Annual Increment :

- a) Shri A.D. Javeri : Basic Salary of Rs. 1,30,000/- per month with effect from 1<sup>st</sup> September, 2009. Annual increment of Rs. 15,000/- will be given on following 1<sup>st</sup> September every year during the tenure of agreement.



b) Shri N.R. Jani : Basic Salary of Rs. 85,000/- per month with effect from 1<sup>st</sup> September, 2009. Annual increment of Rs. 10,000/- will be given on following 1<sup>st</sup> September every year during the tenure of agreement.

ii) Perquisites :

A) In addition to the above Salary they will be entitled to the perquisites and allowances like house rent allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, education allowance, medical reimbursement, club fees and such other perquisites and allowances in accordance with the rules of the company or as may be agreed by the Board of Directors on recommendation of remuneration committee and the Managerial Personnel. However, such perquisites and allowances will be subject to a maximum ceiling as under :-

a) Shri A.D. Javeri : 70% of his annual basic salary.

b) Shri N.R. Jani : 30% of his annual basic salary.

In addition to above Shri A.D. Javeri and Shri N.R. Jani will, as per rules of the Company, be entitled to, leave travel allowance for self and family, mediclaim and personal accident policy cover which shall not be considered for above ceiling on perquisites and allowances.

B) Shri A.D. Javeri and Shri N.R. Jani shall in addition to the above salary and perquisites and allowance be entitled to remuneration by way of such annual performance allowance not exceeding 35% of annual basic salary as may be decided by the Board on recommendation of remuneration committee.

C) For the purpose of calculating the above ceiling, on the perquisites and allowances, the perquisites shall be evaluated as per the Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

D) Family for the above purpose means spouse, dependent children and dependent parents of the managerial personnel.

E) In addition to above perquisites they shall also be entitled to following benefits which will not be included in computation of ceiling on perquisites.

a) Company's contribution to Provident Fund, Family Pension Fund and superannuation or annuity fund to the extent these either singly or together are not taxable under the Income Tax Act.

b) Gratuity payable as per the Rules of the Company.

c) Encashment of leave accumulated but not availed of during the tenure.

d) Provision of Company's car for official duties with driver.

e) Free telecommunication facility at the residence.

iii) The Managerial Personnel will be permitted to encash leave while in service as in case of other employees of the company.

iv) In the event of loss or inadequacy of profits during the aforesaid period, aforesaid remuneration not exceeding the limits specified in Schedule XIII shall be payable to them as a minimum remuneration.

v) The terms and conditions of the said reappointment and/or remuneration and/or agreement may be altered and varied from time to time by the Board as it may, in its, discretion, deem fit provided the remuneration payable to them not to exceed the limits specified in Schedule XIII to the Companies Act 1956, as amended from time to time.



The agreement may be terminated by either party by giving the other party six month's notice or by any shorter notice as may be mutually agreed to between the parties.

They shall not, so long as they function as such, become interested or otherwise concerned directly or through their wife and / or minor children in any selling agency of the Company in future without prior approval of the Central Government.

They, so long as they function as such shall not be paid any sitting fees for attending the meetings of the Board of Directors or committees thereof.

In compliance with the provisions of Section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act 1956, the terms of remuneration specified above are now being placed before the members in the General Meeting for their approval.

The draft Agreement between the Company and Shri A.D. Javeri as well as between the Company and Shri N.R. Jani, are available for inspection by the members of the Company at its Registered Office of the Company during office hours on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.

Shri A.D. Javeri and Shri N.R. Jani are respectively concerned or interested in their respective reappointment and the remuneration payable to them respectively. Shri Abhishek A. Javeri is concerned or interested in the resolution as he is related to Shri A.D. Javeri. No other Directors are interested in these resolutions.

This may be treated as an abstract of the terms of reappointment of Shri A.D. Javeri and Shri N.R. Jani and the memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

The Board recommends the Special Resolutions at Item No. 5 & 6 of the notice for your approval.

**Additional information for the shareholders, as required under Schedule XIII to the Companies Act, 1956, and to the extent applicable to the Company / Appointees is given below:**

**I. General information :**

- i) Nature of Industry: The Company is engaged in the Manufacturing of various chemical intermediates.
- ii) Date or expected date of commencement of commercial production : The Company was incorporated on 21<sup>st</sup> July, 1973 and Certificate for Commencement of Business was issued on 10<sup>th</sup> September, 1973.
- iii) Financial performance based on given indicators: as per published audited financial results for the year ended 31<sup>st</sup> March, 2009:

Particulars	Rs. in Lacs
Sales and Other Income	7822
Profit/(Loss) before tax	(1068)
Provision for tax & Deffered Tax	162
Profit/(Loss) after tax	(906)
Profit /(Loss) as computed under Section 309(5) read with Section 198	(891)

- iv) Export performance and foreign exchange earned for the financial year ended 31<sup>st</sup> March, 2009: FOB value of exports Rs. 6,676 Lacs.
- v) Foreign Investment or Collaborators : This is not applicable.





## II. INFORMATION ABOUT THE APPOINTEES :

### i) Background details :

Shri A.D. Javeri, aged 53 years, and having Graduation in Science, joined the company in January, 1985 as Managing Director. Prior to joining the company Shri A.D. Javeri had experience of 9 years of running chemical industry. He has been associated with the company for about 25 years.

Shri N.R. Jani, aged 50 years, and having Graduation in Commerce as well as is a member of Institute of Chartered Accountants of India and Institute of Company Secretaries of India. He joined the company in December, 1984. Prior to joining the company he had an experience of 2 years. He has been associated with the company for about 25 years.

### ii) Past remuneration drawn :

Year	Mr. A.D. Javeri	Mr. N.R. Jani
2006-07	24,23,706	10,67,700
2007-08	29,41,936	14,13,700
2008-09	30,01,736	14,64,900

### iii) Job profile and suitability :

Over the years, Shri A.D. Javeri has been entrusted with the overall responsibility of the Company. He has immensely contributed in the overall development of the Company specifically in attaining higher exports and commercialisation of several high value added chemical intermediates. Shri A.D. Javeri has taken several initiatives to restructure the business operations.

Over the years, Shri N.R. Jani has been entrusted with the responsibility to look after finance, legal, accounts and administrative control. He has successfully carried out several specific assignments. He has introduced productivity linked wage and salary in the settlements with the union. He has taken several initiatives for controlling costs at each level. He has effectively contributed towards development of the company in several ways.

### iv) Remuneration proposed : The remuneration package is given in detail in the explanatory statement. However, the same is summarized hereunder :

Sr. No.		Shri A.D. Javeri	Shri N.R. Jani
a)	Salary	Rs. 1,30,000/- P.M.	Rs. 85,000/- P. M.
b)	Perquisites & Allowances	Maximum 70% of salary	Maximum 30% of salary
c)	Performance Allowance	Not exceeding 35% of annual salary as may be decided by the Board	Not exceeding 35% of annual salary as may be decided by the Board
d)	Minimum Remuneration in case of inadequacy of profits during any financial year	Remuneration as above will be minimum remuneration	Remuneration as above will be minimum remuneration

### v) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person :

Taking into consideration the size of the Company, the profile of Shri A.D. Javeri and Shri N.R. Jani, the responsibilities shouldered by them and the industry benchmarks, the aforesaid remuneration is commensurate with the remuneration package paid to similar senior level positions in other companies.



- vi) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel :

Besides the remuneration proposed Shri A.D. Javeri and Shri N.R. Jani do not have any other pecuniary relationship with the Company and its managerial personnel except that Shri A.D. Javeri has given personal guarantee for the borrowings of the company and kept deposits with the company.

### III. OTHER INFORMATIONS :

- i) Reasons for loss or inadequate profits : Decline in profitability has been due to several uncontrollable extraneous factors like unprecedented increase in raw material prices, crude oil prices during first half of the 2008-09, global slow down and forex loss due to cancellation of forward contracts consequent to deferment / cancellation of export orders and provision of mark to market on unexpired forward contract in the second half of the 2008-09.
- ii) Steps taken by the Company to improve performance : The loss for the year was mainly on account of cancellation of forward forex booking consequent to slowdown / cancellation / deferment of exports. All efforts are to control the overheads, certain process improvement for becoming cost efficient, conversion of one of the boiler from Furnese oil to Bagasse etc. coupled with aggressive marketing will improve the sales and expected to result in better operating performance.
- iii) Expected increase in productivity and profits in measurable terms :

In addition to steps proposed to be taken for improvement as detailed hereinabove, key focus areas would be profit maximization, conservation of cash, operational efficiencies, cost and working capital containment. The Company is continuing its endeavour to increase the revenues to improve profitability.

### IV. DISCLOSURES :

The details of the remuneration package of Shri A.D. Javeri and Shri N.R. Jani are given in the explanatory statement hereinabove and the same is contained in the respective draft agreements with them which are open for inspection as mentioned hereinabove. Other Directors are paid no remuneration except sitting fees for the meeting of the Board and Committee thereof. All the components of the remuneration are fixed except performance allowance which will be decided by the Board on the periodical performance of the concerned Managerial Personnel. Both the appointments are contractual and provides for Six months notice period. No stock option has been given to them.

Your Directors commend these Resolutions for your approval.

None of the Directors except Shri A.D. Javeri, Shri Abishek A. Javeri as his relative and Shri N.R. Jani, are concerned or interested in the Resolution.

#### Registered Office:

207 Kakad Chambers, 2nd Floor  
132 Dr. Annie Besant Road  
Worli, Mumbai 400 018.

By Order of the Board

**N.R. Jani**  
Director & Company Secretary

Date: 26<sup>th</sup> June, 2009.

## DIRECTORS' REPORT



To the Members of SADHANA NITRO CHEM LIMITED

Your Directors have pleasure in presenting to you the 36<sup>th</sup> Annual Report together with Audited Accounts for the year ended 31<sup>st</sup> March, 2009.

### 1. FINANCIAL RESULTS

	2008-09 Rs.	2007-08 Rs.
Sales & Other Income	<u>78,22,13,945</u>	<u>75,89,30,707</u>
Profit before Effects of Foreign Exchange Contracts, Exceptional Items, Finance cost, Depreciation and Taxation	<b>10,46,49,506</b>	5,17,73,858
Less: Finance Cost	<b>4,95,96,173</b>	3,67,55,024
Less: Depreciation	<b>3,74,20,074</b>	4,10,94,833
Profit/(Loss) before Effects of Foreign Exchange Contracts, Exceptional Items, and taxation	<b>1,76,33,259</b>	(2,60,75,999)
Less: Forex loss	<b>11,87,46,163</b>	64,59,675
Less: Exceptional Items	<b>56,92,481</b>	-
Loss before Tax	<b>(10,68,05,385)</b>	(3,25,35,674)
Add: provision for taxation	<b>4,05,000</b>	11,00,000
Less: Deferred tax credit	<b>1,66,28,434</b>	-
Loss after tax	<b>(9,05,81,951)</b>	(3,36,35,674)
Less: Balance brought forward from previous year	<u><b>2,06,07,223</b></u>	<u>5,66,35,972</u>
	<u><b>(6,99,74,728)</b></u>	<u>2,30,00,298</u>
<b>APPROPRIATION</b>		
(i) Proposed dividend on Equity Shares	-	20,45,451
(ii) Tax on proposed dividend	-	3,47,624
(iii) Balance Carried Forward to Balance Sheet	<u><b>(6,99,74,728)</b></u>	<u>2,06,07,223</u>
	<u><b>(6,99,74,728)</b></u>	<u>2,30,00,298</u>

### 2. REVIEW OF OPERATIONS

The performance of your Company during the first three quarter ended 31<sup>st</sup> December, 2008 was better with the turnover at Rs. 6640 Lacs (P. Y. Rs. 5156 Lacs). The performance in the fourth quarter got severely affected due to global melt down effect consequent to which the turnover in fourth quarter was only Rs. 1182 lacs (P. Y. Rs. 2397 Lacs). Due to Global slowdown there were postponement and/or cancellation of confirmed orders. This has resulted in excess forward booking of USD against INR in terms of volume. During this time there was severe depreciation of INR against USD in terms of exchange rate. The company was left with no option but to absorb forex loss on cancellation of such excess forward contracts.

Further the performance during the year was got impacted due to increased interest rate, restructuring charges, right issue expenses and providing for unexpired forward contracts on mark to market basis.

Unprecedented extraordinary increase in raw material cost and crude oil prices could not be passed on fully due to unhealthy competition from certain countries.



---

The stringent cost control measures ensured that except finance cost and forex loss all other overheads recorded improvement as a percentage to Sales. Forex loss effect completely eroded the margins and the operation during the year resulted into a loss after tax of Rs. 906 lacs (P.Y. loss of Rs. 336 lacs).

**3. DIVIDEND**

Your Directors, considering above, do not recommend any dividend (P.Y. Rs. 1.00 per equity share of Rs.10/- each) for the year 2008-09.

**4. PROJECTS**

The Company has converted one of its furnace oil based boiler to Bagasse based boiler. Conversion to Bagasse is mainly to gain three benefits (1) Insulate cost from high volatility of oil prices, which incidentally are on the rise and have touched USD 72 to a barrel, (2) To be more ecofriendly and green emission and (3) reduced cost of production.

**5. OUTLOOK**

The performance of your company mainly follows the global economy trend as more than 85% of the revenue of your company is from exports. The last two quarter of 2008-09 witnessed severe global melt down. With major economies slowing down, the distress sales and unhealthy competition from China largely affected the product pricing.

Your company has now been relieved of adverse forward contract obligation. The first two quarters of the 2009-10 are relatively slow but witnessed the movement in the market. The last two quarter of 2009-10 barring unforeseen circumstances are expected to gather the momentum.

The R&D has improved the processes which enables to lower consumption norms and use of alternate cheaper raw material. Conversion of boiler from furnace oil to Bagasse base will insulate the company's cost of production from crude oil price volatility. Efforts are on to shrink the interest cost through tighter working capital norms and higher cash generation from operations. The company will continue its endeavor to increase the sales and operating efficiency to improve the margins. The benefits arising from these initiatives are expected to contribute in improving the results of the coming years.

**6. RIGHT ISSUE**

The company has made allotment of 71,59,079 Equity shares of Rs. 10/- each at par on right basis to existing equity shareholder in the ratio of 7 right equity shares for every 2 existing equity shares held in terms of scheme of allotment approved by the Bombay Stock Exchange.

The proceeds of the right issue have been utilised for the object of issue of financing long term working capital and right issue expenses.

**7. DEBT RESTRUCTURING**

Foreseeing the squeeze on liquidity and profitability, company approached its banker to restructure its facilities. In view of genuineness of the case bankers of your company timely support through restructuring of debts by way of providing additional time for its repayment as well as extending additional facility to meet cash flow requirement of the company.

**8. EXPORTS**

Your Company is having status of a "TWO STAR EXPORT HOUSE" granted by Ministry of Commerce, Government of India.

Aggressive marketing strategy along with thrust on high value products has resulted in escalating the exports of your company to a new peak. Exports during the year were Rs. 6786 Lacs compared to Rs. 6583 Lacs in the previous year, registering an increase of 3.08%.

Exports constituted more than 88% of the overall sales (excluding other income). Company's Exports are well diversified in terms of product range as well as the Countries of Export.



---

## 9. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, the Management Discussion and Analysis, the Corporate Governance Report, together with the Auditors Certificate on compliance with the conditions of Corporate Governance as laid down, form part of this Annual Report.

## 10. EXPORT ORIENTED UNIT (EOU)

Your Company has one of its plant Registered as an EOU with the Development Commissioner, SEEPZ Special Economic Zone, which will provide several operating and fiscal benefits.

## 11. ISO CERTIFICATION

Your Company has certification as per ISO 9001:2000 granted by the certifying body Registro Italiano Navele India Private Limited (RINA) for the development and manufacture of Chemical Intermediates.

## 12. EFFLUENT TREATMENT

Your Company is conscious about its social responsibilities and is committed towards preservation and conservation of environment.

## 13. RESEARCH AND DEVELOPMENT

Your company has continuously attached high priority to the R & D Department which is engaged in developing new processes and further improving the existing processes as an on going activity to enable your company to keep pace with technological advancement and improve operating efficiency.

During the year, your Company has shifted its R&D centre from Andheri (E), Mumbai - 400058 to Goregaon (E), Mumbai - 400063.

## 14. INSURANCE

The assets of your Company are adequately insured. Your Company has also taken out suitable cover for Public Liability.

## 15. FIXED DEPOSITS

The total Deposits accepted by your Company as on 31<sup>st</sup> March 2009 is Rs. 253.58 Lacs. There is no Deposit or Interest on the same which has matured and remained unpaid.

## 16. DIRECTORS

The terms of appointment of Shri A.D. Javeri as Chairman & Managing Director and Shri N.R. Jani as Director & Company Secretary is expiring on 31<sup>st</sup> August, 2009. Your Directors, subject to approval of the members in the General Meeting, have reappointed at the existing level of remuneration Shri A.D. Javeri as Chairman & Managing Director and Shri N.R. Jani as Director & Company Secretary of your Company. Special Resolutions in these behalf are proposed to be passed at the ensuing Annual General Meeting.

Directors, Shri Ramesh A. Shroff and Shri Arvind R. Doshi, retire by rotation and being eligible offer themselves for reappointment.

## 17. AUDITORS

Messrs V. Sankar Aiyar & Co. Chartered Accountants, Auditors of your Company, retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

## 18. SUBSIDIARY

In case of one of the subsidiaries M/s. Lifestyle Networks Ltd. the accumulated loss has exceeded its paid up capital. After taking into account the agreement entered into by the subsidiary with another party, which has the effect to bringing about a turnaround in its working in the following years, no provision for investment or loans advanced to it is considered necessary.



---

Pursuant to the provisions of Section 212 of the Companies Act 1956, the Annual Accounts of AnuChem B.V.B.A. (Belgium), AnuChem Pte. Ltd. (Singapore), wholly owned foreign subsidiaries and Lifestyle Networks Limited a partly owned Indian subsidiary of your company are attached.

In compliance with accounting standard AS-21, your company has attached the consolidated statement of account giving therein the consolidated financial statement relating to the company and its subsidiaries.

**19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO**

The information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to these matters are given in Annexure-I appended hereto and forms part of this Report.

**20. EMPLOYEES**

The industrial relations during the year were cordial.

The Particulars of the Employees pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given in Annexure-II appended here to and Forms part of the report.

**21. DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217 of the Companies Act, the Directors hereby confirm that:

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

**22. ACKNOWLEDGMENTS**

Your Directors would like to express their appreciation for the assistance and co-operation received from the Bankers, State Bank of India, Mumbai and Roha, Axis Bank Limited, State Bank of Patiala and Exim Bank of India. They also wish to place on record their appreciation for the co-operation and contribution of the staff and workmen in the achievements of your Company during the year under report.

For and On Behalf of the Board of Directors

Place : Mumbai  
Date : 26<sup>th</sup> June, 2009

**Asit D. Javeri**  
Chairman & Managing Director

# ANNEXURE TO THE DIRECTORS' REPORT



## ANNEXURE - I

**INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.**

### A. CONSERVATION OF ENERGY

Several measures are undertaken to conserve and optimise the use of energy which will be continued.

**Form-A :** Form of disclosure of particulars with respect to conservation of energy.

	<b>2008-09</b>	2007-08
<b>A. Power, Fuel and Water Consumption</b>		
<b>1. Electricity</b>		
a) Purchased Unit in kwh	<b>40,62,438</b>	52,76,617
Total amount (Rs.)	<b>1,96,10,308</b>	2,48,29,680
Rate/Unit (Rs.)	<b>4.83</b>	4.70
b) Own generation		
Through Diesel Generator Units in kwh	<b>47920</b>	1,00,304
Unit per liter of diesel oil (kwh)	<b>2.45</b>	2.51
Liter of Diesel	<b>19,5919,596</b>	40,038
Total amount (Rs.)	<b>7,11,603</b>	12,43,410
Cost/Units (Rs.)	<b>14.85</b>	12.40
<b>2. Furnace Oil</b>		
Quantity(KL)	<b>2923</b>	3,303
Total Amount (Rs.)	<b>7,14,96,792</b>	6,30,01,645
Average Rate (Rs./KL.)	<b>24,460</b>	19,074
<b>3. Water</b>		
Quantity(M3)	<b>1,43,944</b>	1,90,397
Total Cost (Rs.)	<b>34,30,948</b>	46,06,591
Average Rate (Rs./M3)	<b>23.84</b>	24.20

### B. TECHNOLOGY ABSORPTION :

**FORM-B : FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY**

#### RESEARCH AND DEVELOPMENT

1. Specific areas in which R&D carried out by the Company. The R&D efforts of the Company are directed towards process development, energy conservation, Pollution control, efficiency improvement and quality up gradation.
2. Benefits derived as a result of the above R&D.  
R&D efforts have resulted in development of process for several chemical intermediates the commercial production of which are commenced, besides improving quality and operating efficiency of existing products.
3. Future Plan of Action.  
To continue R&D in the relevant areas to achieve its benefits.



	<u>2008-09</u>	<u>2007-08</u>
4. Expenditure on R&D		
(a) Capital	6,32,562	9,52,943
(b) Recurring	44,59,781	51,21,657
Total	<u>50,92,343</u>	<u>50,74,600</u>
(c) Total R&D expenditure as a % of total turnover	0.65%	0.67%

#### **TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

- Efforts, in brief, made towards technology absorption, adaptation and innovation.  
The Company has commenced production of some items of chemical intermediates, the process for which has been developed in R&D.
- Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc. There is improvement in quality and yield of the product and has widened product range for marketing.
- In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year). No imports of technology during last 5 years.

#### **C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- a) Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services and export plans.

The Company is exporting more than 88% of its chemical intermediate production. The total exports during the year were Rs. 6786 Lacs (P. Y. Rs. 6583 Lacs). The Company is putting all its efforts to tap new export markets and widen its clientele base.

- b) Total Foreign Exchange used and earned. (in Rupee )

	<u>2008-09</u>	<u>2007-08</u>
(i) Used:		
a) Imports (CIF)	14,41,67,446	16,23,36,881
b) Other expenditure	21,68,841	37,53,982
	<u>14,63,36,287</u>	<u>16,60,90,863</u>
(ii) Earned:		
Exports (F.O.B.)	66,76,46,631	64,38,25,524

#### **ANNEXURE - II**

Statement Under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2009.

Name & Age (Years)	Designation	Qualification	Experience(yrs)	Date of Joining	Remu-neration Rs.	Previous Employment & Designation
Mr.A.D.Javeri (53)	Chairman & Managing Director	B.Sc.(Hons)	33	22.01.85	30,01,736	BEC Chemicals Pvt. Ltd. (Executive Director)

The appointment is contractual. The Remuneration includes Salary, Provident Fund, Perks, Medical, Personal Accident Insurance, Leave Travel Allowance, Performance Allowance etc.

Shri A.D. Javeri (Chairman & Managing Director) is related to Shri Abhishek A. Javeri (Director) of the Company.

For and On Behalf of the Board of Directors

Place : Mumbai  
Date : 26<sup>th</sup> June, 2009

**Asit D. Javeri**  
Chairman & Managing Director



## REPORT ON CORPORATE GOVERNANCE



### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

The Board of Directors and Management lay great emphasis on adopting and practicing principles of good Corporate Governance with a view to achieve business excellence by enhancing long term shareholder value and the interest of all its stakeholders through sound business decisions, prudent financial management and a high standard of business ethics

### 2. BOARD OF DIRECTORS :

Composition of the Board and Directorship held in other Companies as on 31<sup>st</sup> March, 2009.

Sr. No.	Name of the Director(s)	Promoter/ Independent Executive / Non-Executive	No. of outside Directorship	No. of other outside Committee positions held (*)	
				Chairman	Member
1.	Mr. Asit D. Javeri	Promoter -Executive Chairman & Managing Director	9	2	3
2.	Mr. Arvind R. Doshi	Independent -Non-Executive	2	-	-
3.	Mr. Arvind L. Apte	Independent -Non-Executive	2	-	1
4.	Mr. R. A. Shroff	Independent -Non-Executive	2	-	-
5.	Mr. P. S. Jhaveri	Independent -Non-Executive	13	1	-
6.	Mr. D.M. Shah	Independent -Non-Executive	1	-	1
7.	Mr. A. A. Javeri	Related to Shri A.D. Javeri - Non-Executive	2	-	1
8.	Mr. Nitin R. Jani	Executive	4	-	-

(\*)In other Limited Companies (including Private Limited Companies)/Foreign companies. Only membership of audit committee and shareholders/Investors Grievance Committee are considered.

### 3. DIRECTORS' PROFILE :

Profile of Non-Executive Directors being re-appointed at the ensuing Annual General Meeting is given in the Annexure to the Notice convening the Annual General Meeting.

Profile and the major terms of re-appointment including remuneration of Executive Directors being re-appointed at the ensuing Annual General Meeting is given in the Annexure to the Notice convening the Annual General Meeting.

### 4. ATTENDANCE RECORD OF THE DIRECTORS :

During the Financial year 2008-09, Five Meetings of Board of Directors were held on the following days :- 29<sup>th</sup> April, 2008, 30<sup>th</sup> July 2008, 25<sup>th</sup> September 2008, 24<sup>th</sup> October 2008 and 22<sup>nd</sup> January 2009.

Annual General Meeting was held on 25<sup>th</sup> September, 2008.

The Attendance of Directors at the Board Meetings and Annual General Meeting were as under :-

Directors	Number of Meetings		Attendance at the last Annual General Meeting
	Held	Attended	
Mr. Asit D. Javeri	5	5	Yes
Mr. Arvind R. Doshi	5	3	Yes
Mr. Arvind L. Apte	5	2	No
Mr. Ramesh A. Shroff	5	5	Yes
Mr. Priyam S. Jhaveri	5	5	Yes
Mr. D.M. Shah	5	5	Yes
Mr. Abhishek A. Javeri	5	4	Yes
Mr. Nitin R. Jani	5	5	Yes



---

**5. BOARD PROCEDURE :**

Board meets once in quarter to review quarterly performance and financial results. The Board meetings are generally scheduled well in advance and the notice of each meeting is given in writing to each Director. All the items on the agenda are accompanied by note giving comprehensive information on the related subject. The agenda and relevant notes are sent in advance separately to each of directors and only in exceptional cases the same is tabled at the meeting. The Board is also free to recommend the inclusion of any method for discussion in consultation with the Chairman. The information as specified in Annexure IA to the Clause 49 of the Listing Agreement is regularly made available to the Board. The minutes of the Board meeting circulated in advance to all directors and confirmed at subsequent meeting. The minutes of audit committee and other committees of the board are circulated in advance to all directors, regularly place before the board.

**6. AUDIT COMMITTEE :**

As required u/s 292A of the Companies Act, 1956 read with provisions of Clause 49 of the Listing Agreement with the Stock Exchange, the Board has constituted Audit Committee which consists of the following Directors.

Mr. D.M. Shah	Chairman	Non-Executive, Independent
Mr. Arvind R. Doshi	Member	Non-Executive, Independent
Mr. Priyam S. Jhaveri	Member	Non-Executive, Independent

The Audit Committee shall have the authority to investigate into any matter that may be prescribed under Company Law for the time being in force and shall also comply with the terms of reference as specified herein as under :-

The role of the Audit Committee shall be as under :

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with management the annual financial statements before submission to the Board, for approval with particular reference to :
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with Listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the management performance of statutory and internal auditors, adequacy of the internal control systems.



7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussions with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussions with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee shall mandatorily review the following information.

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by Management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weakness; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

Mr. V. Mohan, Partner of the firm of Statutory Auditor and Mr. Nikhil Vadia, Proprietor of firm of Internal Auditor, have been permanent invitees to the Audit Committee Meetings besides Mr. Asit D. Javeri, Chairman & Managing Director and Mr. Nitin R. Jani, Director & Company Secretary attended most of the meeting of the Audit Committee as invitee.

During the year, the Audit Committee, in its meetings, discussed among other things, the following :

- \* Reviewed with management, quarterly, half yearly and annual financial statements before submission to the Board.
- \* Discussed with the management and the internal and statutory auditors findings in the Internal audit reports.
- \* Deliberated on the applicability, compliance and impact of various Accounting Standards and guidelines issued by the Institute of Chartered Accountants of India from time to time.
- \* Reviewed the Company's Financial and Risk Management Policies and Audit Reports covering operational, financial and other business risk areas.

The Chairman of the Audit Committee, has briefed the Board of Directors, about the Audit Committees observations on various issues discussed at its meetings. Minutes of the Audit Committee Meetings are also circulated to all the Board Members along with agenda of the subsequent meeting.

All the suggestions / recommendations of the Audit Committee during the financial year 2008-09, have been accepted by the Board of Directors.

The Financial decisions of the Company are taken by the Chairman and Managing Director, Mr. A.D. Javeri at the Board of Directors Meeting.



The attendance record of each member of the Audit Committee at the Meeting held on 30<sup>th</sup> July, 2008, 24<sup>th</sup> October, 2008 and 22<sup>nd</sup> January, 2009 are as follows :

Name	Date of Appointment	Non-Executive / Independent	Numbers of Meetings	
			Held	Attended
Mr. D.M. Shah	29 <sup>th</sup> April 2008	Non-Executive - Independent	3	3
Mr. Arvind R. Doshi	29 <sup>th</sup> April 2008	Non-Executive - Independent	3	1
Mr. Priyam S. Jhaveri	29 <sup>th</sup> April 2008	Non-Executive - Independent	3	3

The previous Annual General Meeting was held on 25<sup>th</sup> September, 2008 and it was attended by Mr. D.M. Shah, Chairman of the Audit Committee.

**7. RISK MANAGEMENT :**

The Board takes responsibility for the total process of risk management in the organisation. Results of the risk assessments and residual risks are presented to the Senior Management and the Audit Committee members. The Management is accountable for the integration of risk management practices into the day to day activities. The scope of the Audit Committee includes review of the Company's financial and risk management policies. The Audit Committee reviews the Audit Reports covering operational, financial and other business risk areas.

**8. SHAREHOLDERS / INVESTORS GRIEVANCES :**

The Shareholders / Investors Grievance Committee consists the following Directors :

Mr. Ramesh A. Shroff	Chairman
Mr. Arvind R. Doshi	Member
Mr. Priyam S. Jhaveri	Member

Terms of Reference

- \* Review the existing investors Redressal System and suggest measures for improvement.
- \* Review the report of Registrars and Share Transfer Agents about investor's grievances and follow up for the necessary action taken for redressal thereof.
- \* Suggest improvement in investor's relations.
- \* Consider and take on record the Certificate from Practicing Company Secretary certifying that the aggregate number of equity shares held in depositories and in physical form tally with the total number of shares issued, listed and admitted share capital.

The meetings of Investors Grievance Committee were held on 24.10.08 and 22.01.2009.

Statement of the various complaints received and cleared by the Company during the year ended on 31<sup>st</sup> March, 2009 :

Sr. No.	Subject	Received (Nos.)	Cleared (Nos.)	Pending *
1.	Non Receipt of Share	4	3	1
2.	Non Receipt of Dividend	-	-	-
3.	Non Receipt of Annual Report	4	4	-
4.	Non Receipt of Demat Credit/ Remat Certificate	1	1	-
5.	Non Receipt of Rejected Demat Request Form	1	-	1
6.	Others	-	-	-
	Total	10	8	2

\* Over and above there are two pending legal matters, in which the Company has been made a party, before any other Court(s) / Consumer Forum(s) etc., on Investors grievances.



---

All share transfer and correspondence thereon are handled by the Company's Registrars and Share Transfer Agents viz. Link Intime Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai - 400078.

Mr. Nitin R. Jani, Director & Company Secretary, has been appointed as the Compliance Officer, as required by the Listing Agreement entered into by the Company with Bombay Stock Exchange. He has been entrusted the task of overseeing the Share Transfer work done by the Registrars and Share Transfer Agents and attending to grievances of the Shareholders and Investors intimated to the Company directory or through SEBI and Stock Exchanges. All complaints / grievances intimated during the year, have been resolved.

#### **9. REMUNERATION COMMITTEE :**

The Remuneration Committee shall have the authority to Investigate into any matter that may be prescribed under Company Law for the time being in force and shall also comply with the terms of reference as specified herein as under :

1. The Remuneration Committee shall have meetings periodically as it may deem fit.
2. The Remuneration Committee shall invite such of the executives to be present at the meetings of the Committee required by it.
3. The Remuneration Committee shall have the following powers and functions :
  - a. To recommend to the Board, the terms and conditions of appointment of key Management personnel.
  - b. To seek information from any employee.
  - c. To obtain outside legal or other professional advice.

#### **10. REMUNERATION POLICY :**

The remuneration policy of the Company is directed towards rewarding performance based on review of achievements on a periodic basis and is in consonance with the existing industry practice.

The Remuneration Committee consists of the following Directors.

Mr. Arvind R. Doshi	Chairman	Non-Executive - Independent
Mr. Priyam S. Jhaveri	Member	Non-Executive - Independent
Mr. D.M. Shah	Member	Non-Executive - Independent

#### **Attendance record of the Members**

The meeting of Remuneration Committee was held on 29<sup>th</sup> April 2008 and the same was attended by all the Members.

The remuneration of the Executive Directors is decided by the Board based on the recommendations of the Remuneration Committee, as per the Remuneration Policy of the Company, within the limits fixed and approved by the shareholders in the general meeting.

The Company pays remuneration by way of salary, allowances and perquisites, performance allowance etc. to the Chairman & Managing Director and Director & Company Secretary.

Each Non-Executive Director is paid per meeting attended a sitting fee of Rs. 5000/- for Board Meeting and Rs. 3000/- for Committee Meeting.



Details of remuneration of the Directors during the period 1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009, are as under:

Name of the Director	Salaries, Allowances, Perquisites, Performance allowance, contribution to P.F etc. Rs.	Sitting fees Rs.	Total Rs.	No. of shares held
Mr. Asit D. Javeri *	30,01,736	-	30,01,736	N.A.
Mr. Arvind R. Doshi	-	18,000	18,000	12,498
Mr. Arvind L. Apte	-	10,000	10,000	1,444
Mr. Ramesh A. Shroff	-	25,000	25,000	259
Mr. Priyam S. Jhaveri	-	34,000	34,000	28,350
Mr. D.M. Shah	-	34,000	34,000	5,000
Mr. Abishek A. Javeri	-	20,000	20,000	37,100
Mr. Nitin R. Jani *	14,64,900	-	14,64,900	N.A.
<b>Total</b>	<b>44,66,636</b>	<b>1,41,000</b>	<b>46,07,636</b>	-

\* Whole time Directors and not eligible for sitting fees.

Presently the company does not have a scheme of grant of Stock option. The Company has not advanced any loans to any of the Directors.

#### 11. GENERAL BODY MEETING :

(A) Details of location and time of holding of last three AGMs

AGM for the financial year ended	Venue	Date	Time	No. of Special Resolutions passed
2005-06	SASMIRAAUDITORIUM, The Synthetic & Art Silk Mills' Research Association, 3 <sup>rd</sup> Floor, SASMIRA Marg, Worli, Mumbai - 400030.	26.09.2006	3.00 p.m.	Two
2006-07	SASMIRAAUDITORIUM, The Synthetic & Art Silk Mills' Research Association, 3 <sup>rd</sup> Floor, SASMIRA Marg, Worli, Mumbai - 400030.	27.09.2007	3.00 p.m.	Nil
2007-08	SASMIRAAUDITORIUM, The Synthetic & Art Silk Mills' Research Association, 3 <sup>rd</sup> Floor, SASMIRA Marg, Worli, Mumbai - 400030.	25.09.2008	3.00 p.m.	Nil

- (B) Special resolutions passed at the last three annual general meetings :  
 The Special Resolution for (1) Re-appointment of Shri A.D. Javeri, Chairman & Managing Director and (2) Shri N.R. Jani, Director & Company Secretary, were passed in the Annual General Meeting held on 26<sup>th</sup> September, 2006.
- (C) Extra Ordinary General Meeting.  
 One Extra Ordinary General Meeting was held by the company on 22<sup>nd</sup> January, 2008 for the purpose of passing Special resolution for the Right issue.
- (D) No resolution was passed by Postal Ballot during the year.

**12. SUBSIDIARIES :**

Shri P.S. Jhaveri, one of the Independent Director of the company is also an Independent Director on the Board of Directors of material non-listed Indian Subsidiary of the Company Lifestyle Networks Limited.

**13. DISCLOSURES :**

- (a) **Materially Significant related party transactions :** The particulars of transactions between the Company and its related parties as per the Accounting Standard - 18 are set out at Note 6 in Notes to Accounts in the Annual Report. These transactions are not likely to have any conflict with Company's interest.
- (b) **Management Disclosures :** The Senior Management Personal have been making disclosures to the Board relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large. Based on the disclosures received, none of the Senior Management Personnel has entered into any such transactions during the year.
- (c) **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last 3 years :** The Company has complied with the requirements of the Listing Agreement with the Stock Exchanges as well regulations and guidelines prescribed by SEBI.  
 There were no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter relating to the capital markets during the last three years.
- (d) **Risk Management Framework :** The Board of Directors has adopted the Risk Assessment Procedure. The procedure provides an approach by the top Management to identify potential events that may affect the Company, to manage the risk within its risk appetite and to provide reasonable assurance regarding the achievement of objectives of the Company. The Senior Management prioritise the risk and finalise the action plan for mitigation of the key risks.
- (e) **Proceeds from public issues, rights, issues, preferential issues :**  
 The proceeds of right issue has been utilised for object of issue of financing issue expenses and for working capital as under:

	(Rupees in lakhs)	
<b>SOURCES</b>	<b>Proposed</b>	<b>Actual</b>
Right Issue	715.90	715.54
<b>UTILISATION</b>		
Long Term Working Capital	686.00	683.10
Issue Expense	29.90	32.44
Total	<u>715.90</u>	<u>715.54</u>

(f) **Whistle Blower Policy :**

Though there is no formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company.



**14. MEANS OF COMMUNICATION :**

The quarterly, half yearly and annual results are published in English in "Freepress Journal" and in Marathi in "Navshakti" and will be uploaded on the SEBI website under Electronic Data Information Filing and Retrieval (EDIFAR).

Management discussion and analysis form part of the Annual Report and appears as Annexure to the Directors' Report.

**15. GENERAL SHAREHOLDER INFORMATION :**

The financial year of the Company is for a period of 12 months from 1<sup>st</sup> April to 31<sup>st</sup> March every year.

AGM : Date, time and venue 36<sup>th</sup> Annual General Meeting on Wednesday the 9<sup>th</sup> September, 2009 at 4.15 P.M. at "PRINCE HALL" THE NATIONAL SPORTS CLUB OF INDIA, LALA LAJPATRAI MARG, (NR. VALLABHBHAI PATEL STADIUM), WORLI, MUMBAI - 400018.

Date of Book Closure 03.09.09 to 09.09.09 (both days inclusive) in connection with Annual General Meeting.

Dividend payment date NIL for 2008-09.

Financial Calendar (Tentative)

Results for quarter ending June 30, 2009 Last week of July, 2009

Results for quarter ending September 30, 2009 Last week of October, 2009

Results for quarter ending December 31, 2009 Last week of January, 2010

Results for quarter ending March 31, 2010 Last week of April, 2010

Listing of Company's shares The Company's shares are listed on Bombay Stock Exchange Ltd. (BSE)

Scrip Code 506642

ISIN Number INE888C01016

The company has paid upto date listing fees to Bombay Stock Exchange Ltd.

**16. HIGH/LOW OF MARKET PRICE OF THE COMPANY'S SHARES TRADED ON THE STOCK EXCHANGE UPTO 31<sup>ST</sup> MARCH, 2009 :**

Period	SNCL's Share Price (Rs.)		BSE SENSEX	
	High	Low	High	Low
April 2008	61.80	50.00	17,480.74	15,297.96
May	64.00	54.00	17,735.70	16,196.02
June	60.00	45.85	16,632.72	13,405.54
July	56.00	46.20	15,130.09	12,514.02
August	63.95	48.80	15,579.78	14,002.43
September	75.10	17.90	15,107.01	12,153.55
October	18.25	11.25	13,203.86	7,697.39
November	13.55	10.85	10,945.41	8,316.39
December	13.18	10.70	10,188.54	8,467.43
January 2009	13.36	8.26	10,469.72	8,631.60
February	11.47	9.35	9,724.87	8,891.61
March	12.25	9.80	10,127.09	8,047.17

**17. INVESTOR SERVICES :**

The Company has appointed M/s. Link Intime India Pvt. Ltd (Formerly non as M/s. Intime Spectrum Registry Limited (ISRL), whose address is given below, as its Registrar and Transfer Agents. The Registrar handles all matters relating to the shares of the Company including transfer, transmission of shares, Dematerialisation of share certificates, subdivision/consolidation of share certificates and investor grievances.





Link Intime India Pvt. Ltd, (Formerly known as Intime Spectrum Registry Limited) C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai 400 078 as Registrars and Share Transfer Agents for Physical Shares. ISRL is also the Depository interface of the Company with both NSDL & CDSL. Their Telephone No. 022-25946970 E-mail address : rnt.helpdesk@linkintime.co.in, Fax No. 022-25946969.

**18. SHARE TRANSFER SYSTEM :**

All the transfers received are processed by Registrar and Transfer Agents. Share transfers are registered and returned within maximum of 30 days from the date of lodgment if documents are complete in all respects. In case the shares are transferred through Demat mode, the procedure is adopted as stated in Depositories Act, 1996.

**19. DEMATERIALISATION OF SHARES :**

The Company's shares are tradable compulsorily in electronic form. The Company has established through its Registrar and Share Transfer Agents, connectivity with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). As on 31st March, 2009, 25.58% of the equity shares have been dematerialised.

**20. SHARE HOLDING PATTERNAS ON 31<sup>ST</sup> MARCH, 2009 :**

Category	No. of shares	Percentage
Promoters	6691015	72.72
Mutual Funds and UTI	560	0.01
Banks, Financial Institutions & Insurance Companies	621	0.01
FII's	4000	0.04
Bodies Corporate	298018	3.24
Indian Public	2172725	23.61
NRIs/Foreign Nationals	33891	0.37
Total	9200830	100.00

Pursuant to Regulation 3(1)(e)(i) of Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 and subsequent amendments thereto, Promoter Group and Persons acting in concert consists of Manekchand Panachand Trading Investment Co. Private Limited and Mr. Asit D. Javeri & his family

**21. DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2009**

No. of shares	Folio		Amounts	
	Number	% to total	Rs.	% to total
1 - 500	4095	83.7595	5021390	5.4575
501 - 1000	377	7.7112	2736190	2.9739
1001 - 2000	197	4.0295	2722630	2.9591
2001 - 3000	68	1.3909	1726130	1.8761
3001 - 4000	29	0.5932	1023820	1.1127
4001 - 5000	33	2.6750	1527740	1.6604
5001 - 10000	38	0.7773	2663460	2.8948
10001 and above	52	1.0636	74586940	81.0654
Total	4889	100.00	92008300	100.0000

**22. UNCLAIMED DIVIDEND**

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend which remain unclaimed for a period of 7 years will be transferred by the Company to the **Investor Education and Protection Fund (IEPF)** established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Members are advised that once the unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof. The Company has already transferred the unclaimed dividend for the year ended 31<sup>st</sup> March, 2000 to the IEPF.



Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below :-

Financial year ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEP Fund
31.03.2002	18.09.2002	17.09.2009	16.10.2009
31.03.2003	11.09.2003	10.09.2010	08.10.2010
31.03.2004	15.09.2004	14.09.2011	13.10.2011
31.03.2005	15.09.2005	14.09.2012	13.10.2012
31.03.2006	26.09.2006	14.09.2013	13.10.2013
31.03.2007	27.09.2007	15.09.2014	14.10.2014
31.03.2008	25.09.2008	13.09.2015	12.10.2015

Members who have not encashed their dividend warrant(s) for the financial year ended 31<sup>st</sup> March, 2002, or any subsequent financial year(s), are requested to lodge their claims with the Company.

**23. CODE OF CONDUCT**

As required by Clause 49 I (D) of the Listing Agreement, the Company has formulated a Code of Conduct for all Directors and Senior Management of the Company and the same has been adopted by the Board. Since the Company is in the process of developing its website, the said Code of Conduct is not yet displayed on the Web. All the Directors and Senior Management Personnel have affirmed compliance with the said Code of Conduct.

**24. CEO / CFO CERTIFICATION**

The Company is duly placing a certificate to the Board from the Chairman & Managing Director and Director & Company Secretary in accordance with the provisions of Clause 49 (V) of the Listing Agreement. The aforesaid certificate duly signed by the Chairman & Managing Director and the Director & Company Secretary in respect of the financial year ended 31<sup>st</sup> March, 2009 has been placed before the Board in the meeting held on 26<sup>th</sup> June, 2009.

**Plant Location**

Sadhana Nitro Chem Limited  
47, MIDC Industrial Area  
Roha, Dist. Raigad  
Maharashtra – 402 116.  
Tel : Dhataav – 02194-263801-2-3  
Fax : (91)02194-263522

Sadhana Nitro Chem Limited  
Registered Office :  
207 Kakad Chambers, 2<sup>nd</sup> Floor  
132 Dr. Annie Besant Road  
Worli, Mumbai 400 018.  
Tel : 022-66604881-5 (5 Lines)  
Fax : (91)22-66604147  
E-mail : sadhananitro@sncl.com

**Address for correspondence**

Link Intime India Pvt. Ltd  
(Formerly known as  
Intime Spectrum Registry Limited)  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup,  
Mumbai 400 078  
Telephone No. 022-25946970  
Fax No. 022-25946969.  
E-mail : mt.helpdesk@linkintime.co.in

**25. SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL :**

As stipulated by SEBI a qualified Practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out periodically and thereon is submitted to the Listed Stock Exchanges. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

**26. DECLARATION :**

The Board of Directors of the Company has adopted the Code of Conduct for Directors and Senior Management of the Company.

All the Board Members and the Senior Management Personnel have affirmed their Compliance with the respective Codes.

A. D. Javeri  
Chairman & Managing Director

Place: Mumbai  
Date : 26<sup>th</sup> June, 2009

## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE



We have examined the compliance of conditions of Corporate Governance by Sadhana Nitro Chem Limited (the Company) for the year ended 31<sup>st</sup> March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review and the information and explanations given to us by the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investor's / Shareholders Grievance & Share Transfer Committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **V. Sankar Aiyar & Co.**  
Chartered Accountants

**Arvind Mohan**  
Partner  
Membership No. 124082

Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

## AUDITOR'S CERTIFICATE ON UTILISATION OF PROCEEDS OF RIGHT ISSUE

We have examined the record maintained by the Company in respect of issue and utilization of proceeds of Right Issue of Rs. 7.15 lacs (Rupees Seven Crores Fifteen Lacs Only) in terms of Letter of Offer dated 17<sup>th</sup> September, 2008.

In our opinion and to the best of our information and according to the explanations given to us and the representations made to us we hereby certify that the said proceeds has been utilized for the object of the issue as under :-

UTILISATION	(Rupees in lacs)	
	Proposed	Actual
Long Term Working Capital	686.00	683.10
Issue Expense	29.90	32.44
TOTAL	<u>715.90</u>	<u>715.54</u>

For **V. Sankar Aiyar & Co.**  
Chartered Accountants

**Arvind Mohan**  
Partner  
Membership No. 124082

Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

## MANAGEMENT DISCUSSION AND ANALYSIS



### **INDUSTRY :**

India has emerged as one of the major hubs for sourcing of chemicals globally. In the recent past, India has been able to make its presence felt in the international market with increased import and export.

Abundant availability of qualified and skilled manpower, capability to run chemical industries and the capacity to absorb and adapt to newer technologies provides immense potential for substantial growth in the Chemical Industry.

Your Company is engaged in the manufacture of Chemical Intermediates, Heavy organic chemicals and Performance chemicals.

### **OPPORTUNITIES AND THREATS :**

Your company is in the industry since last 35 years. It has a very high degree of operating synergy, economies of scale and high quality standards. The products of your company has diverse uses and applications in several industries ranging from paper, pharmaceutical, agro chemicals, thermal dyes, light stabilizer, dyes and dye intermediates etc. Besides, your company have loyal cliental base, which is well diversified over the globe.

The major threat faced by the company are escalating raw material prices, increasing interest rate and volatile foreign exchange market.

### **MARKET AND OUTLOOK :**

During the three quaters of 2008-09, your Company had achieved turnover of Rs. 6640 Lacs vis-à-vis Rs. 5156 Lacs in the corresponding period of earlier year. The last quater of 2008-09 witnessed a steep fall in exports due to the international economic meltdown with the turnover of Rs. 1182 Lacs (P. Y. Rs. 2397 Lacs). The first two quarters of the 2009-10 are relatively slow but witnessed the movement in the market. The last two quarter of 2009-10 barring unforeseen circumstances are expected to gather the momentum.

### **INTERNAL CONTROL SYSTEMS AND ADEQUACY :**

The Company has set up internal control procedures commensurate with its size and nature of the business. These business procedures ensure optimum use and protection of the resources and compliance with the policies, procedures and statutes. The internal control systems provide for well-defined policies, guidelines, authorizations and approval procedures. The prime objective of such audit is to lest the adequacy and effectiveness of the internal control laid down by management and to suggest improvements.

### **RISKS AND CONCERNS :**

Macro-economic factors like the slow down, sluggish demand conditions, monetary policy & fiscal policy, unforeseen political and social upheavals, natural calamities may affect the business of your Company as also the industry at large.

With competition intensifying in all segments of the industry, increasing the market shares and the consumer base is a continuing challenge.

Since raw materials form an important component of your company's value chain, cost and availability of some of the key raw materials like benzene, nitric acid, caustic potash, iron powder are an area of concern.

Your Company has however improved processes for better consumption norms, substituting cheaper raw materials, converting one of the boilers from furnace oil base to Bagasse base to mitigate the impact of these factors. Your company has technological superiority and strong distribution network.

### **HUMAN RESOURCE/INDUSTRIAL RELATIONS :**

Human Resource programs and initiatives in SNCL are aligned to meet the business needs. Your company believes in investing in people to develop and expand their capability. The Company has been able to create a favourable work environment that motivates performance, customer focus and innovation SNCL's strategies are based, inter alia, on processes of continuous learning and improvement.,



---

#### **ENVIRONMENT AND SAFETY :**

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environmental protection and conservation of natural resources to the best extent possible. One of the boilers is in the process of conversion from furnace oil to bagasse based feedstock to become more eco- friendly.

#### **DEBT RESTRUCTURING :**

Foreseeing the squeeze on liquidity and profitability, company approached its banker to restructure its facilities. In view of genuineness of the case bankers of your company timely support through restructuring of debts by way of providing additional time for its repayment as well as extending additional facility to meet cash flow requirement of the company.

#### **FOREIGN EXCHANGE AND RISK MANAGEMENT :**

Your company's revenue stream is largely denominated in USD, and this exposes company's profit and loss account to currency fluctuation. The currency exposure is managed by simple hedge product foreign exchange forward contract with maximum tenure up to one year. Your company has advisory support from a professional consultant. During last two years the volatility in foreign exchange market was very sharp and extreme in degree.

Your company has net open receivable position in 2007-08 and sudden appreciation caught the company unaware. In order to not miss out hedging chance in 2008-09 company over reacted to hedge its entire expected receivable in foreign currency by way of simple forward booking. But contrary to expatiations the rupee depreciated by over 20%.The global melt down forced the several clients to cancel / postpone their confirmed orders. The melt down also brought down input cost and the finished goods prices. This cumulatively resulted in excess forward booking for which there was no option but to cancel it at a huge loss. The forex loss due to such cancellation for the year were Rs. 999.97 lacs besides loss on mark to market on unexpired forward contract needed provision of Rs. 187.40 lacs. These completely eaten up the margin of the company.

#### **PERFORMANCE :**

The company's performance of the company was severally impacted due to forex loss of about Rs. 1187 lacs, exceptional items increased interest rates by the banks, high raw material prices and crude oil prices all other overheads are under stringent cost control.

Several initiatives and steps to increase the operating efficiencies, substitution of cheaper raw materials, control on the costs, alternative sourcing of the raw materials etc. are expected to contribute in improving the performance of your company in the current year.

#### **CAUTIONARY STATEMENT :**

**The Management Discussion and Analysis report contain forward looking statements describing the Company's projections and estimates. These are based on certain assumptions and expectations of future events. The Company cannot guarantee the realisation of projections as the actual results may differ due to factors like prices of raw materials, demand-supply conditions, changes in government regulations, tax structures, etc., which are beyond the control of the management. The Company assumes no responsibility in respect of forward looking statements which may undergo change on the basis of any subsequent developments, information or events.**

Place : Mumbai

Date : 26<sup>th</sup> June, 2009

For and On Behalf of the Board of Directors

**Asit D. Javeri**

Chairman & Managing Director

## AUDITOR'S REPORT



### TO THE MEMBERS OF SADHANA NITRO CHEM LIMITED

1. We have audited the attached Balance Sheet of SADHANA NITRO CHEM LIMITED as at 31<sup>st</sup> March, 2009 and also the annexed Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above.
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion proper Books of Account as required by Law have been kept by the Company so far as it appears from our examination of such books.
  - c. The Balance Sheet, Profit & Loss Account referred to in this report are in agreement with the Books of Account.
  - d. In our opinion Balance Sheet and Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to sub-section 3(C) of Section 211 of the Companies Act, 1956.
  - e. Based on the representations made by the Directors and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31<sup>st</sup> March, 2009, prima-facie disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - f. Without qualifying we draw your attention to note B(1) of Schedule (I) regarding non provision in respect of diminution in value of investment, loans and guarantees provided to one of its subsidiaries.
  - g. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read along with notes on Accounts and the Accounting Policies give the information required by the Companies Act, 1956, in the manner so required and read in conjunction with all other notes thereon give a true and fair view.
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009.
    - ii) in the case of the Profit & Loss Account, of the loss for the year ended on that date.and
    - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **V. Sankar Aiyar & Co.**  
Chartered Accountants

**Arvind Mohan**  
Partner

Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

Membership No. 124082

## ANNEXURE TO THE AUDITOR'S REPORT



Referred to in Paragraph 3 of our report of even date.

1. In respect of its fixed assets:
  - a. The company has maintained records showing particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c. In our opinion, the company has not disposed of substantial part of fixed assets during the year and the going concern status of the company is not affected.
2. In respect of its inventories :
  - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
  - b. In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c. The company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the company to/ from companies, firms or other parties covered in the register maintained under section 301 of the companies act, 1956, we report that:-
  - a. During the year company has not granted any loans. In respect of loans given, the maximum amount outstanding at any time during the year is Rs. 5,78,76,743/- and the year end balance is Rs. 4,84,23,028/-.
  - b. In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company.
  - c. Principal on the said loan is repayable on demand. During the year no demand has been made regarding repayment of principal. There has been irregularity in recovering interest on the said loan.
  - d. According to information and explanations provided to us, we are of the opinion that reasonable steps are being taken by the company in recovering the interest due for the year.
  - e. The company has taken loans from two Directors, one company and one party aggregating to Rs. 1,27,27,513/-. These along with other loans have maximum outstanding balance of Rs. 1,68,27,200/- having an outstanding year end balance of Rs. 1,29,51,121/-.
  - f. 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 are given are not prima-facie prejudicial to the interest of the company.
  - g. The company is regular in repaying the principal amount as stipulated and has been regular in the payment of interest.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods & services. During the course of our audit, we have not observed any major weaknesses in internal controls.



5. In respect of transactions covered under section 301 of the company act, 1956 :
- In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under section 301 of the companies act, 1956 have been so entered.
  - In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the companies act, 1956 exceeding value of Rs. 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A of the companies act and the rules framed thereunder, and also the directives of Reserve Bank of India with regard to acceptance of deposits. The company has not accepted any deposits from small depositors as defined under section 58AA of the companies act. Since the company has not defaulted in repayments of deposits, obtaining any order from the national company law tribunal does not arise.
7. On the basis of the internal audit reports broadly reviewed by us, we are of the opinion that, the internal audit functions carried out by a firm of chartered accountants appointed by the management is commensurate with the size of the company and the nature of its business.
8. The Central Government has prescribed maintenance of cost records under section 209(1) (d) of the Companies act, 1956 in respect of one of the products, manufactured by the company. We have broadly reviewed the accounts and records of the company and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
9. In respect of statutory dues:
- According to the records, there has generally been delays by the company in depositing undisputed statutory dues including provident fund, Investor Education and Protection fund, employees' state insurance income-tax, Sales Tax, Wealth tax, Customs duty, Excise duty, cess, Service tax and other statutory dues with the appropriate authorities. There are no other undisputed amounts payable in respect of the aforesaid dues as at 31<sup>st</sup> March, 2009 for a period of more than six months from the date of becoming payable.
  - According to the records of the company, there are no disputed statutory dues on account of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, and cess remaining unpaid as on 31<sup>st</sup> march 2009.
10. Although the company has accumulated losses at the end of the financial year, they are less than fifty percent of its net worth. The company has incurred Rs. 6,97,90,311/- as cash loss for the financial year. The company has not incurred any cash losses during the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, the company has defaulted in repayment of dues to financial institutions and banks during the year as under. During the year banks have rescheduled its loan to the company in the form of deferring its installments.

Name of Bank & Facility	Amount due	Due date	Date of payment
Exim Bank Term Loan	13,76,428 (USD 34316.32)	15/09/2008	10/12/2008
State Bank of Patiala Term Loan	37,50,000	30/09/2008	16/12/2008
State Bank of Patiala Term Loan	18,75,000	30/09/2008	16/12/2008



12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or nidhi/mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
14. The company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the company in its own name.
15. The company has given corporate guarantee against borrowings of one of its subsidiaries. According to information explanations given to us, and the representations made by the management, the terms and conditions of guarantee are not prejudicial to the interest of the company.
16. In our opinion and according to the information and explanation given to us, the term loans have been applied for the purpose for which they were raised.
17. During the year short term funds were used towards capital acquisitions against which disbursement from bank was received after the Balance Sheet date. Excepting the aforesaid, based on the information and explanations given to us and on an overall examination of the balance sheet of the Company as on March 31,2009, in our opinion, there are no funds raised on a short term basis which have been used for long term investment.
18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. In our opinion and according to the information and explanation given to us, the company has not issued any secured debentures during the period covered by our report.
20. Management has adequately disclosed the end use of money raised by Rights Issue of equity shares. According to the information and explanation given to us, we have verified the money raised and its utilization from Rights Issue.
21. In our opinion and according to the information and explanation given to us, no material fraud on or by the company has been noticed or reported during the course of our audit.

**For V. Sankar Aiyar & Co.**  
Chartered Accountants

**Arvind Mohan**  
Partner

Membership No. 124082

Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009**



	Schedule	31.03.2009		31.03.2008	
		Rs.	Rs.	Rs.	Rs.
<b>I. SOURCES OF FUNDS :</b>					
<b>1. Shareholders' Funds :</b>					
(a) Capital	A		9,20,08,300		2,04,54,510
(b) Reserve & Surplus	B		6,94,45,599		16,00,27,550
<b>2. Loan Funds :</b>					
(a) Secured Loans	C		44,86,87,232		43,29,49,054
(b) Unsecured Loans	D		5,83,73,862		7,08,22,596
<b>TOTAL</b>			<u>66,85,14,993</u>		<u>68,42,53,710</u>
<b>II. APPLICATION OF FUNDS :</b>					
<b>1. Fixed Assets :</b>					
(a) Gross Block	E	84,65,44,084		83,25,24,857	
(b) Less: Depreciation		52,99,72,993		49,25,52,919	
Net Block			31,65,71,091		33,99,71,938
(c) Capital work-in-progress			9,86,91,588		8,31,32,157
<b>2. Investments :</b>	F		61,22,219		61,22,219
<b>3. Deffered Tax Asset</b>			3,14,63,400		1,48,34,966
<b>4. Current Assets, Loans and Advances :</b>					
(a) Inventories	G	14,93,94,159		15,80,58,096	
(b) Sundry Debtors		10,15,62,415		13,76,14,354	
(c) Cash and Bank Balances		63,57,887		36,10,526	
(d) Loans and Advances		10,09,05,755		12,81,62,300	
		<u>35,82,20,216</u>		<u>42,74,45,276</u>	
Less:					
<b>Current Liabilities and Provision</b>					
(a) Liabilities	H	13,24,39,555		17,60,85,634	
(b) Provisions		1,01,13,966		1,11,67,212	
		<u>14,25,53,521</u>		<u>18,72,52,846</u>	
Net Current Assets			21,56,66,695		24,01,92,430
Notes forming part of Accounts	I				
<b>TOTAL</b>			<u>66,85,14,993</u>		<u>68,42,53,710</u>

Schedule 'A' to 'I' inclusive form part of Balance Sheet.

As per our Report of even date  
For V. SANKAR AIYAR & CO.  
Chartered Accountants  
**ARVIND MOHAN**  
Partner  
Membership No. 124082

For and On Behalf of the Board of Directors

**A. D. JAVERI**  
Chairman &  
Managing Director  
**N. R. JANI**  
Director &  
Company Secretary

**ARVIND R. DOSHI** Director  
**A. L. APTE** Director  
**R. A. SHROFF** Director  
**P. S. JHAVERI** Director  
**D. M. SHAH** Director  
**A. A. JAVERI** Director

Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**



	Schedule	31.03.2009		31.03.2008
		Rs.	Rs.	Rs.
<b>INCOME :</b>				
Sales (Gross)	1	78,11,16,554		74,78,77,201
Less : Excise Duty		<u>1,10,20,880</u>		<u>81,28,995</u>
Sales (Net)		77,00,95,674		73,97,48,206
Other Income	2	1,21,18,271		1,91,82,501
Increase/(Decrease) in Stock	3	<u>2,70,62,322</u>	<u>80,92,76,267</u>	<u>(1,51,73,849)</u> 74,37,56,858
<b>EXPENDITURE :</b>				
Raw Material consumption		49,41,12,115		48,50,12,020
Power and Fuel	4	9,52,49,651		9,36,81,326
Operation and Maintenance	5	2,69,41,948		2,51,12,012
Salaries, Wages and Benefits to Employees	6	4,05,74,293		3,11,89,218
Administrative Expenses	7	1,94,92,348		2,46,56,643
Selling and Distribution	8	2,34,32,270		2,77,76,645
Finance Cost	9	4,95,96,173		3,67,55,024
Payment to Auditors		3,57,500		1,99,500
Managerial Remuneration		<u>44,66,636</u>	<u>75,42,22,934</u>	<u>43,55,636</u> 72,87,38,024
<b>Profit Before Depreciation , Effects of Foreign Exchange Contracts, Exceptional Items &amp; Taxation</b>			<u>5,50,53,333</u>	1,50,18,834
Depreciation		<u>3,74,20,074</u>		<u>4,10,94,833</u>
<b>Profit/(Loss) Before Effects of Foreign Exchange Contracts, Exceptional Items &amp; Taxation</b>			<u>1,76,33,259</u>	(2,60,75,999)
Loss on expiry of Foreign currency forward contracts.		9,99,97,633		-
Losses on mark to market on unexpired forward contract		1,87,48,530		64,59,675
Right Issue Expenses		32,43,821		-
Loan Restructuring Expenses		<u>24,48,660</u>	<u>12,44,38,644</u>	<u>64,59,675</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>			<u>(10,68,05,385)</u>	<u>(3,25,35,674)</u>
Add : Deferred Tax			1,66,28,434	-
Less : Provision for FBT			<u>4,05,000</u>	<u>11,00,000</u>
<b>PROFIT / (LOSS) AFTER TAXATION</b>			<u>(9,05,81,951)</u>	<u>(3,36,35,674)</u>
Balance as per last Balance Sheet			<u>2,06,07,223</u>	<u>5,66,35,972</u>
<b>TOTAL</b>			<u><u>(6,99,74,728)</u></u>	<u><u>2,30,00,298</u></u>
<b>APPROPRIATION</b>				
Proposed Dividend On Equity Shares				20,45,451
Tax On proposed Dividend				3,47,624
Balance Transferred to Balance Sheet			<u>(6,99,74,728)</u>	<u>2,06,07,223</u>
<b>TOTAL</b>			<u><u>(6,99,74,728)</u></u>	<u><u>2,30,00,298</u></u>
Basic Earning Per Share of Face Value of Rs.10/- each			(17.52)	(16.44)
Dilute Earning Per Share of Face Value of Rs.10/- each			(9.83)	(16.44)

Schedule '1' to '9' and '1' inclusive form part of the Profit and Loss Account

As per our Report of even date  
For V. SANKAR AIYAR & CO.  
Chartered Accountants  
**ARVIND MOHAN**  
Partner  
Membership No. 124082

For and On Behalf of the Board of Directors

**A. D. JAVERI**  
Chairman &  
Managing Director  
**N. R. JANI**  
Director &  
Company Secretary

**ARVIND R. DOSHI** Director  
**A. L. APTE** Director  
**R. A. SHROFF** Director  
**P. S. JHAVERI** Director  
**D. M. SHAH** Director  
**A. A. JAVERI** Director

Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**



**SCHEDULE 'A'**

	31.03.2009 Rs.	31.03.2008 Rs.
<b>SHARE CAPITAL</b>		
Authorised Capital :		
10000000 Equity Shares of Rs.10/- each (P.Y. 40,00,000 Equity Shares)	10,00,00,000	4,00,00,000
1000000 Unclassified Shares of Rs.10/- each (P.Y. 10,00,000 Unclassified Shares)	1,00,00,000	1,00,00,000
TOTAL	<u>11,00,00,000</u>	<u>5,00,00,000</u>
Issued, Subscribed and Paid-up Capital :		
* 20,45,451 Equity Shares of Rs.10/- each fully paid. (P.Y. 20,45,451 Equity Shares)	2,04,54,510	2,04,54,510
71,55,379 ** Right shares issued of Rs.10/- each fully paid (P.Y. Nil Equity Shares)	7,15,53,790	-
TOTAL	<u>9,20,08,300</u>	<u>2,04,54,510</u>

\* Includes capitalisation by issue of fully paid Bonus Shares of Rs.10/- each.

\*\* 7155379 (P.Y. Nil) Equity Shares issued of Rs.10/- each w.e.f. 24.10.2008

	<u>No. of Shares</u>	<u>face value</u>	<u>Capitalised from</u>	<u>year</u>	<u>Ratio</u>
a]	1,62,500	Rs. 16,25,000	General Reserve	1987-88	2 : 5
b]	4,87,012	Rs. 48,70,120	Share Premium	1995-96	1 : 2
c]	5,84,414	Rs. 58,44,140	Share Premium	2002-03	2 : 5

**SCHEDULE 'B'**

**RESERVE AND SURPLUS**

1) Capital Reserve	93,681	93,681
2) Capital redemption on Reserve	5,00,000	5,00,000
3) Share Premium	54,96,740	54,96,740
4) General Reserve	13,33,29,906	13,33,29,906
Less : Debit Balance in Profit & Loss Account	(6,99,74,728)	-
5) Profit and Loss Account	-	2,06,07,223
TOTAL	<u>6,94,45,599</u>	<u>16,00,27,550</u>

**SCHEDULE 'C'**31.03.2009  
Rs.31.03.2008  
Rs.**SECURED LOANS:****A) From Banks :****(I) On Cash Credit/Packing Credit Account**

1. From State Bank Of India	<b>13,70,54,131</b>	11,56,59,985
2. From Axis Bank Limited	<b>11,05,30,203</b>	11,03,40,983
3. From State Bank Of Patiala	<b>2,94,81,476</b>	4,63,41,889

[The facilities are secured by way of first pari passu charge on Current Assets, second pari passu charge on Company's entire fixed assets and further secured by personal guarantee of Chairman & Managing Director.]

**(II) TERM LOAN FROM BANKS:**

1. From State Bank Of India	<b>1,96,83,000</b>	2,81,24,982
2. From Exim Bank Of India ( Foreign Currency Loan) US\$ 0.275 Millions (P.Y. US\$ 0.552 Millions)	<b>1,22,87,719</b>	1,10,18,872
3. From Axis Bank Limited	<b>3,55,11,000</b>	5,25,00,000
4. From State Bank Of Patiala	<b>10,24,37,331</b>	6,74,18,335
5. Interest Accrued On Term Loans.	<b>17,02,372</b>	15,44,008

[The facilities are secured by way of first pari passu charge on immovable and movable fixed assets (both present & future), second pari passu charge on Current Assets and further secured by personal guarantee of Chairman & Managing Director.]

TOTAL	<b><u>44,86,87,232</u></b>	<b><u>43,29,49,054</u></b>
-------	----------------------------	----------------------------

**SCHEDULE 'D'****UNSECURED LOANS :****A. Fixed Deposits :**

1. From Directors	<b>1,12,00,000</b>	-
2. From Others	<b>1,41,58,000</b>	1,06,47,000

**B. Other Loans**

1. Under Sales Tax Deferral Scheme - 2001	<b>20,90,321</b>	20,90,321
2. Inter Corporate Deposits	<b>3,09,25,541</b>	5,80,85,275
TOTAL	<b><u>5,83,73,862</u></b>	<b><u>7,08,22,596</u></b>

**SCHEDULE 'E'**

**FIXED ASSETS**

	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As on 01/04/2008	Additions	Adjust- ments	Total as at 31/03/2009	As on 01/04/2008	Written off during the year	Adjust- ments	Total upto 31/03/2009	As on 31/03/2009	As on 31/03/2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Leasehold Land	76,400	-	-	76,400	27,745	804	-	28,549	47,851	48,655
Freehold Land	26,06,318	-	-	26,06,318	-	-	-	-	26,06,318	26,06,318
Plant & Machinery (Includes Computers & Office Eqpts.)	66,54,90,713	1,32,45,711	-	67,87,36,424	40,12,82,128	2,91,93,331	-	43,04,75,459	24,82,60,965	26,42,08,585
Buildings	12,18,10,941	-	-	12,18,10,941	5,81,35,661	63,32,453	-	6,44,68,114	5,73,42,827	6,36,75,280
Furnitures & Fixtures	69,18,510	-	-	69,18,510	54,74,919	2,59,784	-	57,34,703	11,83,807	14,43,591
Laboratory Equipments	73,26,085	7,73,516	-	80,99,601	43,95,765	4,49,301	-	48,45,066	32,54,535	29,30,320
Research & Development Equipment	1,31,56,291	-	-	1,31,56,291	1,09,77,298	3,92,056	-	1,13,69,354	17,86,937	21,78,993
Vehicles	1,51,39,599	-	-	1,51,39,599	1,22,59,403	7,92,345	-	1,30,51,748	20,87,851	28,80,196
<b>GRAND TOTAL</b>	<b>83,25,24,857</b>	<b>1,40,19,227</b>	<b>-</b>	<b>84,65,44,084</b>	<b>49,25,52,919</b>	<b>3,74,20,874</b>	<b>-</b>	<b>52,99,72,993</b>	<b>31,65,71,091</b>	<b>33,99,71,938</b>
PREVIOUS YEAR	77,99,48,686	5,37,76,171	12,00,000	83,25,24,857	45,19,05,414	4,10,94,833	447328	49,25,52,919	33,99,71,938	32,80,43,272



<b>SCHEDULE 'F'</b>		<b>31.03.2009</b>	<b>31.03.2008</b>
		<b>Rs.</b>	<b>Rs.</b>
<b>INVESTMENTS (NON TRADE) (AT COST) :</b>			
<b>A. Unquoted</b>			
I) In Subsidiaries	750 (P.Y. 750)	Shares of Anuchem B.V.B.A. - Belgium of 25 Euro each	7,71,549
	25000 (P.Y. 25000)	Shares of Anuchem Pte. Ltd.-Singapore of 1 Singapore Dollar Each	6,92,250
	255000 (P.Y. 255000)	Life Style Networks .Ltd. of Rs.10/-each	25,50,000
II) In Others	200000 (P.Y. 200000)	11.50 %Preference shares of Phthalo Colours & Chemicals Ltd. of Rs.10/- each	20,00,000
		<b>TOTAL (A)</b>	<b>60,13,799</b>
<b>B. Quoted</b>			
Equity Shares of Rs.10/- each fully paid up unless specified			
<b>No. of Shares</b>		<b>Name of the Company</b>	
500 (P.Y. 500)		Anco Communication Ltd	71,788
3900 (P.Y. 3900)		Enarai Finance Ltd	78,000
18000 (P.Y. 18000)		Indian Extractions Ltd	5,08,194
5000 (P.Y. 5000)		Indo-Biotech Ltd	1,91,250
2000 (P.Y. 2000)		First Object Technologies Ltd	81,400
1300 (P.Y. 1300)		Mexworth Orchards Ltd	13,000
5000 (P.Y. 5000)		Ojas Technochem Products Ltd	1,31,495
		<b>TOTAL (B)</b>	<b>10,75,127</b>
		<b>TOTAL ( A + B )</b>	<b>70,88,926</b>
		<b>Less: Provision for Diminution on Investment Value</b>	<b>9,66,707</b>
		<b>61,22,219</b>	<b>61,22,219</b>

[Aggregate market value of quoted investment as on 31.03.2009  
Rs. 1,70,520/- (P.Y. Rs. 1,08,420/-)]

<b>SCHEDULE 'G'</b>			
<b>CURRENT ASSETS, LOANS AND ADVANCES :</b>			
<b>A. Inventories : (as per inventories taken, valued and certified by the Chairman &amp; Managing Director)</b>			
1.	Stores and spares parts etc.(at cost)	3,14,09,334	3,70,89,030
2.	Scrapped Stock (at estimated realisable value)	48,500	48,500
3.	Raw Materials (at cost)	5,03,30,434	6,19,65,919
4.	Stock in transit (at cost)	16,81,556	1,81,50,692
5.	Packing Materials-Drums/Bags(at cost)	15,15,561	22,42,383
6.	Fuel (at cost)	6,22,592	10,59,792
7.	Finished Goods (at cost or net realisable value whichever is lower)	4,65,99,628	2,13,80,337
8.	Goods-in-Process (at cost or net realisable value whichever is lower)	1,71,85,362	1,60,91,125
9.	Others (at realisable value)	1,192	30,318
	<b>TOTAL</b>	<b>14,93,94,159</b>	<b>15,80,58,096</b>
<b>B. Sundry Debtors : (Unsecured considered good)</b>			
1.	Outstanding for more than six months	3,52,668	4,71,675
2.	Other Debts	10,12,09,747	13,71,42,679
	<b>TOTAL</b>	<b>10,15,62,415</b>	<b>13,76,14,354</b>



<b>SCHEDULE 'G' Cont.</b>		31.03.2009	31.03.2008
		Rs.	Rs.
<b>C. Cash and Bank Balances :</b>			
1. Cash on Hand		3,47,300	4,73,727
2. Bank Balances (Schedule Bank)			
* i) In Current Account		55,43,870	24,43,289
** ii) In Fixed Deposit		4,00,000	4,00,000
iii) In EEFC Account in Foreign Currency		66,717	2,93,510
TOTAL		<u>63,57,887</u>	<u>36,10,526</u>
<b>D. Loans and Advances :</b>			
<b>(Unsecured considered good)</b>			
(a) Loan to Staff		12,68,234	13,44,457
(b) Loan to Subsidiary		4,84,23,028	5,18,65,072
(c) Advance to suppliers		40,12,793	42,36,099
(d) Advances recoverable in cash or kind or for value to be received			
i. Due from customs, excise and sales tax		1,46,70,191	3,78,08,585
ii. Deposits -			
a. Central Excise		1,40,86,687	1,28,55,839
b. Public Bodies		40,80,403	33,22,777
c. Private Bodies		27,84,405	41,82,427
iii. Other Receivables		1,15,80,014	1,25,47,044
TOTAL		<u>10,09,05,755</u>	<u>12,81,62,300</u>

**Notes :**

\* Includes Margin Money towards Bank Guarantee/L.C.  
Rs. 1,00,000/- (Previous year Rs. 9,56,000/-)

\*\* Deposit required to be kept under Rule 3 of Sec. 58A of Companies Act, 1956.

**SCHEDULE 'H'**

**CURRENT LIABILITIES AND PROVISIONS :**

<b>A. Current Liabilities :</b>			
1) Sundry Creditors			
a) Creditor's for Capital Goods		2,35,09,524	2,21,52,717
b) Trade Creditor's for Non SSI Units		6,44,60,872	12,06,70,902
c) Trade Creditor's for SSI Units/ MSMEDA 2006		24,86,959	23,70,637
d) Creditors for Expenses		3,62,49,403	2,78,70,220
2) Unclaimed Dividends		7,34,758	7,01,852
3) Interest accrued but not due		9,41,551	6,07,936
4) Preference Share & excess right shares (Unclaimed)		21,000	21,000
5) Other Liabilities		40,35,488	16,90,370
TOTAL		<u>13,24,39,555</u>	<u>17,60,85,634</u>
<b>B. Provisions :</b>			
1) Proposed Dividend on Equity Shares		-	20,45,451
2) Tax on proposed Dividend		-	3,47,624
3) Provision for taxation (Net of payments)		35,99,809	57,26,296
4) Defined Benefit Obligations		65,14,157	30,47,841
TOTAL		<u>1,01,13,966</u>	<u>1,11,67,212</u>



**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT**



<b>SCHEDULE '1'</b>	<b>31.03.2009</b>	<b>31.03.2008</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>SALES (GROSS) :</b>		
(a) Organic Intermediate & Other Sales	<b>1,20,81,843</b>	1,70,50,225
(b) Chemical Intermediate Sales	<b>76,90,34,711</b>	73,08,26,976
	<b>78,11,16,554</b>	74,78,77,201
Less-Excise Duty on Sales	<b>1,10,20,880</b>	81,28,995
<b>Sales Net of Excise Duty</b>	<b><u>77,00,95,674</u></b>	<b><u>73,97,48,206</u></b>

<b>SCHEDULE '2'</b>		
<b>OTHER INCOME :</b>		
(a) Export Incentives	<b>87,32,261</b>	1,47,82,018
(b) Dividend	-	2,174
(c) Profit on Sale of Investment/assets	-	4,47,326
(d) Miscellaneous Income	<b>33,86,010</b>	39,50,983
<b>TOTAL</b>	<b><u>1,21,18,271</u></b>	<b><u>1,91,82,501</u></b>

<b>SCHEDULE '3'</b>		
<b>INCREASE/(DECREASE) IN STOCK :</b>		
Finished Goods	<b>2,52,19,291</b>	(2,29,27,122)
Work-in-progress	<b>10,94,237</b>	76,55,342
Others	<b>(29,126)</b>	21,156
Excise on Closing Stock of Finished Goods	<b>7,77,920</b>	76,775
<b>TOTAL</b>	<b><u>2,70,62,322</u></b>	<b><u>(1,51,73,849)</u></b>

<b>SCHEDULE '4'</b>		
<b>POWER &amp; FUEL :</b>		
Electricity Charges	<b>1,96,10,308</b>	2,48,29,680
Furnace oil consumption	<b>7,14,96,792</b>	6,30,01,645
Diesel consumption	<b>7,11,603</b>	12,43,410
Water Charges	<b>34,30,948</b>	46,06,591
<b>TOTAL</b>	<b><u>9,52,49,651</u></b>	<b><u>9,36,81,326</u></b>

<b>SCHEDULE '5'</b>		
<b>OPERATION &amp; MAINTENANCE :</b>		
Stores and Spares Consumed	<b>1,10,55,168</b>	42,04,311
Machinery Repairs & Maintenance	<b>3,12,549</b>	14,01,003
Building Repairs & Maintenance	<b>80,420</b>	59,897
Other Repairs & Maintenance	<b>26,46,842</b>	23,76,937
Other Manufacturing Expenses	<b>63,16,022</b>	72,86,109
Effluent Expenses	<b>56,47,921</b>	94,19,452
R&D Expenses	<b>8,83,026</b>	3,64,303
<b>TOTAL</b>	<b><u>2,69,41,948</u></b>	<b><u>2,51,12,012</u></b>

**SCHEDULE '6'**31.03.2009  
Rs.31.03.2008  
Rs.**SALARIES, WAGES & BENEFITS TO EMPLOYEES :**

Salaries, Wages & Bonus	3,67,31,845	2,71,58,183
Staff Welfare	12,39,090	15,74,818
Contribution to Provident Fund and other funds	26,03,358	24,56,217
TOTAL	<u>4,05,74,293</u>	<u>3,11,89,218</u>

**SCHEDULE '7'****ADMINISTRATIVE EXPENSES :**

Rent	5,12,150	8,55,900
Rates and Taxes	19,89,803	28,85,581
Insurance	14,75,279	20,15,296
Printing and Stationery	7,17,727	8,00,209
Postage, Telegrams and Telephones	17,52,177	15,86,075
Travelling Expenses	29,92,709	52,13,207
Legal and Professional Fees	12,62,522	12,31,544
Conveyance Expenses	15,90,584	26,33,004
Director Sitting Fees	1,41,000	1,60,000
Electricity Charges	9,90,497	16,06,057
Security Charges	12,24,065	13,78,105
Other Expenses	48,43,835	42,91,665
TOTAL	<u>1,94,92,348</u>	<u>2,46,56,643</u>

**SCHEDULE '8'****SELLING AND DISTRIBUTION :**

Ocean freight and other expenses for Export	1,65,29,893	1,95,71,025
Commission & Sales canvassing charges	13,20,467	8,79,338
Drums & Packing	37,36,259	41,08,403
Local freight and Other expenses	18,45,651	32,17,879
TOTAL	<u>2,34,32,270</u>	<u>2,77,76,645</u>

**SCHEDULE '9'****FINANCE COST :**

Interest on Long Term Loans	1,63,44,776	1,59,03,726
Interest on Fixed Deposits	13,26,878	10,01,327
Interest on other Loans	95,67,301	45,73,391
Bank Interest	1,61,27,556	1,00,36,879
Bank Charges, Commission etc.	40,97,389	37,39,701
Interest to Directors	6,32,273	-
Guarantee Commission to Managing Director	15,00,000	15,00,000
TOTAL	<u>4,95,96,173</u>	<u>3,67,55,024</u>



---

**SCHEDULE 'I'****NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009.****A. SIGNIFICANT ACCOUNTING POLICIES :-****1) Basis of preparation of Financial Statements**

The Accounts have been prepared on historical cost basis and as a going concern complying in all material aspects with applicable accounting principles in India, the notified Accounting Standards of the Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956.

**2) Use of Estimates**

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

**3) Revenue Recognition**

- i) Sales of Products are recognized when significant risks and rewards of ownership of products are passed on to customers. Sales are stated at realizable values and include exchange differences, and are net of excise duty recovery, sales tax and returns.
- ii) Dividend Income is recognized when the right to receive dividend is established.
- iii) Interest income is recognized on the time proportion method.

**4) Fixed Assets**

- i) Fixed assets are stated at their original cost including interest, borrowing cost and other expenses directly related to qualifying assets during construction period.
- ii) Cost of fixed assets not ready for their intended use before such date are disclosed under Capital Work in Progress.
- iii) All costs relating to up gradations/ enhancements are generally charged off as revenue expenditure unless they bring significant additional benefits of lasting nature.
- iv) CENVAT Credits on capital goods are recognised in the books when the company becomes eligible to claim the same and are reduced from the cost of respective asset. Depreciation on these assets are calculated on the net amount.

**5) Depreciation**

- i) Assets individually costing Rs. 5,000/- or less are depreciated fully in the year of purchase
- ii) Depreciation on Leasehold land is over the primary period of lease.
- iii) Depreciation on Building and Plant and Machinery added upto 30th June 1986, are charged on straight line method at the rates prevalent when the assets were capitalised under Section 205(2)(b) of the Companies Act, 1956.
- iv) Depreciation on Building and Plant and Machinery added up to 1<sup>st</sup> July 1986 and in respect of all other assets other than Computers, Furniture's and Fixtures and Motor Vehicles, is calculated on WDV method at the income tax rates of depreciation i.e. on Building @10%, Plant and Machinery and other assets @ 15%, ETP @100%.
- v) Depreciation on Plant and Machinery and equipments acquired after 1<sup>st</sup> July, 1986 up to 31<sup>st</sup> March, 2009 are charged on the written down value method as provided in Schedule XIV to the Companies Act, 1956.
- vi) Depreciation on Plant & Machinery acquired after 1<sup>st</sup> April, 2008 are calculated on straight line method at rates provided under Schedule XIV of Companies Act, 1956.
- vii) Depreciation on Computers, Factory and Non factory Building, Vehicles acquired after 1<sup>st</sup> July, 1986 have been calculated on written down method at rates specified under Schedule XIV of Companies Act, 1956.
- viii) Depreciation on Effluent Treatment Plant has been provided @ 100%.



**6) Impairment**

Fixed assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognized, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss / reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, are allocated to its assets on a prorate basis.

**7) Investments**

Long term investments are stated at cost net of provisions. Investments in shares of foreign subsidiary is expressed in Indian currency at the rate of exchange prevailing at the time when the original investment was made. When market value becomes less than cost, provision is considered only when the diminution is considered as being permanent by the management.

**8) Valuation of Inventories**

Inventories of Raw Materials, Stores and Spare parts, Packing Material, Fuel, Goods-in-progress and Finished Goods are stated 'at cost or net realisable value, whichever is lower'. Stock of Scrap and Spent Acid is valued at net realizable value. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formulae used are 'First-In-First-Out' or 'Average cost' as applicable. Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience of the Company.

**9) Foreign Currency Transaction**

Foreign currency transactions are recorded by applying the rates on the date of transaction. Exchange differences arising on foreign currency transactions settled during the year are recognised in the profit and loss account for the year.

All foreign currency denominated monetary assets and liabilities are translated at the exchange rates prevailing on the balance sheet date. The resultant exchange differences are recognised in the profit and loss account for the year. All non-monetary assets and liabilities are stated at the rates prevailing on the date of the transaction.

The premium or discount on forward exchange contracts is recognized in the profit and loss account over the period of the contract.

For forward exchange contracts and other derivatives that are not covered by AS-11, the Company follows the guidance in the Announcement of the ICAI dated March 29, 2008 whereby for each category of derivatives, the Company records any net mark-to-market losses.

**10) Retirement Benefits**

- i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- ii) Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

**11) Research and Development cost**

- i) Revenue expenses on Research and Development are written off to the Profit and Loss Account.
- ii) Capital expenditure on Research and Development is shown as addition to fixed assets.

**12) Taxation**

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised subject to the consideration of prudence in respect of deferred assets on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. In the event of unabsorbed depreciation and carry forward losses, deferred tax assets are recognised only to the extent that there is virtual certainty that

sufficient taxable income will be available to realize such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

Fringe Benefit Tax is determined at current applicable rates on expenses falling within the ambit of 'Fringe Benefit' as defined under the Income Tax Act 1961.

**13) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical evaluation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

**14) Insurance Claims**

Claims receivable are accounted at the time of lodgment depending on virtual certainty of receipt.

**15) Earnings Per Share (EPS)**

**Basic EPS** - The earnings considered in ascertaining the Company's basic EPS comprise the net profit/(loss) after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

**Diluted EPS** - The net profit/(loss) after tax and the weighted average number of shares outstanding during the year are adjusted for all the effects of dilutive potential equity shares for calculating the diluted EPS.

**B. NOTES TO ACCOUNTS :-**

- 1) The Company has investment of Rs. 25,50,000 comprising of 2,55,000 equity shares of Rs. 10/- each (51% of the equity capital) in Lifestyle Networks Ltd., a subsidiary company. As at 31<sup>st</sup> March, 2009, accumulated loss of the subsidiary of Rs. 3,69,93,102/- has exceed its capital. Besides investments in the subsidiary the Company had advanced unsecured loans of Rs. 4,84,23,028/- and had further given guarantees to their lenders who have given secured loan to them the balance of which as on the Balance Sheet date is Rs. 6,35,65,772/-. Based on the subsidiary's business plans that are in the process of being implemented, no provision is considered necessary in respect of the investments, guarantees and loan advanced to them.
- 2) Income tax assessment are completed upto and inclusive of the assessment year 2006-07 (31.03.2006). As per the department amount outstanding is Rs. 1,98,68,768/-. Retrospective amendment to Section 80HHC brought about by the Taxation Laws Amendment Act 2005 were given effect to in the reopened assessments of earlier years and in the subsequent regular assessments. Against the reopening of earlier year's assessments in the Company's writ petition, Hon'ble Bombay High Court was pleased to issue rule and against disallowances made in regular assessments, the Company is in appeal that are pending. Management is of the view that if the Company's petition for waiver of interest under Section 234B (on account of the retrospective amendment to Section 80HHC) as per CBDT instructions, reliefs in appellate proceedings and 'on account' payments are taken into account, balance in provision for taxation as at the Balance Sheet date is adequate.
- 3) The repayment of Loan falling due within one year is as under:-
  - a) Secured Term Loans : Rs. 3,55,11,000/-
  - b) Unsecured Loans : (1) Fixed Deposit Rs. 1,87,26,000/- (2) Other Loan Rs. 3,09,25,541/- (3) From Directors Rs. Nil
- 4)
  - a) Sundry Creditors includes Rs. 24,86,959/- (PY. Rs. 23,70,637/-) being total outstanding dues to Small Scale Industrial Undertakings to the extent identified on the basis of information available with the company.
  - b) Names of Small Scale Industrial Undertaking and discloser under MSMEDA to whom the Company owes as on 31.03.2009, an amount exceeding Rs. 1.00 Lac which is outstanding for more than 30 days: (i) Dyechem Industries - 4,03,382/- (ii) Niki Chemical Industries - 48,372/- (iii) R. K. Dutt Concerns - 2,80,772/- (v) Luxmi Chemicals - 27,372/- (vi) Super Tiles & Marble Pvt. Ltd. - 1,40,014/- (vii) Amod Engineering Works - 1,40,052/- (viii) Jasmino Polymertech Pvt. Ltd. - 4,26,000/- (ix) R. S. Samant Engineers Pvt. Ltd. - 6,31,530/- (x) Sunleat Controls - 1,32,237/- (xi) Kris Flexipacks - 2,18,844/- (xii) Plastic Fabricators - 38,384/-



5) Information about Primary Segment - Geographical Segment

	2008-09			2007-08		
	Export	Local	Total	Export	Local	Total
	Segment	Segment		Segment	Segment	
Segment Revenue						
a) External Turnover	67,65,91,861	9,35,03,813	77,00,95,674	65,83,27,328	8,14,20,878	73,97,48,206
b) Export Incentives	87,32,261	-	87,32,261	1,47,82,018	-	1,47,82,018
Other Un-allocated Revenue/Income						
a) Dividend			-			2,174
b) Other Revenue			33,86,010			43,98,309
<b>TOTAL</b>	<b>68,53,24,122</b>	<b>9,35,03,813</b>	<b>78,22,13,945</b>	<b>67,31,09,346</b>	<b>8,14,20,878</b>	<b>75,89,30,707</b>
Segment Results	9,19,16,902	61,02,773	9,80,19,675	4,02,68,211	71,05,164	4,73,73,375
Un-allocable Revenue			33,81,010			44,00,483
Operating Profits			10,14,00,685			5,17,73,858
Interest and Losses on Foreign Currency Contract Cancellation and exceptional items			(17,07,90,996)			(4,32,14,699)
Depreciation			(3,74,20,074)			(4,10,94,833)
Profit/ (Loss) Before Taxation			(10,68,05,385)			(3,25,35,674)
Deferred Tax			1,66,28,434			-
Fringe Benefit Tax			4,05,000			11,00,000
Profit/(Loss) After Taxation			(9,05,81,951)			(3,36,35,674)

- a) The company is mainly engaged in manufacturing of Chemical Intermediates having similar risks and returns, constituting a single segment. Revenue from other activities pursued are insignificant. Operations of the company are classified into two primary Geographical Segments namely Exports and Local. These segments have been identified and reported taking into account exchange control regulations, underlying currency risks and the internal financial reporting segments.
- b) Segment Revenue and Expenses :-
- Revenue directly attributable each of the segments is shown under segment revenue.
  - Segment expenses include directly attributable and certain indirect expenses allocated on a reasonable basis. It excludes interest expenses, depreciation and other common expenses which cannot be allocated on a reasonable basis.
- c) Segment Assets and Liabilities :-
- Fixed Assets used in the companies business are not identifiable to any particular reportable segment, consequently management believes that it is not practical to provide segment disclosures relating to capital employed.



6) Disclosures requirements as per Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India.

Nature of Transaction	Subsidiary Company	Associate Company	Key Management Personnel	Total
a) Sale of goods	<b>39,29,60,533</b> (6,51,40,612)	- (-)	- (-)	<b>39,29,60,533</b> (6,51,40,612)
b) Purchase of Assets	<b>14,75,000</b> (15,41,524)	- (-)	- (-)	<b>14,75,000</b> (15,41,524)
c) Receiving services	- (-)	<b>13,76,148</b> (21,57,241)	- (-)	<b>13,76,148</b> (21,57,241)
d) Managerial Remuneration	- (-)	- (-)	<b>44,66,636</b> (43,55,636)	<b>44,66,636</b> (43,55,636)
e) Directors' Sitting Fees	- (-)	- (-)	<b>1,41,000</b> (1,60,000)	<b>1,41,000</b> (1,60,000)
f) Interest Expenses	- (-)	<b>28,56,715</b> (17,25,951)	<b>27,200</b> (19,11,440)	<b>28,83,915</b> (36,37,391)
g) Loans Given	- (76,29,164)	- -	- -	- (76,29,164)
h) Interest Income	<b>60,11,671</b> (54,29,164)	- (-)	- (-)	<b>60,11,671</b> (54,29,164)
i) Fixed Deposit Received	- (-)	- (-)	<b>12,00,000</b> (-)	<b>12,00,000</b> (-)
j) Loans Accepted	- (-)	- (3,73,51,883)	- (-)	- (3,73,51,883)
k) Outstanding balance as on March 31, 2009	<b>8,97,39,194</b>	<b>1,37,231</b>	<b>15,01,239</b>	<b>8,65,74,763</b>

I) List of Related Parties

- i) Subsidiary Company - M/s. Anuchem B.V.B.A., Belgium  
M/s. Anuchem Pte. Ltd., Singapore  
M/s. Lifestyle Networks Ltd
- ii) Associate Companies - M/s. IBI Engineering & Services Pvt. Ltd.  
Amnisera Corporation  
Manekchand Panachand Trading Investment Co. Pvt. Ltd.  
Manekchand Panachand & Co.  
Chandra Net Pvt. Ltd.

II) Key Management Personnel

- i) Shri A.D. Javeri - Chairman & Managing Director  
Smt. Seema A. Javeri wife of Shri A.D. Javeri  
Smt. Molina D. Javeri Mother of Shri A.D. Javeri  
Mr. Abhishek A. Javeri son of Shri A.D. Javeri
- ii) Shri N.R. Jani - Director & Company Secretary



	31.03.2009	31.03.2008
	Rs.	Rs.
7) Deferred tax Asset arising on account of timing differences		
(a) Depreciation and Amortisation	(1,03,51,036)	(52,26,460)
(b) Unabsorbed depreciation & c/f business losses -	3,95,93,053	1,83,84,556
(c) Expenditure allowed under IT Act on payment basis	22,21,383	16,76,870
Total Deferred tax asset	<u>3,14,63,400</u>	<u>1,48,34,966</u>
8) Earnings per share of Nominal value of Rs.10/- each computed in accordance with Accounting Standard (AS-20) for the year.		
(a) Profit/(Loss) after tax as per P&L account (Rs.)	(9,05,81,951)	(3,36,35,674)
(b) Opening number of equity shares outstanding	20,45,451	20,45,451
(c) Number of Right Issue shares	71,55,379	-
(d) Closing number of equity shares outstanding	92,00,830	20,45,451
(e) Basic/Diluted earning per share [(a)/(c)] (Rs.10/- per share)	(17.52)	(16.44)
(f) Diluted earning per share	(9.83)	(16.44)
9) As per Accounting Standard 15 "Employee Benefit" the disclosures of employee benefit as defined in the accounting standard are given below.		

#### Contribution Plan

Contribution to defined contribution plan, recognised as expenses for the year are as under

Employers Contribution to Provident Fund	9,47,482	11,32,666
Employer Contribution to pension scheme	12,57,447	12,17,080

#### Defined Benefit plan

The employee' gratuity fund scheme managed by a trust is defined benefit plane .the present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation .the obligation for leave encashment is recognized manner as gratuity.

#### I) Reconciliation of opening and closing balance of defined Benefit obligation

	Gratuity		Leave Encashment	
	(Funded)		(unfunded)	
	2008-09	2007-08	2008-09	2007-08
	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation at beginning of the year	104,47,915	1,46,29,793	34,07,462	45,56,500
On Amalgamation	-	-	-	-
Current Service Cost	5,19,583	2,95,644	1,90,571	1,95,999
Interest Cost	8,35,833	10,02,042	2,72,597	3,64,520
Actuarial gain/loss	32,13,629	(34,22,324)	8,64,773	(17,09,557)
Benefit paid	(9,12,129)	5,31,279	-	-
Settlement cost	-	-	-	-
Defined Benefit Obligation at year end	1,41,04,831	1,19,73,876	47,35,403	34,07,462
II) Reconciliation of opening and closing balance of fair value of plan assets at beginning of the year	1,21,53,271	1,18,26,407	-	-
On Amalgamation	-	-	-	-
Expected Return on Plan Assets	10,77,749	10,38,368	-	-
Actuarial (gain)/loss	-	-	-	-
Employer Contribution	7,186	-	-	-
Benefit Paid	9,12,129	5,31,279	-	-
Settlement cost	-	-	-	-
Fair Value of plan assets at year end	1,23,26,077	1,23,33,496	-	-
Actual return on plan assets	-	-	-	-



		Gratuity (Funded)	Leave Encashment (unfunded)	
	2008-09	2007-08	2008-09	2007-08
	Rs.	Rs.	Rs.	Rs.
III) Reconciliation of fair value of assets and obligation				
Fair value of plan assets	1,23,26,077	1,23,33,496	-	-
Present value of obligation	1,41,04,831	1,19,73,876	47,35,403	34,07,462
Amount recognised in balance sheet	(17,78,754)	(3,59,620)	47,35,403	34,07,462
IV) Expenses recongnised during the year (under head of "payment to and Provision for employee")				
Current service cost	5,19,583	2,95,644	1,90,571	1,95,999
Interest Cost	8,35,833	10,02,042	2,72,597	3,64,520
Expected return on plan assets	(10,77,749)	10,38,368	-	-
Actuarial (gain)/loss	(14,13,629)	(34,22,324)	8,64,773	(17,09,557)
Net Cost	16,91,296	(10,86,271)	13,27,941	(11,49,038)
V) Actuarial assumption				
Discount Rate (P.A.)	8%	8%	8%	8%
Expected rate of return on plan assets (P.A.)	8%	8%	8%	8%
Rate of escalation in salary (P.A.)	4%	4%	4%	4%

The estimated rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factor including supply and demand in the employment market. the above information is certify by actuary.

The expected rate on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risk, historical results of return on plan assets and the company's policy for plan assets management.

10) Foreign currency balances not hedged

	31.03.2009			31.03.2008		
Particulars	F.C.	F.C. Amount	INR	F.C.	F.C.Amount	INR
Debtors	USD	12,67,528	9,13,68,762	USD	1,50,14,114	6,21,34,823
	EURO	19,800	13,19,670	EURO	10,72,100	6,47,87,046
Cash/Bank	USD	1,296.73	66,717	USD	1,296.73	52,012
	J.Y.	-	-	J.Y.	5,99,400.00	2,41,498
Creditors	USD	2,35,680	1,21,49,304	USD	4,10,422.50	1,64,94,881
Loans	USD	2,38,828	1,23,23,734	USD	2,74,716.32	1,10,57,174

11) Contingent Liabilities not provided for :

(a) Estimated amount of contracts remaining to be executed on capital accounts (Net of Payments)	34,00,000	19,07,000
(b) In respect of Guarantee given by the Company's Banker for Central Excise and other purposes	95,000	95,000
(c) In respect of corporate guarantee given by the company for Loans borrowed by subsidiary	6,35,65,772	6,83,25,861
(d) Disputed Income Tax demand	-	2,70,60,184

12) Payment to Auditors :

(a) Audit Fees	2,50,000	1,50,000
(b) Tax Audit	65,000	25,000
(c) Certification and Tax Representation	3,79,580	24,500
TOTAL	6,94,580	1,99,500



	2008-09 Rs.	2007-08 Rs.
13) Managerial remuneration under Section 198 of the Companies Act 1956 :		
(a) Salary	24,55,000	21,55,000
(b) Provident Fund	2,94,600	2,58,800
(c) Other Perquisites	17,17,036	16,18,586
(d) Performance Allowance	-	3,23,250
TOTAL	<u>44,66,636</u>	<u>43,55,636</u>

14) Remittance in foreign currency on account of dividend to non-resident shareholders 35,441 49,501

15) Additional information required to be given in pursuance of Para Nos.3,4-C,4-D of Part II of Schedule VI of the Companies Act, 1956.

**(A) LICENSED, INSTALLED CAPACITY AND PRODUCTION**

Particulars	Licensed		* Installed		PRODUCTION	
	DGTD Rgn.		Capacity		2008-09	
	Capacity		M.T. (P.A.)		2007-08	
	M.T. (P.A.)		M.T. (P.A.)		M.T.	
Organic Intermediates	3,575		3,575		2,605	
Chemical Intermediates	9,036		9,036		12,620	
					3,158	
					14,741	

\* Certified by Chairman & Managing Director on which the Auditors have relied.

**(B) DETAILS OF TURNOVER, PURCHASES, OPENING STOCK AND CLOSING STOCK**

Item	Opening Stock		Purchases			Turnover(Net)		Closing Stock	
	01.04.2008							31.03.2009	
	Qty	Amount	Qty	Amount	Qty *	Amount	Qty	Amount	
	M.T.	Rs.	M.T.	Rs.	M.T.	Rs.	M.T.	Rs.	
Organic Intermediates	74	39,99,981	-	-	2527	1,19,34,760	152	84,31,448	
	(69)	(43,25,347)	-	-	(3153)	(89,21,230)	(74)	(39,99,981)	
Chemical Intermediates	190	1,74,10,674	-	-	12619	75,81,60,914	191	3,81,69,372	
	(276)	(3,99,91,274)	-	-	(14827)	(73,08,26,976)	(190)	(1,74,10,674)	
TOTAL		2,14,10,655	-	-		77,00,95,674		4,66,00,820	
		(4,43,16,621)	-	-		(73,97,48,206)		(2,14,10,655)	

\* Turnover quantity includes quantity used for captive consumption.

**(C) RAW MATERIALS CONSUMED**

Item	31.03.2009		31.03.2008	
	Qty	Rs.	Qty	Rs.
Benzene	1661	7,60,56,729	2021	9,09,12,892
Nitric Acid	2385	3,72,00,888	2824	3,57,86,625
Cast Iron Powder	2508	7,13,84,793	3326	6,11,80,947
Oleum 65%	2860	4,05,19,712	3779	2,88,96,283
Caustic Potash Flakes	2296	11,91,86,487	2538	7,71,43,764
Di Butyl Keto Acid	47	1,76,07,294	76	2,99,92,777
Others		13,21,56,212		16,10,98,732
TOTAL		<u>49,41,12,115</u>		<u>48,50,12,020</u>



	31.03.2009	31.03.2008
	Rs.	Rs.
<b>(D) VALUE OF IMPORTS CALCULATED ON CIF BASIS</b>		
Raw Material	14,38,49,115	16,13,44,277
Packing Material	-	9,92,604
Stores Material	3,18,331	-
<b>TOTAL</b>	<b>14,41,67,446</b>	<b>16,23,36,881</b>
<b>(E) EXPENDITURE IN FOREIGN CURRENCY</b>		
(To the extent paid)		
Travelling Expenses	6,58,705	9,70,259
Commission	4,47,983	9,71,177
Interest and other charges on FC Loan	10,62,153	18,12,546
<b>TOTAL</b>	<b>21,68,841</b>	<b>37,53,982</b>
<b>(F) VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, SPARE PARTS AND COMPONENTS CONSUMED AND PERCENTAGE OF EACH TO THE TOTAL CONSUMPTION :</b>		
(a) Raw Materials:		
(i) Imported	30.52% 15,08,20,284	32.59% 15,80,46,109
(ii) Indigenous	69.48% 34,32,91,831	67.41% 32,69,65,911
(b) Spares parts & Components :		
(i) Imported	-	-
(ii) Indigenous	100.00% 1,10,55,168	100.00% 42,04,311
<b>(G) EARNINGS IN FOREIGN EXCHANGE:</b>		
Export Sales on FOB Value (Rs.)	66,76,46,631	64,38,25,524
16) The previous year's figures have been reworked, regrouped and reclassified wherever necessary. Amount and other disclosure for the proceeding year are included as an integral part of the current year financial statement and are to be read relation to the amount and other disclosures relating to the current year.		

**RESEARCH AND DEVELOPMENT EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	31.03.2009	31.03.2008
	Rs.	Rs.
Materials : Equipments, chemicals, gases, glass wares, repairing etc.	6,32,562	9,52,943
: Rent, Service Charges and others	20,72,185	16,13,197
Personnel : Salaries, Allowances, Bonus, Provident Fund etc.	23,87,596	25,08,460
<b>TOTAL</b>	<b>50,92,343</b>	<b>50,74,600</b>

This information is given pursuant to the recognition granted by the Department of Scientific & Industrial Research, Ministry of Science & Technology, Government of India, vide their letter No.TU/IV-RD/1177/2006 dated 17.04.20 06, the Company's Research & Development Laboratory.

As per our Report of even date  
For V. SANKAR AIYAR & CO.  
Chartered Accountants  
**ARVIND MOHAN**  
Partner  
Membership No. 124082

For and On Behalf of the Board of Directors

**A. D. JAVERI**  
Chairman &  
Managing Director  
**N. R. JANI**  
Director &  
Company Secretary

**ARVIND R. DOSHI** Director  
**A. L. APTE** Director  
**R. A. SHROFF** Director  
**P. S. JHAVERI** Director  
**D. M. SHAH** Director  
**A. A. JAVERI** Director

Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009



# CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2009



	31.03.2009	31.03.2008
	Rs.	Rs.
<b>A) CASH FLOW ARISING FROM OPERATING ACTIVITIES :-</b>		
<b>NET PROFIT/ LOSS (-) BEFORE TAX</b>	<b>(10,68,05,385)</b>	<b>(3,25,35,674)</b>
Add : a. Depreciation	3,74,20,074	4,10,94,833
b. Interest & Loan Restructuring exp.	5,20,44,833	3,67,55,024
c. Forward contract Loss	1,87,48,530	64,59,675
Less a. Profit on Sale of Fixed Assets	-	4,47,326
b. Dividend Received	-	2,174
<b>CASH OPERATING PROFIT</b>	<b>14,08,052</b>	<b>5,13,24,358</b>
<b>ADJUSTMENTS FOR CHANGE IN WORKING CAPITAL</b>		
a. Trade & other Receivables	3,60,51,939	(9,82,93,323)
b. Inventories	86,63,940	(51,86,946)
c. Loans & Advances	3,95,87,647	(3,84,74,542)
d. Trade Payables	(7,12,45,599)	6,22,00,285
	<b>1,30,57,927</b>	<b>(7,97,54,526)</b>
<b>CASH FLOW BEFORE FOLLOWING PAYMENTS</b>	<b>1,44,65,979</b>	<b>(2,84,30,168)</b>
a. Direct Taxes (Paid)	(25,31,487)	(12,54,224)
<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>1,19,34,492</b>	<b>(2,96,84,392)</b>
<b>B) CASH FLOW ARISING FROM INVESTING ACTIVITIES :-</b>		
a. Purchase of Fixed Assets (Net of Adjustment for Capital work-in-progress)	<b>(2,95,78,660)</b>	<b>(4,72,45,474)</b>
b. Investment in subsidiary	-	(6,92,251)
c. Sale of Fixed Assets	-	12,00,000
d. Dividend Received	-	2,174
e. Interest Received on Loans	64,80,138	56,72,749
<b>CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(2,30,98,522)</b>	<b>(4,10,62,802)</b>
<b>C) CASH FLOW ARISING FROM FINANCING ACTIVITIES :-</b>		
a. Increase in share capital	7,15,53,790	-
b. Secured Borrowings - Net of Repayment	5,48,17,155	6,75,18,418
c. Unsecured Borrowings - Net of Repayment	(5,15,27,711)	5,30,62,011
d. Dividend Paid	(23,46,277)	(35,79,058)
e. Interest Paid	(5,85,85,566)	(4,53,07,085)
<b>CASH FLOW FROM FINANCING ACTIVITIES ( C )</b>	<b>1,39,11,391</b>	<b>7,16,94,286</b>
<b>NET CHANGE IN CASH/ CASH EQUIVALENTS (A+B+C)</b>	<b>27,47,361</b>	<b>9,47,094</b>
<b>ADD : OPENING BALANCE</b>	<b>36,10,526</b>	<b>26,63,432</b>
<b>CASH/CASH EQUIVALENTS AT THE CLOSE OF THE YEAR</b>	<b>63,57,887</b>	<b>36,10,526</b>

**Notes :**

1. The cash flow statement has been prepared under the "Indirect method" as set out in the Accounting Standard 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
2. Previous year's figures have been regrouped and re-arranged wherever necessary.

As per our Report of even date  
For V. SANKAR AIYAR & CO.  
Chartered Accountants  
**ARVIND MOHAN**  
Partner  
Membership No. 124082

For and On Behalf of the Board of Directors  
**A. D. JAVERI**  
Chairman &  
Managing Director  
**N. R. JANI**  
Director &  
Company Secretary

**ARVIND R. DOSHI** Director  
**A. L. APTE** Director  
**R. A. SHROFF** Director  
**P. S. JHAVERI** Director  
**D. M. SHAH** Director  
**A. A. JAVERI** Director

Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,  
RELATED TO SUBSIDIARY COMPANY**

	(In Euro)	(In Singapore \$)	(In Rupees)
1. Name of the Subsidiary	ANUCHEM BVBA	ANUCHEM PTE LTD.	LIFESTYLE NETWORKS LTD.
2. Date from which it became a Subsidiary	01-04-1998	12-10-2007	22-08-2005
3. Financial Year of the subsidiary ended on	31-12-2008	31-12-2008	31-03-2009
4. Shares of the subsidiary held by the Company on the above date:			
a) Number and face value	750 Shares of Euro 25 each	25000 Share of S\$ 1 each	255000 Shares of Rs. 10/- each
b) Capital and Reserve of the subsidiary as at the end of above financial year of the subsidiary			
i) Capital	18,750	25,000	50,00,000
ii) Reserve and Surplus	40,686	-	-
c) Extent of holding	100%	100%	51%
5. Net aggregate amount of profit/(losses) of the subsidiary for the above financial year of the subsidiary, so far as the concern members of the Company :			
a) Dealt with in the accounts of the Company for the year 31.03.2009	-	-	-
b) Not dealt with in the accounts of the company for the year ended 31.03.2009	8,979	7,000	(26,50,189)
6. Net aggregate amount of profits/(losses) for previous financial years of the subsidiary, since it became a subsidiary so far as they concern members of the Company :			
a) Dealt with in the account of the Company	-	-	-
b) Not dealt with in the accounts of the Company	38,811	10,170	(3,70,00,802)
7. Changes of interest of the Company in the subsidiary between the end of the financial year of subsidiary and that of the Company			
a) Number of Shares	None	None	None
b) Extent of Holder	None	None	None
8. Material changes between the end of the financial year of subsidiary and that of Company :			
a) The Subsidiary's fixed assets	None	None	None
b) Its Investments	None	None	None
c) The Monies lent by it	None	None	None
d) Borrowing other than for meeting current liabilities	None	None	None

**A. D. JAVERI**  
Chairman & Managing Director  
**N. R. JANI**  
Director & Company Secretary

**ARVIND R. DOSHI** Director  
**R.A. SHROFF** Director  
**D.M. SHAH** Director

**A.L. APTE** Director  
**PS. JHAVERI** Director  
**A.A. JAVERI** Director

Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

*Annual Report of the Subsidiary Company*

**ANUCHEM B. V. B. A.**  
**BELGIUM**

**BOARD OF DIRECTORS**

Mr. Asit D. Javeri  
Mr. Nitin R. Jani  
Mr. Ronny Verchaeren

**AUDITORS**

Mr. Luc Verreyken  
Accountantskantoor,  
Agiver BVBA  
Bisschoppenhoflaan 588,  
B-2100 Deume.

**DIRECTOR'S REPORT**

The Directors of Anuchem BVBA are pleased to submit herewith the annual report and Audited statement of accounts for the year ended 31<sup>st</sup> December, 2008.

**REVIEW OF BUSINESS :**

The principal activities of the Company continued to be marketing of Chemicals. The Turnover during the year was EURO 6.505.000,00 (2007 - EURO 412.025,00). The Profit after tax at EURO 8.979,48 (2007 Loss for the Year - EURO 214,15).

The Directors opined that, the performance during the year 2008 was satisfactory. Barring unforeseen circumstances the performance of Company is expected to improve in the current financial year.

**DIVIDEND :**

The Directors have decided that there will be a dividend of 10% for the year 2008.

**AUDITORS :**

The auditors, Mr. Luc Verreyken of Agiver BVBA, accountantskantoor have expressed their willingness to continue as Auditors and the Directors will place a resolution before the general meeting for their re-appointment.

On Behalf of Board

**A. D. Javeri**  
Director

Antwerpen,  
27<sup>th</sup> May, 2009

**AUDITOR'S REPORT**

AGIVER BVBAACCOUNTANTSKANTOOR  
BISSCHOPPENHOFLAAN 588  
2100 DEURNE  
REG. NO. 4755 2N 53

To the shareholders of Anuchem BVBA :

I have audited the balance sheet of Anuchem BVBA as at 31<sup>st</sup> December, 2008 and the related Profit and Loss Account which have been prepared on the basis of accounting policies stipulated under Chapter II of the royal decree of 8<sup>th</sup> October, 1976.

The said accounting policies have not been altered in relation to the previous financial year. The Profit and Loss Account is not being majorly influenced by yields and costs that have to be ascribed to the previous financial year.

I have conducted my audit in accordance with the auditing standards issued by IAB Accountants organisation. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the companies circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also considered the overall adequacy of the presentation of information in financial statement.

In my opinion the financial statement give a true and fair view of the state of affairs of the Company at 31<sup>st</sup> December, 2008 and of the profit or Loss for the year then ended and have been properly prepared in accordance with the requirement of the Belgium Company law.

For Agiver Bvba  
Luc Verreyken  
Reg. No. 4755 2N 53

Antwerpen, 27<sup>th</sup> May, 2009



**ANUCHEM B.V.B.A.****ANNUAL STATEMENT OF ACCOUNTS OF ANUCHEM BVBA  
BALANCE SHEET AFTER DISTRIBUTION OF PROFIT**

As at 31st December, 2008

	2008 (Currency : Euro)	2007 (Currency : Euro)
<b>ASSETS</b>		
<b>1) Fixed Assets</b>		
i) Fixed Assets (gross)	1.830,97	1.830,97
ii) Less : depreciation	<u>(1.830,97)</u>	<u>- (1.830,97)</u>
<b>2) Current Assets</b>		
i) Stocks	55.250,00	2.800,00
ii) Receivables :		
a) Trade receivables	1.134.000,00	25.100,00
b) Other receivables	<u>1.619,42</u>	<u>984,99</u>
	1.135.619,42	26.084,99
<b>3) Liquid resources</b>	34.671,72	32.861,83
<b>TOTAL ASSETS</b>	<u><u>1.225.541,14</u></u>	<u><u>61.746,82</u></u>
<b>LIABILITIES</b>		
1) Issued Capital	18.750,00	18.750,00
2) Reserves:		
i) Legal reserve	1.875,00	1.875,00
ii) Profit and loss Account	<u>38.810,66</u>	<u>31.875,18</u>
	40.685,66	33.581,18
3) Current liabilities :		
i) Suppliers	1.142.650,00	9.415,64
ii) Fiscal Provision	-	-
iii) Others - Suppliers	21.580,48	-
iv) Dividend Payable	<u>1.875,00</u>	<u>-</u>
	1.166.105,48	9.415,64
<b>TOTAL LIABILITIES</b>	<u><u>1.225.541,14</u></u>	<u><u>61.746,82</u></u>

AGIVER BVBA  
Accountantskantoor  
Reg. No. 4755 2N53A. D. Javeri  
DirectorAntwerpen, 27<sup>th</sup> May, 2009**ANUCHEM B.V.B.A.****ANNUAL STATEMENT OF ACCOUNTS OF ANUCHEM BVBA  
PROFIT AND LOSS ACCOUNT**

As at 31st December, 2008

	2008 (Currency : Euro)	2007 (Currency : Euro)
<b>INCOME</b>		
Turnover	6.505.000,00	412.025,00
Interest received	84,31	55,15
Increase / (decrease) in closing stock	52.450,00	(109.200,00)
Income / (loss) on exchange fluctuation	-	-
	<u>6.557.534,31</u>	<u>302.880,15</u>
<b>EXPENSES :</b>		
Purchases	6.455.150,00	253.600,00
Clearing and forwarding charges	87.177,09	23.077,58
Travelling and administrative expenses	4.512,62	25.683,22
Local taxes	598,50	582,81
Financial expenses	1.116,62	163,00
Depreciation/amount written off Trade debtors	-	-
	<u>6.548.554,83</u>	<u>303.106,61</u>
<b>PROFIT/(LOSS) BEFORE TAXATION :</b>	8.979,48	(226,46)
Less : Taxes for the earlier year	-	(12,31)
<b>PROFIT/(LOSS) AFTER TAX</b>	8.979,48	(214,15)
Add : Carried over profit of last year	<u>31.706,18</u>	<u>31.920,33</u>
	40.685,66	31.706,18
Less : provision for dividend	(1.875,00)	-
<b>Profit to be carried over</b>	<u><u>38.810,66</u></u>	<u><u>31.706,18</u></u>

AGIVER BVBA  
Accountantskantoor  
Reg. No. 4755 2N53A. D. Javeri  
DirectorAntwerpen, 27<sup>th</sup> May, 2009

**NOTES ON ANNUAL STATEMENT OF ACCOUNT OF ANUCHEM BVBA FOR 2008**

**1) ACCOUNTING POLICIES**

The Principal accounting policies adopted by the company are as follows:

**a) BASIS OF ACCOUNTING :**

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

**b) STOCKS :**

Stocks are valued at lower of cost or net realisable value.

**c) CURRENCIES :**

This accounts have been prepared in Euro. (€)

**d) FOREIGN CURRENCIES :**

Revenue transactions in foreign currencies are translated in Euro at the exchange rate prevailing on the date of transaction.

At the end of the financial year the Assets and liabilities expressed in foreign currencies are translated into Euro at the rate of exchange ruling at the end of financial year.

**e) DEPRECIATION :**

Depreciation on Fixed assets is at the rate of 20% per annum on straight line basis.

**f) TAXATION :**

Tax payable is provided on taxable profit at the current tax rate.

**2) SHARE CAPITAL**

Authorised, allotted and fully paid-up.

750 shares of € 25,00 Euro each

**3) RECEIVABLES (due within one year)**

	<u>More than 6 months</u>		<u>Others</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
a) Trade receivable	-	-	<b>1.134.000,00</b>	25.100,00
b) Other receivable	-	-	<b>1.619,42</b>	984,99
			<b>1.135.619,42</b>	26.084,99

**4) SUPPLIERS**

(due within one year)

a) For Purchase	-	-	<b>1.142.650,00</b>	-
b) For Services	-	-	<b>21.580,48</b>	9.415,64
			<b>1.164.230,48</b>	9.415,64

2008  
(Currency : Euro)

2007  
(Currency : Euro)

**5) TRAVELLING AND ADMINISTRATIVE EXPENSES**

Fees	<b>3.898,92</b>	5.840,81
Commissions	-	19.075,00
Register and publication costs	<b>111,23</b>	110,03
Other business expenses	<b>318,67</b>	119,00
Insurance	-	538,38
Publication costs	<b>183,80</b>	-
	<b>4.512,62</b>	25.683,22

**6) CLEARING AND FORWARDING CHARGES**

Freight	<b>76.924,83</b>	12.259,85
Rental stock house	-	1.887,73
Fee novatrans	<b>8.940,00</b>	8.940,00
	<b>85.864,83</b>	23.077,58

**7) LOCAL TAXES**

Local Taxes	<b>598,50</b>	582,81
	<b>598,50</b>	582,81

**8) FINANCIAL EXPENSES**

Interests	<b>507,78</b>	-
Charges	<b>608,84</b>	163,00
Income	<b>(84,31)</b>	(55,15)
	<b>1.032,31</b>	107,85

**9) LIQUID RESOURCES**

General bank Usd (fortis)	<b>5.950,64</b>	5.950,64
General bank Euro (fortis)	<b>28.627,51</b>	26.817,62
	<b>34.578,15</b>	32.768,26
Cash Balance	<b>93,57</b>	93,57
	<b>34.671,72</b>	32.861,83

AGIVER BVBA  
Accountantskantoor  
Reg. No. 4755 2N53

A. D. Javeri  
Director

Antwerpen, 27<sup>th</sup> May, 2009

*Annual Report of the Subsidiary Company*

**ANUCHEM PTE LTD.**  
**SINGAPORE**

**BOARD OF DIRECTORS**

Mr. Asit D. Javeri  
Mr. Nitin R. Jani  
Ms. Tiah Tan Lim, Lynne

**AUDITORS**

10 Jalan Besar  
#10-12, Sim Lim Tower  
Singapore 208787

**DIRECTOR'S REPORT**

**REPORT OF THE DIRECTORS**

The directors submit this annual report to the members together with the audited financial statements of the company for the year ended to 31<sup>ST</sup> DECEMBER 2008.

**1. DIRECTORS**

The directors in office at the date of this report are :-

**JAVERI ASIT DHANKUMAR**

**JANI NITIN RAMESHCHANDRA**

**TIAH LAN TIM, LYNNE**

**2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES**

Neither during nor at the end of the financial period was the company a party to any arrangement whose object was to enable the directors of the company to acquire benefits through the acquisition of shares in, or debentures of the company or any other body corporate.

**3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES**

According to the Register of Directors' Shareholdings kept by the company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year was interested in shares of the company and its related corporations as follows:

**Directors' Interest in Shares or Debentures :**

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Companies Act, Cap.50 are as Follows:

Name of the Directors	No of Share	
	At the beginning of the period	At the end of the period
Shares in Holding Company Sadhana Nitro Chem Limited at INR Rs 10.00 per each share		
JAVERI ASIT DHANKUMAR	377,963	377,963
JANI NITIN RAMESHCHANDRA	6,087	27,392

No director who held office at the end of the financial year had interests in share options, warrants or debentures of the Company, or related corporations, either at the beginning of the financial year or at the end of the financial year.

**4. DIRECTOR'S CONTRACTUAL BENEFITS**

During the period no director has received or become entitled to receive a benefit by reason of a contract made by the company or by a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest other than those disclosed in the financial statements.

**5. OPTIONS GRANTED**

No options were granted during the financial period to take up unissued shares of the Company.

**6. OPTIONS EXERCISED**

No shares were issued by virtue of the exercise of options.

**7. OPTIONS OUTSTANDING**

There were no unissued shares under option at the end of the financial period.

**STATEMENT BY DIRECTORS**

We **JAVERI ASIT DHANKUMAR, JANI NITIN RAMESHCHANDRA** and **TIAH LAN TIM, LYNNE** being the directors of **ANUCHEM PTE LTD**, do hereby state, in the opinion of the directors,

- the accompanying balance sheet, income statement, statement of changes in equity and cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the company for the year ended 31<sup>ST</sup> DECEMBER 2008 and of the results of the business, changes in equity and cash flows of the company for the period then ended;
- at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors authorised these financial statements on  
Signed at Singapore

On Behalf of Board

**Asit D. Javeri**  
Director

Singapore  
Date : 31<sup>st</sup> January, 2009

**AUDITOR'S REPORT****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ANUCHEM PTE LTD.  
(Incorporated in Singapore)**

We have audited the accompanying financial statements of ANUCHEM PTE LTD, which comprise the balance sheet of the Company as at 31<sup>st</sup> December 2008, the statement of changes in equity of the Company, the income statement and cash flow statement of the Company for the year ended 31<sup>st</sup> December 2008, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap.50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes :

- 6
- a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
  - b) selecting and applying appropriate accounting policies; and
  - c) making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure selected depends on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion :-

- (a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> December 2008 and of the results, changes in equity of the company and the cash flows of the company for the year ended 31<sup>st</sup> December 2008; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**MGI N RAJAN ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS**

SINGAPORE  
DATE : 31<sup>st</sup> January, 2009

## ANUCHEM PTE LTD

### BALANCE SHEET AS AT 31-12-2008

	NOTE	31.12.2008	31.12.2007
		S\$	S\$
<b>Current Assets</b>			
Cash and cash equivalents	4	<u>26,370</u>	<u>26,370</u>
		<u>26,370</u>	<u>26,370</u>
<b>Current Liabilities</b>			
Other payables	5	<u>16,200</u>	<u>9,200</u>
		<u>16,200</u>	<u>9,200</u>
<b>Net current (Assets)</b>		<u>10,170</u>	<u>17,170</u>
<b>Equity</b>			
Issued capital		25,000	25,000
Share application	7	-	-
(Loss) for the period		<u>(14,830)</u>	<u>(7,830)</u>
<b>TOTAL EQUITY</b>		<u>10,170</u>	<u>17,170</u>

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements.)

### INCOME STATEMENT FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2008

	NOTE	31.12.2008	31.12.2007
		S\$	S\$
Preliminary Expenses		-	1,599
Professional Fees		6,000	6,192
Audit Fees		1,000	-
Bank Charges		-	<u>39</u>
Operating Expenses		<u>7,000</u>	<u>7,830</u>
(Loss) from operations before tax	3	<u>(7,000)</u>	<u>(7,830)</u>
<b>NET (LOSS) FOR THE PERIOD</b>		<u>(7,000)</u>	<u>(7,830)</u>

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements.)

	Share Capital	(Loss) for the period	Total
	S\$	S\$	S\$
<b>AS AT 1 JANUARY 2008</b>			
Share Capital	25,000	-	25,000
Issue of shares during the year	-	-	-
<b>NET (LOSS) TILL DATE</b>		<u>(14,830)</u>	<u>(14,830)</u>
<b>Balance as at 31 December 2008</b>	<u>25,000</u>	<u>(14,830)</u>	<u>(10,170)</u>

(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements.)

## ANUCHEM PTE LTD

### CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2008

	31.12.2008	31.12.2007
	S\$	S\$
Cash flow from Operating Activities		
Loss before taxation	(7,000)	(7,830)
Operating loss before working capital Changes	<u>(7,000)</u>	<u>(7,830)</u>
Increase in other payables	7,000	9,200
Cash generated from operating activities	-	1,370
Cash flow from Financing Activities		
Issue of Shares	-	<u>25,000</u>
	-	<u>26,370</u>
Net Change in Cash & Cash Equivalents	-	26,370
Cash & cash equivalents at the beginning of the Period	<u>26,370</u>	-
<b>Cash &amp; cash Equivalents at end of the Period</b>	<u>26,370</u>	<u>26,370</u>

### NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2008

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

#### 1. GENERAL

The financial statements of the company for the YEAR ENDED 31<sup>ST</sup> DECEMBER 2008 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The company is incorporated on 12.10.2007 as a limited liability company and domiciled in the Republic of Singapore.

The principal activities of the company are to carry on business as International Trading.

The company's registered office & principal place of business address:-  
10 Jalan Besar, #10-12, Sim Lim Tower, Singapore 208787.

The company did not employ any employee as of 31<sup>ST</sup> DECEMBER 2008.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### a) Basis of Accounting

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS) including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

##### b) Taxation

The tax expenses is determined on the basis of tax effect accounting, using the liability method, and it is applied to all significant timing differences. Deferred tax benefits are not recognised unless there is reasonable expectation of their realisation.

##### c) Impairment

The carrying amounts of the Company's assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

## ANUCHEM PTE LTD

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

**d) Receivables**

Receivables are recognized at cost, which is the original amount less allowance for any doubtful debts. The carrying value approximates the fair value of receivables.

**e) Payables**

Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

**f) Cash and cash equivalents**

Cash and cash equivalents comprise bank deposits.

**3. TAXATION**

No provision is made in the accounts since the company is dormant

**4. CASH & CASH EQUIVALENTS**

	2008	2007
	S\$	S\$
Cash at bank	<u>26,370</u>	<u>26,370</u>
	<u>26,370</u>	<u>26,370</u>

**5. TRADE AND OTHER PAYABLES**

**Other payables:**

Other creditors & Accruals	<u>16,200</u>	<u>9,200</u>
	<u>16,200</u>	<u>9,200</u>

**6. AMOUNT DUE TO HOLDING COMPANY**

These represent amount due to holding company in current account and has no fixed terms for the repayment of principal or interest.

	2008	2007
	S\$	S\$

**7. SHARE CAPITAL**

Issued & fully paid up: Ordinary Shares	25,000	25,000
---	--------	--------

**8. FINANCIAL INSTRUMENTS- RISK MANAGEMENT**

The company has no written risk management policies and guidelines. Its directors have adopted policies in an adhoc fashion that to mitigate risks in a cost effective manner.

**a) Price risk**

**i) Currency risk**

The company operates and sells its products in several countries other than Singapore and transacted in foreign currencies including United States Dollars. As a result, the company is exposed to movements in foreign currencies

## ANUCHEM PTE LTD

exchange rates. However, the company does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

**ii) Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The company has no interest-bearing financial instruments, hence is not exposed to any movements in market interest rates.

**iii) Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or the issuer or factors affecting all securities traded in the market.

The company does not hold any quoted or marketable financial instrument, hence, is not exposed to any movements in market prices.

**b) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The company had no significant concentrations of credit risk. The maximum exposure to credit risk in relation to each class of recognised financial assets, other than derivatives, is represented by the carrying amount of each financial asset as indicated in the balance sheet.

Cash is held with financial institutions of good standing.

**c) Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The company maintains sufficient level of cash and cash equivalents.

**d) Cash flow risk**

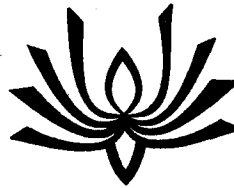
Cash flow is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount.

The company is not exposed to any cash flows risk as it does not have any monetary financial instruments will fluctuate in amount.

**9. OTHERS**

The company is a wholly owned subsidiary of Sadhana Nitro Chem Limited, Incorporated in India.

*Annual Report of the Subsidiary Company*



**LIFESTYLE NETWORKS LIMITED**

**BOARD OF DIRECTORS**

Shri Asit D. Javeri	Director
Shri Abhishek A. Javeri	Director
Smt Seema A. Javeri	Director
Shri Nitin R. Jani	Director
Shri Priyam S. Jhaveri	Director
Shri Pradeep N. Desai	Director

**BANKERS**

STATE BANK OF PATIALA  
Atalanta, 1st Floor,  
Nariman Point,  
Mumbai - 400 021

**AUDITORS**

V. SANKARAIYAR & CO.  
Chartered Accountants  
2-C, Court Chambers,  
35, New Marine Lines,  
Mumbai - 400 020.





To the Members of LIFESTYLE NETWORKS LIMITED

Your Directors have pleasure in presenting to you their 4th Report of your Company together with the Statement of Audited Accounts for the period ended 31<sup>st</sup> March, 2009.

<b>1. FINANCIAL RESULTS</b>	<b>2008-09</b>	<b>2007-08</b>
	<b>Rs.</b>	<b>Rs.</b>
Sales	<b>53,31,746</b>	46,24,159
Other Income	<b>3,71,758</b>	61,002
<b>Total</b>	<b><u>57,03,504</u></b>	<b><u>46,85,161</u></b>
Loss: Profit/(Loss)before exceptional item		
Depreciation and Taxation	<b>(1,10,65,090)</b>	(2,97,17,499)
Loan restructuring expenses	<b>16,00,000</b>	-
Less: Depreciation	<b>74,688</b>	69,914
Loss: before Tax	<b>(1,27,39,778)</b>	(2,97,87,413)
Less: provision for taxation	<b>40,000</b>	48,000
Deferred tax adjustment	<b>1,01,29,589</b>	-
Loss: after tax	<b>(26,50,189)</b>	(2,98,35,413)
Opening Balance brought forward	<b>3,43,50,613</b>	45,15,200
<b>Balance carried forward to Balance Sheet</b>	<b><u>(3,70,00,802)</u></b>	<b><u>(3,43,50,613)</u></b>

**2. REVIEW OF OPERATIONS.**

During the year your company has provided several Wi-Fi (Wireless Fidelity) based network solutions of Rs. 53,31,746/- (PY Rs. 46,24,159/-).

Your company has focused on its core competency of creating wireless hotzones. Endeavors are also directed towards marketing its technology to several hospitals, industries and construction companies for sale of wireless technology for high end applications.

The Consortium of Infrastructure Leasing & Financial Services Limited (IL&FS), Fujitsu India Limited, Software Technology Park of India (STPI) and your company, led by IL&FS own the tender for the project of Pimpri Chinchwad Municipal Corporation (PCMC) for design, construction, operation and maintenance of a wireless infrastructure within the territorial jurisdiction of PCMC in order to enable delivery of e-services and delivery of various e-services (including e-governance, e-health, e-education) to the citizen in faster and efficient way. However, the project could not commence during the year.

The company has entered into a joint controlled operating agreement with another company which is an ISP Licence holder for Gujarat pursuant to which the major portion of stock of Wi-Fi nodes and other related accessories will be installed by it in the City of Ahmedabad. The role of other company would be to provide technical installations and support, marketing responsibilities and operation and maintenance of infrastructure that are required to provide Wi-Fi enabled services in Ahmedabad. The company will be entitled to revenue share as mutually agreed between the parties.

With reference to para 4(g) of Auditor's Report; during the year due to financial constraints your company is re-negotiating the rate of interest with other corporate lenders. Thus no interest has been provided in books of account for the year.

The bankers of the company restructured its term loan repayment schedule during the year for providing additional moratorium for repayment

Based on the market study conducted by professional firm, barring unforeseen circumstances revenue flow from the project on its completion will be adequate to bring turnaround in the operation and recoup accumulated loss in near future.

In view of the loss your Directors do not recommend payment of any dividend for the year ended 31<sup>st</sup> March, 2009.

**3. OUTLOOK.**

Your company will endeavor to increase its sale of Wi-Fi based network solutions. Several project of Wi-Fi solutions are in various stages of negotiation. Over a period your company will establish itself as major player in this field besides it will have revenue share from the joint control agreement.

**4. INSURANCE**

The assets of your Company are adequately insured.

**5. FIXED DEPOSITS**

No Fixed Deposits were accepted by your Company.

**6. DIRECTORS**

Mrs. S.A. Javeri and Mr. Abhishek A. Javeri, retires by rotation at the ensuing annual general meeting and being eligible offer themselves for the reappointment.

**7. AUDITORS**

Messrs V. Sankar Aiyar & Co., Chartered Accountants, Auditors of your Company, retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

**8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO.**

The information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to these matters are given in Annexure appended hereto and forms part of this Report.

**9. COMPLIANCE CERTIFICATE.**

Secretarial Compliance certificate pursuant to Section 383A of the Companies Act, 1956 has been obtained from M/s. Makarand M. Joshi & Co., Practicing Company Secretaries.

**10. EMPLOYEES.**

The industrial relations during the year were cordial. There were no employees drawing remuneration in excess of the limits specified U/s 217(2A) of the Companies Act, 1956.

**11. DIRECTORS' RESPONSIBILITY STATEMENT.**

As required under Section 217(2AA) of the Companies Act, the Directors hereby confirm that:



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

## 12. ACKNOWLEDGMENTS

Your Directors would like to express their appreciation for the assistance and co-operation received from the Bankers State Bank of Patiala, Mumbai. They also wish to place on record their appreciation for the co-operation and contribution of the staff in the implementation of the project of your Company during the year under report.

For and On Behalf of the Board of Directors

CA

Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

**A.D. JAVERI**  
Director

## ANNEXURE TO THE DIRECTORS REPORT

INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

### A. CONSERVATION OF ENERGY

FORM-A : FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

The Company is not an energy intensive unit, however several measures are undertaken to conserve and optimise the use of energy which will be continued.

### B. TECHNOLOGY ABSORPTION

FORM-B : FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY.

RESEARCH AND DEVELOPMENT

1. Specific areas in which R&D carried out by the Company. N.A.
2. Benefits derived as a result of the above R&D. N.A.
3. Future Plan of Action.

The Company will chalk out its R&D Program suitable to its line of operation.



	31.03.09	31.03.08
	Rs.	Rs.
4. Expenditure on R&D		
(a) Capital	Nil	Nil
(b) Recurring	Nil	Nil
Total	Nil	Nil
(c) Total R&D expenditure as a % of total turnover	Nil	Nil

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.  
The Company has yet to commence its full fledge operations.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc. N.A.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year). No technology has been imported.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services and export plans.  
The Company has yet to commence its full fledge operations.
- b) Total Foreign Exchange used and earned. (in Rupee )
  - i) Used :
 

a) Imports (CIF) - Purchases	Nil	Nil
b) Other expenditure	Nil	Nil
  - ii) Earned :
 

	Nil	Nil
--	-----	-----

For and On Behalf of the Board of Directors

Place: Mumbai  
Dated: 26<sup>th</sup> June, 2009

**A.D. JAVERI**  
Director



**Makarand M. Joshi & Co.**  
**COMPANY SECRETARIES**

3rd Floor, Jyoti Chambers, L T Road, Mulund East, Mumbai - 400 081.

**COMPLIANCE CERTIFICATE**

Regn No. 11 - 155530

Nominal Capital: Rs. 1,00,00,000/-

Paid Up Capital: Rs. 50,00,000/-

To,

The Members of  
LIFESTYLE NETWORKS LIMITED (subsidiary of a listed Public Company)  
207, Kakad Chambers, 2nd Floor,  
132, Dr. Annie Besant Road, Worli,  
Mumbai - 400018

I have examined the registers, records, books and papers of LIFESTYLE NETWORKS LIMITED as required to be maintained under the Companies Act, 1956, 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 **31<sup>st</sup> March, 2009**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has 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 duly recorded.
2. The company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies.
3. The company being a public limited company the provisions of Section 3(i) (iii) of the Companies Act are not applicable.
4. The Board of Directors duly met 5 times on 29<sup>th</sup> April 2008, 30<sup>th</sup> July 2008, 24<sup>th</sup> September 2008, 24<sup>th</sup> October 2008, and 22<sup>nd</sup> January 2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The company was not required to close its Register of Members for the year under review.
6. The Annual General Meeting for the financial year ended 31/03/2008 was held on 24<sup>th</sup> September 2008 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.



7. No extra ordinary general meetings was held during the financial year consideration.
8. As explained to us the Company has not advanced any loans to the dir of the company under Section 295 of the Companies Act, 1956 durin year under consideration.
9. The Company was not required to comply with the provisions of section of the Act in respect of contracts specified in that section.
10. The company has made necessary entries in the register maintained Section 301 of the Act.
11. No approvals were required from the Board of Directors, Members an Central Government pursuant to section 314 of the Act during the p under consideration.
12. The company has not issued any duplicate Share Certificates durin financial year ended on 31/03/2009.
13. (i) There being no transfer/transmission/allotment of the shares provisions as to delivery of share certificate are not applicable.  
(ii) The provision about depositing the amount of dividend in a sep bank account were not applicable as no dividend was declared c the year.  
(iii) The provisions regarding posting of warrants for dividend to a members within a period of 30 days from the date of declaration w: applicable as no dividend was declared. There was no unpaid/ uncl dividend, which was required to be transferred to Unpaid Div Account.  
(iv) No provisions as to transferring the amounts in unpaid dividend ac application money due for refund, matured deposits, matured debe and the interest accrued thereon which have remained unclaim unpaid for a period of seven years to Investor Education and Prot Fund are applicable.  
(v) The company has duly complied with the requirements of section ; the Act.
14. The Board of Directors of the company is duly constituted.
15. The Company has not appointed Managing Director/Whole-time Dir Manager during the period under consideration.
16. No sole-selling agents were appointed by the Company for the period scrutiny.
17. No approvals of the Central Government, Company Law Board, Re Director, Registrar or such other Authorities as may be prescribed und various provisions of the Act were required for the financial year under r as explained to us.



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 has not issued any Shares / Debentures / other securities during the financial year under consideration.
20. The company has not bought back any share during the financial year ending 31.03.2009.
21. There being no preference shares / debentures, the provisions as to redemption of preference shares / debentures are not applicable.
22. The provisions as to keeping in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares are not applicable.
23. The company has not invited / accepted any deposit including any unsecured loans falling within the purview of Section 58 A during the financial year under consideration.
24. The Company has complied with the provisions of Section 293(1) (d) of the Companies Act, 1956 as the borrowing are well within the limit.
25. The provisions of Section 372A of the Companies Act, 1956 as to making loans and investments, or giving guarantees or providing securities to other bodies corporate are complied during period under review.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the period under scrutiny.
28. The company has altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The company has altered the provisions of the memorandum with respect to share capital during the year under scrutiny.
30. The company has not altered its articles of association during the year under scrutiny.
31. No prosecution was initiated against or show cause notices received by the company for alleged offences under the Act and also no fines and penalties or any other punishment were imposed on the company.
32. The company has not received security deposit from its employees during the year under certification and therefore the provisions of section 417(1) of the Companies Act, 1956 are not applicable.



33. The provisions of depositing both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act are not applicable to the Company.

#### ANNEXURE - A

Registers as maintained by the Company

1. Register of Charges u/s 143.
2. Register of Members u/s 150.
3. Minutes Book for Board and General Meetings u/s 193.
4. Books of Accounts u/s 209.
5. Register of particulars of contract in which the Directors are interested u/s 301.
6. Register of Directors and Managing Director, Manager and Secretary u/s 303.
7. Register of Directors' shareholdings u/s 307.
8. Share Transfer Register.
9. Register of loan Investments, guarantees & Securities u/s 372A.

#### ANNEXURE - B

Forms and returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31<sup>st</sup> March, 2009.

Sr. no.	Form no. / Return	Filed u/s	Date of filing/ Registration	Filed within time	If delay whether additional fee paid
1.	Form 32 Appointment of Mr. Priyam Jhaveri, Mr. Pradeep Desai	264	08/07/2008	No	Yes
2.	Form 23AC and form 23ACA for the year 31 <sup>st</sup> March, 2007	220	19/11/2008	No	Yes

Place : Mumbai  
Date : 24/06/2009

**MAKARAND M. JOSHI**  
C.PNo : 3662

## AUDITOR'S REPORT



### TO THE MEMBERS OF LIFESTYLE NETWORKS LIMITED

1. We have audited the attached Balance Sheet of LIFESTYLE NETWORKS LIMITED as at 31<sup>st</sup> March, 2009 and also the annexed Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 67 4. Further to our comments in the Annexure referred to in paragraph 3 above.
- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - 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 referred to in this report are in agreement with the Books of Account.
  - In our opinion Balance Sheet and Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to sub-section 3(C) of Section 211 of the Companies Act, 1956.
  - Based on the representations made by the Directors and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31<sup>st</sup> March, 2009, prima-facie disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - Without qualifying we draw your attention to note 2(a) of Schedule 'G' regarding on going concern.
  - Non provision of interest on borrowings referred to note 2(b) in the notes forming part of the accounts has the effect of reducing the losses of current year and well as the accumulated carried forward losses in the balance sheet by Rs. 60,11,671/-*
  - Subject to note 4(g) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read along with notes on Accounts and the Accounting Policies give the information required by the



Companies Act, 1956, in the manner so required and read in conjunction with all other notes thereon give a true and fair view.

i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009.

ii) in the case of the Profit & Loss Account, of the Loss for the year ended on that date.

and

iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**FOR V. SANKAR AIYAR & CO .**  
CHARTERED ACCOUNTANTS

**ARVIND MOHAN**

Partner

Place : Mumbai

Dated : 26<sup>th</sup> June, 2009

Membership No. 124082

### ANNEXURE TO THE AUDITOR'S REPORT

Referred to in Paragraph 3 of our report of even date.

- In respect of its fixed assets:
  - The company has maintained records showing particulars including quantitative details and situation of fixed assets on the basis of available information.
  - As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - In our opinion, the company has not disposed of substantial part of fixed assets during the year and the going concern status of the company is not affected.
- In respect of its inventories:
  - As explained to us, inventories have been physically verified by the management at regular intervals during the year.
  - In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - The company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.



3. In respect of loans, secured or unsecured, granted or taken by the company to/ from companies, firms or other parties covered in the register maintained under section 301 of the companies act, 1956, we report that:-
- The Company has not granted any loans, secured or unsecured during the year.
  - During the year company has taken interest free loans from one Director and two companies aggregating to Rs. 1,18,17,499/-. These along with other loans have an outstanding year end balance of Rs. 7,61,28,573/- & maximum balance during the year was Rs. 8,36,62,215/-
  - 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 are taken are not prima-facie prejudicial to the interest of the company.
  - The company is regular in repaying the principal amount as stipulated. The company has not paid interest of Rs. 60,11,671/- accrued during the year. Attention is invited to note 2(b) of schedule G of financial statements.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods & services. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under section 301 of the companies act, 1956 :
- In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under section 301 of the companies act, 1956 have been so entered.
  - In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the companies act, 1956 exceeding value of Rs. 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from public. Accordingly, clause (vi) of the Order does not apply to the company.
7. On the basis of the internal audit reports broadly reviewed by us, we are of the opinion that, the internal audit functions carried out by the management is commensurate with the size of the company and the nature of its business.
8. The Central Government has not prescribed any maintenance of cost records under section 209(1) (d) of the Companies act, 1956. Accordingly, clause (viii) of the Order does not apply to the company.
9. In respect of statutory dues:
- According to the records, the company has generally been irregular in depositing undisputed statutory dues including provident fund, Investor Education and Protection fund, employees' state insurance income-tax, Sales Tax, Wealth tax, Customs duty, Excise duty, cess, Service tax and other statutory dues with the appropriate authorities. There are no other undisputed amounts payable

in respect of the aforesaid dues as at 31<sup>st</sup> March, 2009 for a period of more than six months from the date of becoming payable other than those reported as under.

Name of Statute	Nature of dues	Amount	Due Date	Date of payment
Income Tax Tax Act, 1961	Tax Deducted at Source	12,30,249	31/09/08	No yet paid

- According to the records of the company, there are no disputed statutory dues on account of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess remaining unpaid as on 31<sup>st</sup> March, 2009.
- Since the company has been registered for less than five years, clause (x) of the Order does not apply to the company.
  - Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions and banks. During the year, bank has restructured its loan to the company in the form of deferring the due dates of its installments.
  - In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
  - In our opinion, the company is not a chit fund or nidhi/mutual benefit fund/ society. Therefore, clause (xiii) of the Order is not applicable to the company.
  - The company does not trade in shares, debentures, securities and any other investments. Accordingly, clause (xiv) of the Order does not apply to the company.
  - The company has not given any guarantee for loans taken by others. Accordingly, clause (xv) of the Order does not apply to the company.
  - In our opinion and according to the information and explanation given to us, the term loans have been applied for the purpose for which they were raised.
  - Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company as on March 31, 2009, in our opinion, there are no funds raised on a short term basis which have been used for long term investment.
  - During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
  - In our opinion and according to the information and explanation given to us, the company has not issued any secured debentures during the period covered by our report.
  - The company has not raised any money by way of public issue during the year.
  - In our opinion and according to the information and explanation given to us, no material fraud on or by the company has been noticed or reported during the course of our audit.

FOR V. SANKAR AIYAR & CO.  
CHARTERED ACCOUNTANTS

ARVIND MOHAN  
Partner

Place: Mumbai  
Dated: 26<sup>th</sup> June, 2009

Membership No. 124082

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009**

	Schedule	31.03.2009		31.03.2008	
		Rs.	Rs.	Rs.	Rs.
<b>I. SOURCES OF FUNDS :</b>					
1. Shareholders' Funds :					
(a) Capital	A	50,00,000		50,00,000	
2 Loan fund					
(a) Secured Loans	B	6,35,65,772		6,83,25,861	
(b) Unsecured Loans	C	8,31,28,573		7,18,44,715	
<b>TOTAL</b>		<b>15,16,94,345</b>		<b>14,51,70,577</b>	
<b>II. APPLICATION OF FUND :</b>					
1. Fixed Assets :					
(a) Gross Block	D	4,31,874		4,31,874	
(b) Less: Depreciation		1,91,164		1,16,476	
Net Block		2,40,710		3,15,398	
(c) Capital working in Progress		8,74,19,866		-	
2. Deferred Tax Asset		1,01,29,589		1,01,29,589	
<b>Current Assets, Loans and E Advances :</b>					
(a) Inventory		29,40,000		9,28,03,418	
(b) Sundry Debtors		5,74,240		19,06,164	
(c) Cash and Bank Balances		1,54,435		30,67,575	
(d) Loans and Advances		1,56,98,189		1,60,73,012	
		1,93,66,864		11,38,50,168	
<b>Less:</b>					
<b>Current Liabilities and Provisions :</b>					
(a) Current Liabilities	F	22,86,846		32,13,962	
(b) Provisions		1,76,640		1,31,640	
		24,63,486		33,45,602	
Net Current Assets		1,69,03,378		11,05,04,566	
<b>Profit and Loss Account</b>	G	<b>3,70,00,802</b>		<b>2,42,21,024</b>	
<b>TOTAL</b>		<b>15,16,94,345</b>		<b>14,51,70,577</b>	

Schedule 'A' to 'G' inclusive form part of Balance Sheet.

As per our Report of even date  
For V. SANKAR AIYAR & CO.  
Chartered Accountants

**ARVIND MOHAN**  
Partner  
Membership No. 124082  
Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

**A. D. JAVERI** Director  
**A. A. JAVERI** Director  
**S. A. JAVERI (Mrs.)** Director  
**N.R. JANI** Director  
**P.S. JHAVERI** Director  
**P.N. DESAI** Director

Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

**PROFIT AND LOSS ACCOUNT YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

	Schedule	31.03.2009		31.03.2008	
		Rs.	Rs.	Rs.	Rs.
<b>INCOME :</b>					
Sales and Other Income	1	57,03,504		46,85,161	
Increase/(Decrease) in Inventory		(12,21,776)	44,81,728	-	46,8
<b>EXPENDITURE :</b>					
Direct Expense	2	18,57,926		38,47,269	
Administrative Expenses	3	27,38,261		1,39,37,249	
Salaries and Benefits to Employees	4	21,97,352		41,75,514	
Finance Charges	5	87,18,279		1,24,14,538	
Payment to Auditors		35,000		28,090	
			1,55,46,818		3,44,0
<b>PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS, DEPRECIATION &amp; TAXATION</b>					
			(1,10,65,090)		(2,97,17
Loan Restructuring Expenses			16,00,000		
Depreciation for the year			74,688		6
<b>PROFIT/(LOSS) BEFORE TAXATION</b>					
			(1,27,39,778)		(2,97,87
Add : Provision for FBT			40,000		4
Less: Deferred Tax adjustment			(1,01,29,589)		
<b>PROFIT/(LOSS) AFTER TAXATION</b>					
			(26,50,189)		(2,98,38
Balance as per last Balance Sheet			(3,43,50,613)		(45,18
<b>Balance Transferred to Balance Sheet</b>			<b>(3,70,00,802)</b>		<b>(3,43,50</b>
		<b>TOTAL</b>	<b>(3,70,00,802)</b>		<b>(3,43,50</b>

Basic &amp; Diluted Earning Per Share of Nominal value

(5.30)

(8)

Schedule '1' to '5' and 'G' inclusive form part of the Profit and Loss Account

As per our Report of even date.  
For V. SANKAR AIYAR & CO.  
Chartered Accountants

**ARVIND MOHAN**  
Partner  
Membership No. 124082  
Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

**A. D. JAVERI** Dir  
**A. A. JAVERI** Dir  
**S. A. JAVERI (Mrs.)** Dir  
**N.R. JANI** Dir  
**P.S. JHAVERI** Dir  
**P.N. DESAI** Dir

Place : Mumbai  
Dated : 26<sup>th</sup> June

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**

<b>SCHEDULE 'A'</b>		31.03.2009	31.03.2008
		Rs.	Rs.
<b>SHARE CAPITAL</b>			
Authorised Capital			
1000000	Equity Shares of Rs. 10/ each	<u>1,00,00,000</u>	<u>1,00,00,000</u>
<b>Total</b>		<u>1,00,00,000</u>	<u>1,00,00,000</u>
Issued, Subscribed and Paid-Up Capital:			
500000	Equity Shares of Rs. 10/ each fully paid up	<u>50,00,000</u>	<u>50,00,000</u>
<b>Total</b>		<u>50,00,000</u>	<u>50,00,000</u>

**SCHEDULE 'B'****SECURED LOANS**

From Banks

(Secured against fixed assets and inventory [including future purchase to be made] And corporate Guarantee of holding Company and personal Guarantee of the Directors)

6,35,65,772	6,83,25,861
<u>6,35,65,772</u>	<u>6,83,25,861</u>

**SCHEDULE 'C'****UNSECURED LOANS**

Holding Company

Directors

Others

**Total**

4,71,92,779	5,18,65,072
1,60,69,784	1,55,25,229
1,98,66,010	44,54,414
<u>8,31,28,573</u>	<u>7,18,44,715</u>

**SCHEDULE 'D'****FIXED ASSETS**

Particulars of Asset	GROSS BLOCK (ATCOST)			DEPRECIATION			NETBLOCK	
	As on 01/04/08	Additions	Total as at 31/3/09	As on 01/04/08	Depre- ciation for the year	Total upto 31/03/09	As on 31/3/09	As on 31/3/08
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Office								
Equipment	2,01,164	-	2,01,164	44,689	24,377	69,066	1,32,098	1,56,475
Furnitures & Fixtures	31,840	-	31,840	5,763	5,763	11,526	20,314	26,077
Computers								
Equipments	23,870	-	23,874	4,774	9,548	14,322	9,548	19,096
Trade Mark	1,75,000	-	1,75,000	61,250	35,000	96,250	78,750	1,13,750
<b>TOTAL</b>	<u>4,31,874</u>	<u>-</u>	<u>4,31,874</u>	<u>1,16,476</u>	<u>74,688</u>	<u>1,91,164</u>	<u>2,40,710</u>	<u>3,15,398</u>
Previous Year	3,34,164	97,710	4,31,874	46,562	69,914	1,16,476	3,15,398	2,87,602

**SCHEDULE 'E'**

	31.03.2009	31.03.2008
	Rs.	Rs.
<b>A. Inventories</b>		
1. Stock of Wi-Fi items	<u>29,40,000</u>	<u>9,28,03,418</u>
<b>Total</b>	<u>29,40,000</u>	<u>9,28,03,418</u>
<b>B. Sundry Debtors: (unsecured Considered good)</b>		
1. Outstanding for more than six months	4,73,117	5,21,108
2. Other Debts	<u>1,01,123</u>	<u>13,85,056</u>
<b>Total</b>	<u>5,74,240</u>	<u>19,06,164</u>
<b>C. Cash and Bank Balances:</b>		
1. Cash on Hand	15,672	2,89,978
2. Bank Balances (Schedule Banks)		
i) in Current Account	138,763	7,77,597
ii) in Fixed Deposit	-	20,00,000
(Margin money against bank Guarantee)		
<b>Total</b>	<u>154,435</u>	<u>30,67,575</u>
<b>D. Loans and Advances : (Unsecured Considered Good)</b>		
(a) Advance to Suppliers	25,533	3,43,442
(b) Taxes Recoverable	15,098,765	1,52,32,319
(c) Others	381,000	4,81,000
(d) Advance Tax (FBT)	<u>192,890</u>	<u>16,250</u>
<b>Total</b>	<u>15,698,189</u>	<u>1,60,73,012</u>

**SCHEDULE 'F'****CURRENT LIABILITIES AND PROVISIONS:**

<b>A. Current Liabilities:</b>		
(a) Creditors for Capital Goods	-	29,42,793
(b) Trade Creditors	5,12,960	12,614
(c) Creditors for Expenses	-	2,58,555
(d) Other Liabilities	<u>17,73,885</u>	<u>-</u>
<b>Total</b>	<u>22,86,846</u>	<u>32,13,962</u>
<b>B. Provisions :</b>		
Provision for FBT	1,63,640	1,18,640
Provision for Taxation	<u>13,000</u>	<u>13,000</u>
<b>Total</b>	<u>1,76,640</u>	<u>1,31,640</u>





## SCHEDULE 'G'

### NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009

#### 1. Significant Accounting policies

##### a) Basis of preparation of Financial Statements

The Accounts have been prepared on historical cost basis and as a going concern complying in all material aspects with applicable accounting principles in India, the Accounting Standard notified by Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956.

##### b) Use of Estimates

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

##### c) Revenue Recognition

Sales of Products & Services are recognized when significant risks and rewards of ownership of products and rendering of services are passed on to customers. Sales and Services rendered are stated at realizable values and Net of Sales tax, service tax and returns.

##### d) Fixed Assets

Fixed assets are stated at their original cost including interest, borrowing cost and other expenses directly related to qualifying assets during construction period. Assets under construction are held as capital work in progress until they are ready for their intended utilization.

##### e) Depreciation

- i) Assets individually costing Rs. 5,000/- or less are depreciated fully in the year of purchase
- ii) Depreciation on fixed assets other than trademarks is charged on WDV Method at rates provided under Schedule XIV of Companies Act, 1956.
- iii) Trade marks are depreciated over 5 years from the date of acquisition.

##### f) Valuation of Inventories

Inventories are stated at cost or net realisable value, whichever is lower. Cost comprises all cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost formula used is 'First-In-First-Out'. Due allowance is estimated and made for defective and obsolete items, wherever necessary.

##### g) Taxation

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Fringe Benefit Tax is determined at current applicable rates on expenses falling within the ambit of 'Fringe Benefit' as defined under the Income Tax Act 1961.



Deferred tax is recognised subject to the consideration of prudence in respect of deferred assets on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. In the event of unabsorbed depreciation and carry forward losses, deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient taxable income will be available to realize such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

##### h) Earnings Per Share (EPS)

###### Basic EPS

The earnings considered in ascertaining the Company's basic EPS comprise the net profit/(loss) after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

###### Diluted EPS

The net profit/(loss) after tax and the weighted average number of shares outstanding during the year are adjusted for all the effects of dilutive potential equity shares for calculating the diluted EPS.

##### i) Provisions

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical evaluation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

##### j) Foreign Currency Transaction

Foreign currency transactions are recorded by applying the rates on the date of transaction. Exchange differences arising on foreign currency transactions settled during the year are recognised in the profit and loss account for the year.

All foreign currency denominated monetary assets and liabilities are translated at the exchange rates prevailing on the balance sheet date. The resultant exchange differences are recognised in the profit and loss account for the year. All non-monetary assets and liabilities are stated at the rates prevailing on the date of the transaction.

#### 2. Notes forming part of accounts.

- a) During the year, the company has entered into an agreement with another enterprise, which is an ISP license holder for the State of Gujarat. Pursuant to this joint venture agreement, major portion of the stock of WIFI nodes and other related accessories belonging to the company will be installed by it in the city of Ahmedabad, in Gujarat. The other enterprise would provide technical installations and support that are required to provide WIFI enabled services in the city of Ahmedabad, market the facility and share the revenue. As per a detailed



market study recently conducted, the revenue flow from the project, when completed and commissioned will be adequate to bring turn around in the operations of the company and re-coup accumulated losses as at the balance sheet date in next two to three years. Based on the above mentioned developments, management has compiled and presented the accounts on a going concern basis.

- b) Company has represented to the lenders to consider waiver / reduction of interest. Since the matter is under the consideration by the lenders no provision for interest amounting to Rs. 60,11,671/- is made in the accounts.
- c) Secured loan from Banks include Rs. 16,00,000/- towards fees for restructuring of loan
- d) Disclosures requirements as per Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India.

Nature of Transaction	Holding Company	Associate Company	Key Mgt. Personnel & Relatives	Total
a) Sale of goods	12,75,000 (15,41,524)	-	(1,44,664)	12,75,000 (16,86,188)
b) Loans taken	-	68,22,944 (16,04,415)	29,94,555 (46,00,000)	5,70,10,278 (1,38,33,579)
c) Interest paid	(54,29,164)	-	-	(54,29,164)
d) Loan re-paid	-	6,61,349	2,00,000	8,61,349
e) Balances as on March 31, 2009	4,71,92,779	1,06,16,010	1,83,19,783	7,61,28,572

#### List of Related Parties

- i) Holding Company - M/s. Sadhana Nitro Chem Ltd
- ii) Fellow Subsidiary - M/s. Anuchem B.V.B.A., Belgium.  
- M/s. Anuchem Pte. Ltd., Singapore.
- iii) Associate Companies - M/s. IBI Engineering & Services Pvt. Ltd.  
- M/s. Amniseria Corporation  
- M/s. Manekchand Panachand Trading Investment Co. Pvt. Ltd.  
- M/s. Manekchand Panachand & Co.  
- M/s. Chandra Net Pvt. Ltd.

#### Key Management Personnel and their relatives.

- i) Shri A.D. Javeri - Director
- ii) Shri N.R. Jani - Director
- iii) Shri Abhishek A. Javeri - Director
- iv) Smt. Seema A. Javeri - Director
- v) Ms. Chandrika Javeri - Sister of Shri A.D. Javeri



	31.03.2009	31.03.2008
e) Deferred Tax Assets		
Business Losses & Unabsorbed Depreciation	1,01,29,589	1,01,29,589
f) Earnings per share of Nominal value of Rs.10/- each computed in accordance with Accounting Standard (AS-20) for the Period.		
i) Profit after tax as per Profit & (Loss) account (Rs.)	(26,50,189)	(2,98,35,413)
ii) Weighted average number of equity share outstanding	5,00,000	5,00,000
iii) Basic/Diluted earning per share (Rs.10/- per share)	(5.30)	(59.67)
g) Foreign Currency Balances not hedged		
Creditors	Nil	3,52,608
h) Payment to Auditors :		
Audit fees	25,000	28,090
Tax audit fees	10,000	-
<b>TOTAL</b>	<b>35,000</b>	<b>28,090</b>

As per our Report of even date  
For V. SANKAR AIYAR & CO.  
Chartered Accountants

**ARVIND MOHAN**  
Partner  
Membership No. 124082  
Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

**A. D. JAVERI** Director  
**A. A. JAVERI** Director  
**S. A. JAVERI (Mrs.)** Director  
**N.R. JANI** Director  
**P.S. JHAVERI** Director  
**P.N. DESAI** Director  
Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

<b>SCHEDULE '1'</b>	31.03.2009	31.03.2008
	Rs.	Rs.
<b>SALES AND OTHER INCOME</b>		
Wi-Fi Solutions	53,31,746	46,24,159
Misc. Income	14,000	61,002
Sundry Creditors written Back	1,20,497	-
Interest received (TDS Rs. 40,527)	2,37,261	-
<b>Total</b>	<b>57,03,504</b>	<b>46,85,161</b>
<b>SCHEDULE '2'</b>		
<b>DIRECT EXPENSES</b>		
Purchase	17,50,426	33,28,877
Professional Charges	1,07,500	2,98,071
Deployment Charges	-	2,20,321
<b>Total</b>	<b>18,57,926</b>	<b>38,47,269</b>
<b>SCHEDULE '3'</b>		
<b>ADMINISTRATION EXPENSES</b>		
Rates and Taxes	15,819	35,105
Internet charges	33,527	3,33,455
Rent	7,78,493	6,60,000
Insurance	97,710	61,125
Printing and Stationery	1,191	12,802
Telephone	51,739	2,25,084
Travelling & Conveyance	11,38,358	9,67,976
Other Expenses	4,11,633	3,67,502
Sundry Debtors written off	2,09,791	-
Capital work in progress written-off	-	1,12,74,201
<b>Total</b>	<b>27,38,261</b>	<b>1,39,37,249</b>
<b>SCHEDULE '4'</b>		
<b>SALARY AND BENEFITS TO EMPLOYEES</b>		
a) Salaries	20,48,686	41,06,703
b) Staff Welfare Expenses	1,48,666	68,811
<b>Total</b>	<b>21,97,352</b>	<b>41,75,514</b>
<b>SCHEDULE '5'</b>		
<b>FINANCE CHARGES</b>		
a) Interest on Loan	85,47,402	54,29,164
b) Bank Charges	1,70,877	16,030
c) ICD Interest	-	69,69,344
<b>Total</b>	<b>87,18,279</b>	<b>1,24,14,538</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	31.03.2009	31.03.2008
	Rs.	Rs.
<b>NET PROFIT BEFORE TAX</b>	<b>(1,27,39,778)</b>	<b>(2,97,87,413)</b>
a. Depreciation	74,688	69,914
b. Interest including reschedulement charges	1,03,18,279	1,24,14,538
c. Balances written back (Net)	89,294	-
<b>CASH OPERATING PROFIT (LOSS)</b>	<b>(22,57,517)</b>	<b>(1,73,02,961)</b>
a. Trade & other Receivables	13,31,924	(8,88,693)
b. Inventories	24,43,552	1,24,31,000
c. Loans & Advances	2,45,527	(1,95,334)
d. Trade Payables	(8,82,116)	6,29,903
	31,38,887	1,19,76,876
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>8,81,370</b>	<b>(53,26,085)</b>
a. Purchase of Fixed Assets	-	(23,870)
(Net of Adjustment for Capital work-in-progress)		
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-</b>	<b>(23,870)</b>
a. Secured Borrowings - Net of Repayment	(63,60,089)	1,71,866
b. Unsecured Borrowings - Net of Repayment	1,12,83,858	1,76,47,578
c. Interest paid	(87,18,279)	(1,24,14,538)
<b>NET CASH FLOW FROM (C)</b>	<b>(37,94,510)</b>	<b>54,04,906</b>
<b>CHANGE IN CASH / CASH EQUIVALENTS (A+B+C)</b>	<b>(29,13,140)</b>	<b>54,951</b>
<b>ADD: OPENING BALANCE</b>	<b>30,67,575</b>	<b>30,12,624</b>
<b>CASH/CASH EQUIVALENTS AT THE CLOSE OF THE YEAR</b>	<b>1,54,435</b>	<b>30,67,575</b>

**Notes :**

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- Previous year's figures have been re-grouped and re-arranged wherever necessary.

As per our Report of even date

For V. SANKAR AIYAR & CO.  
Chartered Accountants

<b>A. D. JAVERI</b>	Director
<b>A. A. JAVERI</b>	Director
<b>S. A. JAVERI (Mrs.)</b>	Director
<b>N.R. JANI</b>	Director
<b>P.S. JHAVRI</b>	Director
<b>P.N. DESAI</b>	Director

**ARVIND MOHAN**  
Partner  
Membership No. 124082
Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009



**CONSOLIDATED ANNUAL REPORT**

**OF**

**SADHANA NITRO CHEM LIMITED**

**AND**

**ITS SUBSIDIARIES**



**TO THE BOARD OF DIRECTORS OF SADHANA NITRO CHEM LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SADHANA NITRO CHEM LIMITED AND ITS SUBSIDIARIES.**

We have examined the attached Consolidated Balance Sheet of Sadhana Nitro Chem Limited and its subsidiaries as at 31<sup>st</sup> March, 2009, and the Consolidated Profit and Loss Account and the Consolidated Cash Flow statement for the year ended on that date.

These Consolidated Financial Statements are the responsibility of Sadhana Nitro Chem Limited's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have conducted our audit in accordance with the generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free from 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 statements. We believe that our audit provides a reasonable basis for our opinion.

75 We did not audit the financial statements of Foreign Subsidiary referred to in Note 3(b) to the Consolidated Financial statements, for the year ended 31<sup>st</sup> March, 2009 whose financial statements reflect total assets of Rs. 202.63 lacs as at 31<sup>st</sup> March, 2009 and total revenue of Rs. 4421.55 lacs for the year then ended. These financial statements have been audited as at 31<sup>st</sup> December, 2008 by other auditors whose reports have been furnished to us. However, since these financial statements which are compiled by the management of the company for the financial year ended 31<sup>st</sup> March, 2009, were not audited, any adjustments to their balances could have been consequential effect on the attached Consolidated Financial Statements. However, the size of the subsidiary, in the consolidated position, is not significant in relative terms.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21 - Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Sadhana Nitro Chem Limited and its subsidiary included in the Consolidated Financial Statements.

On the basis of the information and explanations given to us we are of the opinion that except for the effect, if any, on account of possible adjustments stated above.

- a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Sadhana Nitro Chem Limited and its subsidiary as at 31<sup>st</sup> March, 2009.
- b) The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operation of Sadhana Nitro Chem Limited and its subsidiaries for the year then ended.

and

- c) The Consolidated Cash Flow Statement gives a true and fair view of the Consolidated Cash Flow of Sadhana Nitro Chem Limited and its subsidiaries for the year ended on that date.

**FOR V. SANKAR AIYAR & CO.**  
CHARTERED ACCOUNTANTS

Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

**ARVIND MOHAN**  
Partner  
Membership No. 124082

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2009.**

	Schedule	31.03.2009 Rs.	31.03.2008 Rs.
<b>I. SOURCES OF FUNDS :</b>			
1. Shareholders' Funds :			
(a) Capital	A	9,20,08,300	2,04,54,510
(b) Reserve & Surplus	B	3,83,51,442	14,03,67,412
2. Minority Interest			
3. Loan Funds :			
(a) Secured Loans	C	51,22,53,003	39,99,78,317
(b) Unsecured Loans	D	9,30,79,407	9,08,02,239
TOTAL		<u>73,56,92,152</u>	<u>65,16,02,478</u>
<b>II. APPLICATION OF FUNDS :</b>			
1. Fixed Assets :			
(a) Gross Block	E	84,71,01,252	83,30,70,800
(b) Less: Depreciation		53,02,89,452	49,27,83,466
Net Block		31,68,11,800	34,02,87,334
(c) Capital work-in-progress		18,61,11,456	8,31,32,160
2. Investments :			
	F	21,08,420	21,08,420
3. Current Assets, Loans and Advances :			
(a) Inventories	G	16,96,43,527	25,12,72,690
(b) Sundry Debtors		8,73,45,510	3,80,86,490
(c) Cash and Bank Balances		94,56,121	1,01,94,696
(d) Loans and Advances		6,81,90,622	9,23,95,982
		33,46,35,780	39,19,49,858
Less:			
Current Liabilities and Provisions :			
(a) Liabilities	H	13,52,77,686	17,96,72,637
(b) Provisions		1,02,90,606	1,11,67,212
		14,55,68,292	19,08,39,849
Net Current Assets		18,90,67,487	20,11,10,009
4. Deferred Tax Asset			
	I	4,15,92,989	2,49,64,555
Notes forming part of accounts			
TOTAL		<u>73,56,92,152</u>	<u>65,16,02,478</u>

As per Report attached of even date  
For V. SANKAR AIYAR & CO.  
Chartered Accountants  
**ARVIND MOHAN**  
Partner (Membership No.124082)  
Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

**A.D. JAVERI**  
Chairman & Managing Director  
**N.R. JANI**  
Director & Company Secretary  
Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009.**

	Schedule	31.03.2009 Rs.	31.03.2008 Rs.
<b>INCOME :</b>			
Sales and Other Income		77,51,30,153	75,76,39,954
Less : Excise Duty		1,10,20,880	81,28,995
Sales (Net)	'1'	76,41,09,273	74,95,10,959
Other Income	'2'	1,24,94,781	1,92,48,756
Increase/(Decrease) in Stock	'3'	4,19,49,373	(1,99,95,869)
		<u>81,85,53,427</u>	<u>74,87,63,846</u>
<b>EXPENDITURE :</b>			
Raw Material consumption		49,58,62,541	48,88,59,289
Power and Fuel	'4'	9,52,49,651	9,36,81,326
Operation and Maintenance	'5'	2,53,34,216	2,35,70,488
Salaries, Wages & Benefits to Employees	'6'	4,27,71,645	3,53,64,732
Administrative Expenses	'7'	2,28,26,003	4,03,37,801
Selling and Distribution	'8'	28,579,771	2,97,32,930
Finance Cost	'9'	5,74,26,264	5,56,43,404
Payment to Auditors		4,26,530	2,27,590
Managerial Remuneration		44,66,636	45,15,636
		<u>77,29,43,257</u>	<u>77,19,33,196</u>
Profit Before Depreciation, Effects of Foreign Exchange Contracts, Exceptional Items & Taxation			
Exchange Contracts, Exceptional Items & Taxation Depreciation for the year		4,56,10,170	(2,31,69,350)
		<u>3,74,94,762</u>	<u>4,12,01,056</u>
Profit/(Loss) Before Effects of Foreign Exchange Contracts, Exceptional Items & Taxation			
Exchange Contracts, Exceptional Items & Taxation		81,15,408	(6,43,70,406)
Loss on expiry of Foreign currency forward contracts		9,99,97,633	-
Loss on mark to market on unexpired forward Contract		1,87,48,530	-
Right Issue Expenses		32,43,821	-
Loan Restructuring Expenses		40,48,660	-
PROFIT/(LOSS) BEFORE TAXATION		(11,79,23,236)	(6,43,70,406)
Add : Deferred Tax		1,66,28,434	2,49,64,555
LESS: Provision for FBT		4,44,886	11,46,709
PROFIT/(LOSS) AFTER TAXATION		<u>10,17,39,688</u>	<u>4,05,52,560</u>
Add: Balance as per last Balance Sheet		4,33,696	3,96,22,311
TOTAL		<u>(10,13,05,992)</u>	<u>(9,30,249)</u>
<b>APPROPRIATION :</b>			
Proposed Dividend on Equity Shares		1,28,306	20,45,451
Tax on Proposed Dividend		-	3,47,624
Reserve on Consolidation		4,32,907	(18,96,522)
Balance transferred to Balance Sheet		(10,18,67,205)	4,33,696
TOTAL		<u>(10,13,05,992)</u>	<u>(9,30,249)</u>
Basic Earning Per Share of F. V. of Rs.10/-each		(19.71)	(19.83)
Dilute Earning per Share of F. V. of Rs.10/-each		(11.06)	(19.83)
(See Note No. 6 of schedule 'I')			

As per Report attached of even date  
For V. SANKAR AIYAR & CO.  
Chartered Accountants  
**ARVIND MOHAN**  
Partner (Membership No.124082)  
Mumbai : Dated : 26<sup>th</sup> June, 2009

**A.D. JAVERI**  
Chairman & Managing Director  
**N.R. JANI**  
Director & Company Secretary  
Mumbai : Dated : 26<sup>th</sup> June, 2009



**SCHEDULES ANNEXED TO AND FORMING PART OF  
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009**



<b>SCHEDULE 'A'</b>	31.03.2009 Rs.	31.03.2008 Rs.
<b>SHARE CAPITAL :</b>		
Authorised Capital :		
10000000 Equity Shares of Rs.10/- each (P.Y. 4000000 Equity Shares)	10,00,00,000	4,00,00,000
1000000 Unclassified Shares of Rs.10/- each (P.Y. 10,00,000 Unclassified Shares)	1,00,00,000	1,00,00,000
TOTAL	<u>11,00,00,000</u>	<u>5,00,00,000</u>
Issued, Subscribed and Paid-up Capital :		
*9200830 Equity Shares of Rs.10/- each fully paid. (P.Y. 20,45,451 Equity Shares)	9,20,08,300	2,04,54,510
TOTAL	<u>9,20,08,300</u>	<u>2,04,54,510</u>

**SCHEDULE 'B'**

<b>RESERVE AND SURPLUS :</b>		
1. Capital Reserve	93,681	93,681
2. Capital Reserve on Consolidation	6,70,014	3,96,576
3. Preference Redemption Reserve	5,00,000	5,00,000
4. Share Premium	54,96,740	54,96,740
5. General Reserve	13,34,58,212	13,34,46,719
6. Profit and Loss Account	<u>(10,18,67,205)</u>	<u>4,33,696</u>
TOTAL	<u>3,83,51,442</u>	<u>14,03,67,412</u>

**SCHEDULE 'C'**

<b>SECURED LOANS :</b>		
A. From Banks :		
(i) On Cash Credit/Packing Credit Account	21,48,48,189	17,10,46,259
(ii) TERM LOAN FROM SBI BANK	1,96,83,000	2,84,09,058
(iii) TERM LOAN FROM EXIM	1,22,87,719	1,10,57,174
(iv) TERM LOAN FROM SBP BANK	16,60,03,103	13,64,97,641
(v) BILLS DISCOUNTED	6,22,17,621	-
(vi) INTEREST ACCRUED ON TERM LOANS	17,02,371	-
(vii) AXIS BANK	3,55,11,000	5,29,68,185
TOTAL	<u>51,22,53,003</u>	<u>39,99,78,317</u>

**SCHEDULE 'D'**

	31.03.2009 Rs.	31.03.2008 Rs.
<b>UNSECURED LOANS :</b>		
A. Fixed Deposits		
1. From Directors	2,72,69,784	-
2. From Others	3,40,24,010	1,06,47,000
B. Other Loans		
1. Under Sales Tax Deferral Scheme	20,90,321	20,90,321
2. inter corporate deposits	2,96,95,292	7,80,64,918
TOTAL	<u>9,30,79,407</u>	<u>9,08,02,239</u>

**SCHEDULE 'E'**

Particulars of Asset	<b>FIXED ASSETS</b>			
	<b>GROSS BLOCK (AT COST)</b>	<b>DEPRE- CIATION</b>	<b>NET BLOCK</b>	
	Total as at 31/03/2009 Rs.	Total upto 31/03/2009 Rs.	As on 31/03/2009 Rs.	As on 31/03/2008 Rs.
Leasehold Land	76,400	28,549	47,851	48,655
Freehold Land	26,06,318	-	26,06,318	26,06,318
Plant & Machinery (Includes Computers & Office Equipments)	67,91,36,458	43,06,55,098	24,84,81,360	26,44,97,906
Buildings	12,18,10,941	6,44,68,114	5,73,42,827	6,36,75,280
Furnitures & Fixtures	70,75,644	58,71,523	12,04,121	14,69,668
Laboratory Equipments	80,99,601	48,45,066	32,54,535	29,30,320
Research & Development Equipment	1,31,56,291	1,13,69,354	17,86,937	21,78,993
Vehicles	1,51,39,599	1,30,51,748	20,87,851	28,80,196
<b>GRAND TOTAL</b>	<b>84,71,01,252</b>	<b>53,02,89,452</b>	<b>31,68,11,800</b>	<b>34,02,87,336</b>
<b>PREVIOUS YEAR TOTAL</b>	<b>83,30,70,800</b>	<b>49,27,83,466</b>	<b>34,02,87,334</b>	<b>32,83,30,872</b>

**SCHEDULE 'F'**

	31.03.2009 Rs.	31.03.2008 Rs.
<b>INVESTMENT</b>		
A. UNQUOTED	20,00,000	20,00,000
B. QUOTED	10,75,127	10,75,127
	<u>30,75,127</u>	<u>30,75,127</u>
Less : Provision for Diminution on Investment Value	9,66,707	9,66,707
TOTAL	<u>21,08,420</u>	<u>21,08,420</u>

**SCHEDULE 'G'**31.03.2009  
Rs.31.03.2008  
Rs.**CURRENT ASSETS, LOANS AND ADVANCES**

A. Inventories :		
1. Stores and spares parts etc.(at cost)	3,14,09,333	3,70,89,030
2. Scrapped Stock (at estimated value)	48,500	48,500
3. Stocks and goods-in-process :		
(a) Raw Materials (at cost)	5,32,70,434	15,47,69,332
(b) Stock in transit (at cost)	16,81,556	1,81,50,692
(c) Packing Materials-Drums/Bags(at cost)	15,15,561	22,42,383
(d) Fuel (at cost)	6,22,592	10,59,792
(e) Finished Goods (at cost or market value whichever is lower)	6,39,08,997	2,17,98,882
(f) Goods-in-Process (at estimated cost)	1,71,85,362	1,60,83,761
(g) Others (at realisable value)	1,192	30,318
TOTAL	<u>16,96,43,527</u>	<u>25,12,72,690</u>
B. Sundry Debtors : (Unsecured considered good)		
1. Outstanding for more than six months	9,44,792	1,51,80,705
2. Other Debts	8,64,00,718	2,29,05,785
TOTAL	<u>8,73,45,510</u>	<u>3,80,86,490</u>
C. Cash and Bank Balances :		
1. Cash on Hand	3,62,972	3,561,302
2. Bank Balances :	8,97,371	-
i) In Current Account	77,29,061	59,39,884
ii) In Fixed Deposit	4,00,000	4,00,000
iii) In EEFC Account in Foreign Currency	66,717	2,93,510
TOTAL	<u>94,56,121</u>	<u>1,01,94,696</u>
D. Loans and Advances : (Unsecured considered good)		
(a) Loan to Staff	12,68,234	13,24,457
(b) Advance to Suppliers	40,38,326	-
(c) Advances recoverable in cash or kind or for value to be received		
i. Due from customs, excise and sales tax	1,46,70,191	3,78,08,585
ii. Deposits -		
- Central Excise	1,40,86,687	1,28,55,839
- Others	2,21,66,170	3,368,519
(d) Others	1,19,61,014	3,70,38,582
TOTAL	<u>6,81,90,622</u>	<u>9,23,95,982</u>
E. Deferred Tax Asset :	4,15,92,989	2,49,64,555

**SCHEDULE 'H'**31.03.2009  
Rs.31.03.2008  
Rs.**CURRENT LIABILITIES AND PROVISIONS :**

A. Current Liabilities :		
1. Sundry Creditors		
(a) Creditors for Capital Goods	2,35,09,524	2,21,52,717
(b) Trade Creditors	6,80,12,077	12,06,70,902
(c) Other Creditors	3,62,49,403	3,36,96,220
2. Unclaimed Dividends	7,34,758	7,15,352
3. Interest accrued but not due	9,41,551	6,07,936
4. Preference Share Redeemed (Unclaimed)	21,000	7,500
5. Other Liabilities	58,09,374	18,22,010
TOTAL	<u>13,52,77,686</u>	<u>17,96,72,637</u>
B. Provisions :		
1. Proposed Dividend on Equity Shares	-	20,45,451
2. Tax on proposed Dividend	-	3,47,624
3. Provision for taxation (Net of payments)	37,76,449	57,26,296
4. Defined Benefit Obligation	65,14,157	30,47,841
TOTAL	<u>1,02,90,606</u>	<u>1,11,67,212</u>





## SCHEDULE 'I'

### CONSOLIDATED FINANCIAL STATEMENT - SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009.

- 79
1. Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Companies. Recognizing this purpose, the Company has disclosed only such policies and notes from the individual financial statements which fairly represent the needed disclosures. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which in the opinion of the management, could be better viewed when referred from the individual financial statements.
  2. Basis of Preparation of Financial Statements :
    - i) The financial statements of the subsidiary used in the consolidation is drawn upto the same reporting date as that of the Parent Company, i.e. year ended 31<sup>st</sup> March. The foreign subsidiary follow January to December as their financial year. In the case of this foreign subsidiary the Company has redrawn its financial statements for the year ended 31<sup>st</sup> March.
    - ii) The financial statements have been prepared under the historical cost basis and as a going concern. The accounts of the Parent Company has been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, and that of the foreign subsidiary has been prepared in accordance with the local laws and the applicable Accounting Standards/generally accepted accounting principles.
  3. Principles of consolidation :
    - a) The consolidated financial statements have been prepared in accordance with the accounting standards (AS)-21 issued by the Institute of Chartered Accountants of India.
    - b) The consolidated financial statement relates to Sadhana Nitro Chem Limited (The Company) and (i) its wholly owned foreign subsidiary AnuChem B.V.B.A., Belgium, AnuChem Pte. Ltd. Singapore. (ii) its Indian Subsidiary company LifeStyle Network Limited (in which the company holds Rs. 25,50,000/- being Share Capital comprising of 2,55,000 Equity shares of Rs.10/- each holding 51% stake).
    - c) The consolidated financial statement have been prepared on the following basis.
      - i) The financial statement of the company and its subsidiary have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenditure after eliminating all material intragroup balances and intragroup transactions resulting in unrealized profit/losses.



- ii) The foreign subsidiary's financial year is calendar year and the same is audited accordingly. However, for consolidation purpose, the unaudited financial statement of subsidiary is compiled for the period same as that of the company for reporting.
- iii) Capital reserve on consolidation has been recognized in the consolidated financial statement.
- iv) Minority Interest on consolidation of Indian subsidiary has been recognized in the consolidated financial statement.
- v) The Income and Expenses transaction of the profit and loss account which are translate in Indian Rupee at average rate and assets and liabilities appearing in the balance sheet of the foreign subsidiary are in foreign currency which are translated in Indian Rupees at the exchange rate prevailing on Balance Sheet date.
- vi) The consolidated financial statement have been prepared using as far as possible uniform accounting policy and are presented to the extent possible in the same manner as the company's financial statement.

#### 4. Significant Accounting policies:

- a) The Accounts have been prepared on historical cost basis and as a going concern complying in all material aspects with applicable accounting principles in India, the Accounting Standard issued by Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

#### b) Sales :

Sales include exchange differences and are net of sales tax and returns.

#### c) Taxation :

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised subject to the consideration of prudence in respect of deferred assets on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. In the event of unabsorbed depreciation and carry forward losses, deferred tax assets are recognized only to the extent that there is virtual certainty that sufficient taxable income will be available to realize such assets. In other situations, deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

Fringe Benefit Tax is determined at current applicable rates on expenses falling within the ambit of 'Fringe Benefit' as defined under the Income Tax Act 1961.



5. Consolidated Segment Reporting :

i) Information about Primary segment-Geographical

	Export Segment	Local Segment	Total
<b>Segment Revenue</b>			
a. External Turnover	67,65,91,861	8,75,17,412	76,41,09,273
b. Export Incentives	87,32,261	-	87,32,261
Other Un-allocated Revenue / income	-	-	-
a. Dividend	-	-	-
b. Other Revenue	-	-	37,62,520
	<u>68,53,24,122</u>	<u>8,75,17,412</u>	<u>77,66,04,054</u>
Segment Result	8,82,36,942	1,14,13,482	9,96,50,424
Un-allocable Revenue			<u>33,86,010</u>
Operating Profit			10,30,36,434
Interest			(18,34,64,908)
Depreciation			<u>(3,74,94,762)</u>
Profit/(Loss) Before Taxation			(11,79,23,236)
Add : Deferred Tax			1,66,28,434
Provision for Taxation			4,44,886
Profit after Taxation			<u>(10,17,39,688)</u>

a. The Company is mainly engaged in manufacturing of chemical intermediates having similar risk and returns, constituting a single segment. Revenue from other activities pursued are insignificant. Operations of the Company are classified into two primary Geographical segments, namely Exports and Local. These segments have been identified and reported taking into account exchange control regulations, underlying currency risks and the internal financial reporting systems.

b. Segment Revenue & Expenses :

- Revenue directly attributed to each of the segment is shown under segment revenue
- Segment Expenses include directly attributed and certain indirect expenses allocated on a reasonable basis. It excludes interest expense, depreciation and other common expenses which cannot be allocated on a reasonable basis.

c. Segment Assets and Liabilities :

Fixed Assets used in the company's business are not identified to any particular reportable segment, consequently management believes that it is not practical to provide segment disclosures relating to capital employed.

6. Earnings per share of Nominal value of Rs.10/- each computed in accordance with Accounting Standard (AS-20) for the year.

	31.03.2009 Rs.	30.03.2008 Rs.
(a) Profit/(Loss) after tax as per P&L account (Rs.)	(10,17,39,688)	(4,05,52,560)
(b) Opening number of equity shares outstanding	20,45,451	20,45,451
(c) Number of Right Issue shares	71,55,379	-
(d) Closing number of equity shares outstanding	92,00,830	20,45,451
(e) Basic/Diluted earning per share [(a)/(c)] (Rs.10/- per share)	(19.71)	(19.83)
(f) Diluted earning per share	(11.06)	(19.83)

7. Disclosures requirements as per Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India.

Nature of Transaction	Holding Company	Subsidiary Company	Associate Company	(*) K.M. Personnel	Total
a) Sale of Goods	-	39,29,60,533	-	-	39,29,60,533
b) Purchase of Assets	-	14,75,000*	-	-	14,75,000
c) Receiving Services	-	-	13,76,148	-	13,76,148
d) Managerial Remuneration	-	-	-	44,66,636	44,66,636
e) Directors' sitting fees	-	-	-	1,41,000	1,41,000
f) Interest Expenses	-	-	28,56,715	27,200	28,83,915
g) Interest Income	-	60,11,671	-	-	60,11,671
h) Fixed Deposit Received	-	-	-	12,00,000	12,00,000
i) Outstanding balance as on March 31, 2009	-	8,97,39,194	1,37,231	15,01,239	8,65,74,763

(\*) K. M. - Key Management



- I) List of Related Parties
- (i) Subsidiary Companies : M/s. Anuchem B.V.B.A., Belgium  
M/s. Anuchem PTE Ltd., Singapore  
M/s. Lifestyle Networks Ltd.
- (ii) Associate Companies : M/s. IBI Engineering & Services Pvt. Ltd.  
M/s. Amnisera Corporation  
M/s. Manekchand Panachand Trading  
Investment Co. Pvt. Ltd.  
M/s. Manekchand Panachand & Co.  
M/s. Chandra Net Pvt. Ltd.
- II) Key Management Personnel and their relatives
- (i) Shri A. D. Javeri : Chairman & Managing Director  
Smt. Seema A. Javeri : Wife of Shri Asit D. Javeri  
Smt. Molina D. Javeri : Mother of Shri A. D. Javeri  
Mr. Abhishek A. Javeri : Son of Shri A. D. Javeri
- (ii) Shri N. R. Jani : Director & Company Secretary

81

## 8. Foreign currency balances hedged

Particulars	31.03.2009			31.03.2008		
	FC.	F.C. Amount	INR	FC.	F.C. Amount	INR
Debtors	USD	2,68,190	1,35,72,410	USD	-	-
	EURO	19,800	11,87,542	EURO	-	-
Foreign currency balances not hedged						
Particulars	FC.	F.C. Amount	INR	FC.	F.C. Amount	INR
Cash/Bank	USD	1,296.73	66,717	USD	1,296.73	52,012
J.Y	-	-	-	J.Y	5,99,400.00	2,41,498
Creditors	USD	2,35,680	1,21,49,304	USD	4,10,422.50	1,64,94,881
Loans	USD	2,38,828	1,23,23,734	USD	2,74,716.32	1,10,57,174

## 9. Please refer Notes in Schedule 'I' annexed to Balance Sheet of the Company

- a) On page 41 Note No. A(4) Fixed Assets  
b) On page 41 Note No. A(5) Depreciation  
c) On page 42 Note No. A(7) Investments  
d) On page 42 Note No. A(8) Valuation of Inventories  
e) On page 42 Note No. A(9) Foreign Currency Transaction  
f) On page 45 Note No. B(6) Related party transaction  
g) On page 47 Note No. B(11) Contingent liabilities.  
h) On page 48 Note No. B(13) Managerial remuneration.

10. Figures have been re-grouped/re-arranged wherever necessary. Current year's figures include those of Lifestyle Networks Ltd., which became a subsidiary during the year and hence previous year's figures are not comparable.

Signature for Consolidated financial statement

As per Report attached of even date  
For V. SANKAR AIYAR & CO.  
Chartered Accountants  
**ARVIND MOHAN**  
Partner (Membership No.124082)  
Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

**A.D. JAVERI**  
Chairman & Managing Director  
**N.R. JANI**  
Director & Company Secretary  
Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009



**SCHEDULES ANNEXED TO AND FORMING PART OF THE  
CONSOLIDATED PROFIT AND LOSS ACCOUNT**

<b>SCHEDULE '1'</b>	31.03.2009 Rs.	31.03.2008 Rs.
<b>SALES (GROSS) :</b>		
(a) Chemical Intermediate Sales	42,22,04,707	5,88,35,178
(b) Organic Intermediate & Other Sales	35,29,25,446	69,88,04,776
	<u>77,51,30,153</u>	<u>75,76,39,954</u>
Less : Excise duty on sale	1,10,20,880	(81,28,995)
Sales net of Excise Duty	<u>76,94,41,019</u>	<u>74,95,10,959</u>

<b>SCHEDULE '2'</b>		
<b>OTHER INCOME :</b>		
(a) Export Incentives	87,32,261	1,47,82,018
(b) Dividend	-	2,174
(c) Profit on sale of Investments	-	4,47,326
(d) Miscellaneous Income	37,62,520	40,17,238
<b>TOTAL</b>	<u>1,24,94,781</u>	<u>1,92,48,756</u>

<b>SCHEDULE '3'</b>		
<b>INCREASE/(DECREASE) IN STOCK :</b>		
Finished Goods	4,13,20,754	(2,77,41,778)
Work-in-progress	11,01,601	76,47,978
Others	(29,126)	21,156
Excise on Closing Stock of Finished Goods	7,77,920	76,775
<b>TOTAL</b>	<u>4,31,71,149</u>	<u>(1,99,95,869)</u>

<b>SCHEDULE '4'</b>		
<b>POWER &amp; FUEL :</b>		
Electricity Charges	1,96,10,308	2,48,29,680
Fuel Charges	7,14,96,792	6,30,01,645
Diesel Consumption	7,11,603	12,43,410
Water Charges	34,30,948	46,06,591
<b>TOTAL</b>	<u>9,52,49,651</u>	<u>9,36,81,326</u>

<b>SCHEDULE '5'</b>		
<b>OPERATION &amp; MAINTENANCE :</b>		
Stores and Spares Consumed	94,47,436	26,62,787
Machinery Repairs & Maintenance	3,12,549	14,01,003
Building Repairs & Maintenance	80,420	59,897
Other Repairs & Maintenance	26,46,842	23,76,937
Other Manufacturing Expenses	63,16,022	72,86,109
Effluent Expenses	56,47,921	94,19,452
R&D Expenses	8,83,026	3,64,303
<b>TOTAL</b>	<u>2,53,34,216</u>	<u>2,35,70,488</u>



<b>SCHEDULE '6'</b>	31.03.2009 Rs.	31.03.2008 Rs.
<b>SALARIES, WAGES &amp; BENEFITS TO EMPLOYEES :</b>		
Salaries, Wages & Bonus	3,87,80,531	3,12,64,886
Staff Welfare	13,87,756	16,43,629
Contribution to Provident Fund and other funds	26,03,358	24,56,217
<b>TOTAL</b>	<u>4,27,71,645</u>	<u>3,53,64,732</u>

<b>SCHEDULE '7'</b>		
<b>ADMINISTRATIVE EXPENSES :</b>		
Rent	12,90,643	15,15,900
Rates and Taxes	20,44,758	29,28,265
Insurance	15,72,989	20,76,421
Printing and Stationery	7,18,918	8,13,011
Postage, Telegrams and Telephones	18,03,916	18,11,096
Travelling Expenses	42,82,384	68,70,004
Legal and Professional Fees	15,74,202	12,31,544
Conveyance Expenses	16,83,845	36,00,980
Director Sitting fees	1,41,000	1,60,000
Electricity charges	9,90,497	16,06,057
Security Charges	12,24,065	13,78,105
Other Expenses	54,98,786	42,91,665
<b>TOTAL</b>	<u>2,28,26,003</u>	<u>4,03,37,801</u>

<b>SCHEDULE '8'</b>		
<b>SELLING AND DISTRIBUTION :</b>		
Ocean freight and other expenses for Export	1,65,29,893	1,95,80,565
Commission & Sales canvassing charges	13,20,467	28,26,083
Drums and other packing charges	37,36,259	41,08,403
Local freight and Other expenses	69,93,152	32,17,879
<b>TOTAL</b>	<u>2,85,79,771</u>	<u>2,97,32,930</u>

<b>SCHEDULE '9'</b>		
<b>FINANCE COST :</b>		
Interest on Long Term Loans	2,48,92,178	2,32,89,912
Interest on Fixed Deposits	13,26,878	10,01,327
Interest on other Loans	95,67,301	1,15,42,735
Interest to Director's on Fixed Deposits	6,32,273	-
Guarantee Commission to Managing Director	15,00,000	-
Bank Interest	1,62,98,433	1,84,69,606
Bank Charges	41,68,102	13,39,824
Consolidation Exchange Fluctuation	(9,58,901)	-
<b>TOTAL</b>	<u>5,74,26,264</u>	<u>5,56,43,404</u>



**CONSOLIDATED CASH FLOW STATEMENT  
(PURSUANT TO CLAUSE 32 OF LISTING AGREEMENT)**



	31.03.2009 Rs.	31.03.2008 Rs.
<b>CASH FLOW ARISING FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX	(11,79,23,236)	(6,43,70,406)
Add : a. Depreciation	3,74,94,762	4,12,01,056
b. Interest	6,14,74,924	5,56,43,404
Less: a. Profit on Sale of Fixed Assets [See Note V(c)]	-	4,47,326
b. Dividend Received	-	2,174
<b>CASH OPERATING PROFIT</b>	<b>(1,89,53,550)</b>	<b>3,20,24,554</b>
<b>ADJUSTMENTS FOR CHANGE IN WORKING CAPITAL</b>		
a. Trade & other Receivables	(4,92,59,020)	1,81,568
b. Inventories (Net of Adjustment for CWIP and inventory transfers )	(57,90,702)	(26,48,732)
c. Loans & Advances	2,42,02,966	(1,87,22,377)
d. Trade Payables	(4,14,09,961)	4,96,83,225
	<u>(7,22,56,716)</u>	<u>2,84,93,684</u>
	(9,12,10,266)	6,05,18,238
Less: a. Direct Taxes (Paid)	(25,31,487)	(13,84,573)
<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>(9,37,41,753)</b>	<b>5,91,33,665</b>
a. Purchase of Fixed Assets (Net of Adjustment for CWIP and inventory transfers)	(2,95,89,882)	(2,83,54,246)
b. Sale of Fixed Assets (See Note IV)	-	12,00,000
c. Dividend Received	-	2,174
<b>CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(2,95,89,882)</b>	<b>(2,71,52,072)</b>

	31.03.2009 Rs.	31.03.2008 Rs.
a. Increase in share capital	7,15,53,790	-
b. Secured Borrowings - Net of Repayment	11,22,74,686	(3,36,06,314)
c. Unsecured Borrowings - Net of Repayment	22,77,168	6,30,80,425
d. Dividend Paid (See Note III)	(23,73,670)	(35,79,058)
e. Interest Paid (See Note II)	(6,11,38,916)	(5,53,23,437)
<b>CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>12,25,93,059</b>	<b>(2,94,28,384)</b>
<b>NET CHANGE IN CASH / CASH EQUIVALENTS (A+B+C)</b>	<b>(7,38,577)</b>	<b>25,53,209</b>
<b>ADD: OPENING BALANCE</b>	<b>1,01,94,698</b>	<b>76,41,489</b>
<b>CASH/CASH EQUIVALENTS AT THE CLOSE OF THE YEAR</b>	<b>94,56,121</b>	<b>1,01,94,698</b>

**Notes :**

- The cash flow statement has been prepared under the "Indirect method" as set out in the Accounting Standard 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- Previous year's figures have been regrouped and re-arranged wherever necessary.

As per Report attached of even date  
For V. SANKAR AIYAR & CO.  
Chartered Accountants  
**ARVIND MOHAN**  
Partner (Membership No.124082)  
Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

**A.D. JAVERI**  
Chairman & Managing Director  
**N.R. JANI**  
Director & Company Secretary  
Place : Mumbai  
Dated : 26<sup>th</sup> June, 2009

**FIVE YEAR HIGHLIGHTS**


(Rupees in Lacs)

	2008-09	2007-08	2006-07	2005-06	2004-05
<b>RESOURCES</b>					
Capital	920.08	204.55	204.55	204.55	204.55
Reserve	694.46	1600.28	1855.44	1849.01	1814.40
Net Worth	1614.54	1804.83	2059.99	2053.66	2018.95
State Govt. Sales Tax Incentives	20.90	20.90	20.90	31.50	31.50
Other Borrowings	5049.71	5016.81	3811.01	3009.30	1628.52
<b>TOTAL</b>	<b>6685.15</b>	<b>6842.54</b>	<b>5891.90</b>	<b>5094.36</b>	<b>3678.97</b>
<b>UTILISATION OF RESOURCES</b>					
Fixed Assets	9452.36	9156.57	8728.72	7795.66	6009.67
Less: Depreciation	5299.73	4925.53	4519.05	4124.28	3784.67
Net Fixed Assets	4152.63	4231.04	4209.67	3671.38	2225.00
Investments	61.22	61.22	54.30	55.07	118.38
Net Current Assets	2471.30	2550.28	1627.93	1367.91	1335.59
<b>TOTAL</b>	<b>6685.15</b>	<b>6842.54</b>	<b>5891.90</b>	<b>5094.36</b>	<b>3678.97</b>
<b>EARNINGS</b>					
Sales & Other Income	7822.14	7589.31	6705.07	5630.35	4683.03
Increase / (-) Decrease in Stock	270.62	(-) 151.74	71.56	(-) 30.63	(-) 27.52
<b>TOTAL</b>	<b>8092.76</b>	<b>7437.57</b>	<b>6776.63</b>	<b>5599.72</b>	<b>4655.51</b>
<b>EXPENDITURE :</b>					
Raw Material, Power & Operation	6163.04	6038.05	5246.45	4207.38	3191.22
Salaries Wages & other benefits	405.74	311.89	327.80	296.26	272.68
Administration & other expenses	477.49	569.88	529.14	461.97	390.11
Finance Cost	495.96	367.55	247.30	164.55	122.64
<b>TOTAL</b>	<b>7542.23</b>	<b>7287.37</b>	<b>6350.69</b>	<b>5130.16</b>	<b>3976.65</b>
<b>PROFIT/(LOSS) BEFORE DEPRECIATION</b>	<b>550.53</b>	150.19	425.94	469.56	678.86
Less: Depreciation	374.20	410.95	394.78	339.61	412.87
<b>PROFIT BEFORE TAX</b>	<b>176.33</b>	(260.76)	31.16	129.95	265.99
Less: Effects of Foreign Exchange	1244.38	64.60	-	-	-
Contracts and Exceptional Items					
Provision for Tax/Deffered Tax	162.23	(11.00)	(8.00)	(25.00)	(93.75)
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>(905.82)</b>	<b>(336.36)</b>	23.16	104.95	172.24
<b>PROFIT BEFORE DEP. TO SALE %</b>	<b>7.15%</b>	2.03%	6.35%	8.34%	14.50%
<b>PROFIT AFTER TAX TO SALE %</b>	<b>-11.76%</b>	(-) 4.55%	0.35%	1.86%	3.68%
Net earning per equity Share					
Basic Rs.	(17.52)	(16.44)	1.13	5.13	8.42
Diluted Rs.	(9.83)	(16.44)	1.13	5.13	8.42
Dividend per equity Share - Rs.	0.00	1.00	1.50	2.00	2.00



# SADHANA NITRO CHEM LIMITED

Regd. Office : 207, Kakad Chambers, 132, Dr. Annie Besant Road,  
Worli, Mumbai - 400 018.

## PROXY FORM

I/We \_\_\_\_\_  
being a member/members of **SADHANA NITRO CHEM LTD.**, hereby appoint \_\_\_\_\_ of  
\_\_\_\_\_ or failing him \_\_\_\_\_ of  
\_\_\_\_\_ as my/our proxy in my/our absence to attend and vote for  
me/us on my/our behalf at the 36<sup>th</sup> Annual General Meeting of the Company to be held on  
9<sup>th</sup> September, 2009 and at any adjournment thereof.

Signed by the said \_\_\_\_\_  
Folio/Client ID No. \_\_\_\_\_  
No. of Shares held \_\_\_\_\_

Please  
affix  
Re. 1/-  
Revenue  
Stamp

(Signature of Member)

**Note :** The proxy must be deposited at the Registered Office of the Company not less than 48 hours before  
the time for hold the meeting.



# SADHANA NITRO CHEM LIMITED

## ENTRANCE PASS

### FOR THE 36<sup>th</sup> ANNUAL GENERAL MEETING

Date : 9<sup>th</sup> September, 2009  
Time : 4.15 p.m.  
Place : "PRINCE HALL",  
The National Sports Club of India, Lala Lajpatrai Marg,  
(Nr. Vallabhbbhai patel stadium) Worli, Mumbai - 400018.

Folio/Client ID No. \_\_\_\_\_  
No. of Shares \_\_\_\_\_  
Name of the Shareholders/Jt. Shareholder(s) \_\_\_\_\_  
Name of the Proxy \_\_\_\_\_  
Signature of Shareholder/Proxy \_\_\_\_\_

**Note :** (1) Only shareholder or their proxies will be allowed to attend the meeting.  
(2) THE PRACTICE OF DISTRIBUTING COPIES OF THE "ANNUAL REPORT" AT THE ANNUAL  
GENERAL MEETING HAVING BEEN DISCONTINUED, YOU ARE REQUESTED TO BRING  
YOUR COPY OF THE "ANNUAL REPORT" TO THE MEETING.

**NO ENTRY WITHOUT ENTRANCE PASS**

**BOOK-POST**



If undelivered please return to :  
**Sadhana Nitro Chem Limited**  
207, Kakad Chambers, 2nd Floor,  
132, Dr. Annie Besant Road,  
Worli, Mumbai - 400 018. INDIA