

**GARODIA CHEMICALS LIMITED**

**ANNUAL REPORT**

**2009 – 2010**

## NOTICE

NOTICE IS HEREBY GIVEN THAT ANNUAL GENERAL MEETING OF THE MEMBERS OF GARODIA CHEMICALS LIMITED WILL BE HELD ON THURSDAY 30<sup>TH</sup> SEPTEMBER 2010 AT 11:00 A.M AT 149/156, GARODIA SHOPPING CENTRE, GARODIA NAGAR, GHATKOPAR (EAST), MUMBAI - 400077 TO TRANSACT THE FOLLOWING BUSINESS:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010, the Profit And Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Mahesh Gordhandas Garodia, who retires by rotation and, being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Nishant Maheshkumar Garodia, who retires by rotation and, being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit to pass with or without modification(s), the following resolution as Ordinary Resolution:

“RESOLVED THAT M/s M.K.MEHTA & CO, Chartered Accountants, be and s hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as fixed by the Board of Directors of the Company”.

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETINGS IS ENTITLED TO APPOINT A PROXY OR PORXIES TO ATTEND AND VOTE ON A POLL ONLY, INSTEAD OF HIMSELF AND A PROXY SO APPOINTED 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 COMMENCEMENT OF THE MEETING.
2. Members/proxies should bring duly attendance slip sent herewith to attend the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday 23<sup>rd</sup> September, 2010 to Thursday 30<sup>th</sup> September 2010.
4. Members holding shares in physical form are requested to notify the change, if any, in their address and blank mandate details to the Registrar and Share Transfer Agent, Link Intime India Pvt Ltd, C-13, Pannalal Silk Mills Compound, Lbs Marg, Bhandup (West), Mumbai -400078.
5. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
6. Members seeking any information on the Accounts are requested to write to the Company, which should reach the Company at least one week before the date of the Annual General Meeting so as to enable the Management to keep the information ready. Replies will be provided only at the Annual General Meeting.

Date: 3<sup>rd</sup> September 2010

Place : Mumbai

By order of the Board of Directors

Sd/-

-Nishant Garodia

Director

## DIRECTORS REPORT

The Members of  
Garodia Chemicals Ltd.

Your Directors have pleasure in presenting their Annual Report along with Audited accounts for the year ended 31<sup>st</sup> March, 2010.

### 1. PERFORMANCE:-

PARTICULARS	2009-10	2008-09
Gross Income	00.00	00.00
Total Expenditure	1465320.00	1518589.00
Loss for the year	-1465320.00	-1518589.00
Add- B/ F Losses	153602812.00	152084223.00
Loss carried to Balance sheet	155068132.00	153602812.00

### 2. DIVIDEND:

In view of losses, your Directors do not recommend any dividend.

### 3. PERFORMANCE DURING THE CURRENT YEAR:

In view of heavy losses accrued over the years & the Company's activities have come to a stand still

### 4. DEPOSIT FROM PUBLIC:

The Company has not accepted any deposits from the members of the public as defined in section 58A of the Company's Act 1956.

### 5. PARTICULARS OF EMPLOYEES:

Provisions of section 217 (2A) of the Companies Act 1956 read with companies (Particulars of Employees) Rules 1975 are not attracted in respect of any employees of the Company.

### 6. COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988:

Considering Nature of business of your Company no comment is made on the energy consumption and technology absorption.

### 7. FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no Foreign Currency earning & expenditure during the year.

### 8. DIRECTORS RESPONSIBILITY STATEMENT:

Directors hereby confirm that:

- 1) In preparation of annual accounts applicable Accounting Standards had been followed with proper explanation relating to material departures
- 2) That 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 or loss of the company for that period;
- 3) That 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.

4) That the directors had prepared the annual accounts on a going concern basis.

**9. DIRECTORS:**

There is no change in Board of Directors of Company.

**10. AUDITORS:**

M/s. M. K. MEHTA & CO., Chartered Accountants retire at the conclusion of the Ensuing General Meeting, are eligible for the re-appointment. You are requested to appoint the Auditors & fix their remuneration.

**11. ACKNOWLEDGMENT:**

The Directors take this opportunity to thank shareholders, bankers and auditors for their support & co- operation to the Company. The directors wish to place on record their appreciation for dedication of employees of Company.

Place: Mumbai.

Date: 3<sup>rd</sup> September, 2010

For and On Behalf of Board of Directors

Sd/-  
Director

**Addendum to Directors Report:**

Dear Members,

With Reference to the captioned subject matter, Please find below the Clarifications to the qualifications mentioned in the Auditors' Report.

**1) Non – Disclosure of Information and Inadequate documents in respect of Investments:**

**Clarification:** The documents got misplaced due to some reasons. However the Company has made an application to receive Duplicate documents.

**2) Non - provision of Interest expenses on loans and borrowings taken from IDBI and Central Bank of India:**

**Clarification:** The documents got misplaced due to some reasons. However the Company has made an application to receive Duplicate documents.

**3) Valuation of Inventory of finished goods which are valued excluding excise duty liability:**

**Clarification:** The documents got misplaced due to some reasons. However the Company has made an application to receive Duplicate documents.

**4) Maintenance of proper records showing full particulars including qualitative details and situation of Fixed Assets:**

**Clarification:** The documents got misplaced due to some reasons. However the Company has made an application to receive Duplicate documents.

**5) Outstanding payments as on 31<sup>st</sup> March, 2010:**

**Clarification:** The Company could not make the payments due to some unavoidable reasons. However, the Company shall arrange to make the payments ASAP.

**6) Advances and deposits as reflected in Schedule 10 are subject to adequate documents and confirmations.**

**Clarification:** The documents got misplaced due to some reasons. However the Company has made an application to receive Duplicate documents.

**7) Excise duty payable on unsold finished goods is not included in valuation of Inventory.**

**Clarification:** The incidence of excise duty is at the time of production of finished goods. Hence, finished goods are to be valued including the incidence of excise duty. There is no impact on the profit & loss account whether excise duty is included in the valuation of finished goods. Hence, this is a clarifactory note on the accounts.

**8) Balance of Rs. 118030 in Share Application Refund Account as reflected in Schedule - 9 are subject to confirmation. (Point 12 in Notes to Accounts)**

**Clarification:** No documentary evidences were available at the time of audit, hence the clarifactory note.

**9) Commission of Rs.113750 as reflected in schedule - 14 are not supported by external documents. (Point 20 in Notes to Accounts)**

**Clarification:** Schedule 14 in which commission has been reflected as income. At the time of audit, supporting documents were not on record and hence, the clarifactory note.

Regards,  
Sd/-  
Director

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### **INDUSTRY STRUCTURE & DEVELOPMENTS:**

Garodia Chemicals Limited is the manufacturer of chemicals. The Company has heavy accumulated losses due to hefty competition from China Market and has also suspended the manufacturing activities. Because of which your company could not do any thing, but to wait for the market and other conditions to revive.

### **OPPORTUNITIES & THREATS:**

Due to the heavy competition and hefty losses, the Company has stopped its manufacturing activities and closed its plant as well. The Company has made a loan application with Central Bank of India but the bank has refused the same. The company is now waiting for an opportunity to make good all the losses and restart its manufacturing activities.

### **SEGMENT REPORTING:**

This reporting does not apply to the company since your Company has revenues/losses coming from only one segment.

### **OUTLOOK:**

The management of the Company is planning to come out of this situation.

### **RISKS AND CONCERNS:**

All the promises which management is making, depends on the strength of the shareholders and the confidence, which they have bestowed on the management.

As on date there are many complaints received by us from the shareholders, but the Company is in the process of complying with the compliances and are confident of solving all the problems of non compliances with all the Governmental Authorities in near future along with the shareholders of the Company.

### **INTERNAL CONTROL SYSTEM & ADEQUACY:**

Considering the sales volume of your Company, there is no system developed for internal audit for your company at this juncture.

### **DISCUSSION ON FINANCIAL PERFORMANCE:**

The company had incurred huge losses and financial liabilities, however is confident to come out of all the problems and will try to restart its manufacturing activities in near future.

### **HUMAN RESOURCES / INDUSTRIAL RELATIONS:**

The relation between the employees and the Company remained cordial through out the year.

### **CAUTIONARY STATEMENT:**

Details given hereinabove relating to various activities and future plans may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual performance may differ substantially or materially from those expressed or implied. The Company may need to change plans or other projections due to changes in Govt. policies, tax laws and other incidental factors.

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY

The Company believes in adopting the Best Global Practices in the area of Corporate Governance and follows the principles of full transparency and accountability, thereby protecting the interest of all the stakeholders.

The Board considers itself a Trustee of all Shareholders & acknowledges its responsibilities to the Shareholders for creating & safeguarding Shareholder's Wealth. During the year under review, the Board continued its pursuit of achieving these objectives through the adoption and monitoring of corporate strategies, prudent business plans, monitoring of major risks of the Company's business and ensuring that the Company pursues policies and procedures to satisfy its legal & ethical responsibilities.

### 2. BOARD OF DIRECTORS

The Board of Directors provides strategic direction & thrust to the operation of the Company. The Board has a Non – Executive Chairman & three other Directors. Out of these, two members are independent directors. Normally the meetings of the Board are held at Mumbai, dates of which are decided in advance. The members of the Board have access to all information and record of the Company. Senior officials are invited to attend the meetings and provide clarification as and when required.

During the financial year, 5 Board meetings were held on April 28, 2009, July 28, 2009, September 1, 2009, October 28, 2009 and January 27, 2010.

The details of constitution of Board of Directors as on March 31, 2010 are as under:

Name of the Director	Category	No. of Board Meeting Attended	Attendance at Last AGM	No. of Directorship in other public limited Companies	Committee positions in other Companies*	
					Chairman	Member
Mr. Mahesh Garodia <i>Chairman</i>	Non-Executive & Non-Independent Director	5	Yes	Nil	Nil	Nil
Mr. Nishant Garodia	Executive Director	5	Yes	Nil	Nil	Nil
Mr. Kunal Naik	Non-Executive & Independent Director	5	Yes	Nil	Nil	Nil
Mr. Brian Fernandes	Non-Executive & Independent Director	5	Yes	Nil	Nil	Nil

\* Only Audit Committee and Shareholders'/Investors' Grievance Committee positions are considered.

### RESPONSIBILITIES OF THE BOARD

The Board reviews periodically the performance of the Company, action taken on recovery of overdues and quarterly compliance of Corporate Governance and listing requirements.

During the year, the Board of Directors of the Company have approved and laid down a code of conduct applicable for all the Board Members and the Employees of the Company. Further all Board Members and the Employees of the Company have affirmed their adherence to the code.

### 3. AUDIT COMMITTEE

During the financial year, 5 Audit Committee meetings were held on April 28, 2009, July 28, 2009, September 1, 2009, October 28, 2009 and January 27, 2010.

#### Constitution of Audit Committee & related information

Name of the Director	Category	No. of Meetings attended during the financial year ended 31 <sup>st</sup> March, 2008
Mr. Kunal Naik <i>Chairman</i>	Non Executive & Independent Director	5
Mr. Nishant Garodia	Executive Director	5
Mr. Brian Fernandes	Non Executive & Independent Director	5

The role, powers and functions of the Audit Committee are as per Section 292A of the Companies Act, 1956 and guidelines stated in the revised Clause 49 of the Listing Agreement.

### 4. REMUNERATION COMMITTEE

The company has not yet constituted Remuneration Committee. This will be constituted on need basis.

### 5. REMUNERATION OF DIRECTORS

None of the Non-Executive as well as Executive Director has been paid any sitting fees, remuneration or compensation during the financial year.

### 6. SHAREHOLDERS / INVESTOR GRIEVANCES COMMITTEE

The Board has constituted an Investor grievance committee consisting of Mr. Kunal Naik as Chairman and Mr. Nishant Garodia. The Committee looks into grievances of the investors of the Company.

Investor Grievance Committee meeting was not held during the financial year.

### 7. GENERAL BODY MEETINGS

AGM for the Financial Year	Location of holding AGM	Date and Time of AGM
2008 – 2009	Registered Office	30 <sup>th</sup> September, 2009 at 11.00 a. m.
2007 – 2008	Registered Office	30 <sup>th</sup> September, 2008 at 11.00 a. m.
2006 – 2007	Registered Office	29 <sup>th</sup> September, 2007 at 11.00 a. m.

### 8. DISCLOSURES

- There are no materially significant transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have a potential conflict with the interest of the Company at large. The Register of Contracts containing transactions in which Directors are interested is placed before the Board regularly for its approval.



- During last three years, no penalties were imposed on the Company. However, there were little non-compliance by the Company and strictures were imposed on the company by Stock Exchange or SEBI on the matters related to capital markets, during the last three years.
- The Company has been providing the Chairman of the Company with the resources required to implement his role.
- The Company has a Code of Conduct for its employees. The Board members and Senior Management personnel of the Company affirm that they have complied with this code.
- The Company has suspended its manufacturing activities and closed down its plant.

#### 9. MEANS OF COMMUNICATION

The Company has approved the quarterly, half-yearly and annual results but failed to publish the same in the news papers.

#### 10. GENERAL SHAREHOLDER INFORMATION

AGM date, time and venue	30 <sup>th</sup> September, 2010 at 11:00 a.m. at 149/156, Garodia Shopping Centre, Garodia Nagar, Ghatkopar (East), Mumbai 400 077.
Financial Year	1 <sup>st</sup> April to 31 <sup>st</sup> March
Date of Book closure	23 <sup>rd</sup> September till 30 <sup>th</sup> September 2010 (both days inclusive).
Dividend Payment Date	No Dividend declared
Listing on Stock Exchanges	Bombay Stock Exchange (BSE)
Stock Code	530161 on BSE
Market Price Data	Equity shares are suspended from trading on BSE.
Registrar and Transfer Agents	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078 Tel No.(022) 2596 3838 Fax No.(022) 2594 6969

#### SHARE TRANSFER SYSTEM:

In order to expedite the process of share transfer, the Board has delegated the power of transfer of shares to Mr. Nishant Garodia who considers and approves transfers every fifteen days.

#### DISTRIBUTION OF SHAREHOLDING

The distribution of shareholding as on March 31, 2010 was as under:

Nominal value of Shareholding	No. of Shareholders	% of Shareholders	Share Amount	% of Share Amount
Upto 5000	7,138	92.0201	10,504,000	14.5885
5001 to 10000	291	3.7515	2,516,000	3.4943
10001 to 20000	118	1.5212	1,890,000	2.6249
20001 to 30000	89	1.1474	2,247,000	3.1207
30001 to 40000	18	0.2320	654,000	0.9083
40001 to 50000	27	0.3481	1,335,000	1.8541
50001 to 100000	31	0.3996	2,435,000	3.3819
100001 and above	45	0.5801	50,421,000	70.0272
<b>Total:</b>	<b>7,757</b>	<b>100.00</b>	<b>72,002,000</b>	<b>100.00</b>

**SHAREHOLDING PATTERN AS ON MARCH 31, 2010**

Category	No. of shares held	Percentage of shareholding
A. Promoters' Holding		
1. Promoters		
-- Indian Promoters	3532000	49.05
--- Foreign Promoters	-	-
2. Person acting in Concert	-	-
<b>Sub - Total</b>	<b>3532000</b>	<b>49.05</b>
B. Non – Promoters' Holding		
3. Institutional Investors		
a. Mutual Funds and UTI	-	-
b. Banks, Financial Institutions, Companies (Central/State Govt. Institutions/Non-Govt. Institutions)	952700	13.23
c. FIs	-	-
<b>Sub - Total</b>	<b>952700</b>	<b>13.23</b>
4. Others		
a. Private Corporate Bodies	188600	2.62
b. Indian Public	1882400	26.15
c. NRIs/NRRs/ OCBs	644500	8.95
d. Any Other	-	-
<b>Sub – Total</b>	<b>2715500</b>	<b>37.72</b>
<b>Grand Total</b>	<b>7200200</b>	<b>100.00</b>

**DEMATERIALISATION OF SHARES AND LIQUIDITY**

The Company is yet to provide dematerialization facility to its shareholders.

**Outstanding GDR/ADR/Warrants or any Convertible Instruments, conversion dates and likely impact on equity.**

Not Applicable

Plant locations: Not Applicable

**Address for Correspondence**

Mr. Nishant Garodia  
149/156, Garodia Shopping Centre,  
Garodia Nagar, Ghatkopar (East),  
Mumbai 400 077  
Tel No.67983683  
Fax No.66716149  
Email: [davesanjay1@gmail.com](mailto:davesanjay1@gmail.com)

## **11. NON - MANDATORY REQUIREMENTS**

### **The Board**

The Chairman has not sought any reimbursement of expenses incurred for maintenance of his office or performance of his duties. The Board ensures before appointment of Independent Directors that they have the requisite qualifications and experience that would be of use to the Company and would enable them to contribute effectively to the Company in their capacity as Independent Directors.

### **Shareholders' Rights**

The quarterly, half-yearly and annual financial results are not published in the newspapers. In view of this, the Company does not send the financial results to the shareholders separately.

### **Training and Evaluation**

The training of Board members and evaluation of performance of Non-Executive Directors as envisaged under Clause 49 of the listing agreement will be considered as and when such need arises.

### **Whistle Blower Policy**

The Company has not yet adopted whistle blower policy mechanism. This would be evaluated and adopted on need basis.

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### **Declaration**

I hereby declare that the Directors and Senior Management Personnel including all functional heads of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the year ended March 31, 2010.

Place: Mumbai

Date: September 3, 2010

**Nishant Garodia**

**Director**

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### **Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement**

To the Members of  
Garodia Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by Garodia Chemicals Limited for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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 conditions of 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.

In our opinion and to the best of my information and according to the explanations given to us, 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 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.

**Makarand M. Joshi**  
**Practicing Company Secretary**

Place : Mumbai

Date :September 3, 2010

Membership No.: FCS 5533

C.P. No.: 3662

## AUDITORS' REPORT

**The Members of  
Garodia Chemicals Ltd.,**

- 1) We have audited the attached Balance-Sheet of **Garodia Chemicals Ltd.** as at 31<sup>st</sup> March, 2010, the Profit & Loss Account and also Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit *except nondisclosure of information and inadequate documents in respect of investments as stated in Note No. 13 of Schedule 14;*
  - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books *except short provision of interest expense on loans and borrowings taken from Central Bank of India and Aashka Holdings Pvt. Ltd. (Originally borrowed from IDBI) as stated in Note No. 10 & 11 of Schedule 14;*
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable *except AS – 2 valuation of inventories.*
  - (e) In absence of adequate information, we are unable to state whether any of the directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - (f) Attention is also invited to the following notes in Schedule 14 :
    - i) *Note No.2, relating to transfer of rights of IDBI to Aashka Holdings Pvt. Ltd.;*
    - ii) *Note No.8, non-maintenance of proper records relating to Fixed Assets and no physical verification of fixed assets ;*

- iii) Note No. 10, relating to shortfall of Rs. 2,15,81,759/- in provision made for interest payable to Central Bank Of India;
- iv) Note No. 11,shortfall of Rs. 8,15,45,255/- in provision made for interest payable to Aashka Holdings Pvt. Ltd.)Originally borrowed from IDBI);
- v) Note No. 13, inadequate documents in respect of investments;
- vi) Note No. 14, relating to non provision for unrealizable value of inventories of Rs.39,33,400 ;
- vii) Note No. 15, unconfirmed debtors and creditors balances and non provision of debts considered doubtful;
- viii) Note No. 16, relating to inadequate documents in respect of advances and deposits
- ix) Note no. 19, regarding assumption of going concern. However, under the facts and in the circumstances, we are unable to express our opinion on the same.
- (g) Subject to what is stated in para 4(a), 4(b), 4(d) & 4(f) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
- ii) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.
- iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For MILIND MEHTA & CO,  
CHARTERED ACCOUNTANTS,  
(Registration No. 129664W)**

**Sd/-**

**( MILIND K. MEHTA)  
PROPRIETOR  
MEMBERSHIP NO.47739**

**PLACE: MUMBAI.**

**DATE : 3<sup>rd</sup> September, 2010**

**Annexure to Auditor's Report**

**REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE**

- (i) (a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As per the information and explanations given to us, these fixed assets have not been physically verified by the management. In view of the same, we do not offer any comment on any material discrepancy which may be noticed on physical verification.
- (c) As per the information and explanations given to us, the Company has not disposed off substantial part of fixed assets during the year.
- (ii) (a) As per the information and explanations given to us no physical verification of inventories has been conducted by the management.
- (b) As per the information and explanations given to us, the inventories as reflected in Schedule 7 have no realisable value the proper procedure of physical verification of inventories has not been followed by the management.
- (c) As per the information and explanations given to us, the company is not maintaining any records of inventories and hence, no further comments are offered on the material discrepancy.
- (iii) (a)to(d) The company has not granted loans to companies, firms or other parties covered in register maintained u/s.301 of the Companies Act, 1956. Hence, sub clauses (iii)(a), (iii)(b), (iii)(c) and (iii)(d) are not applicable to the company.
- (e) The company has taken unsecured loans from one company, two directors and two other parties covered in the register maintained u/s. 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.1,20,97,663/-. Such loans are interest free loans.
- (f) In our opinion the terms and conditions on which loans have been taken are not prejudicial to the interest of the company.
- (g) There is no stipulation for repayment of loans and hence, we do not offer further comments thereon.
- (iv) The Company has not made any transactions relating to purchase of inventories, fixed assets and sale of goods and services during the year under reference. Hence, clause 4(iv) of the order is not applicable to the company.
- (v) (a) According to the information and explanations given to us, the company has not entered in any contract and arrangement that need to be entered into the register maintained u/s.301 of the Companies Act, 1956 during the year under reference. Hence, clause 4(v)(a) of the order is not applicable to the company.
- (b) As per the information and explanations given to us, the company has not made any transactions in pursuance of contracts or arrangements entered in the register maintained

- u/s.301 of the Companies Act, 1956 exceeding the value of Rs.5 lakhs in respect of any party during the year and hence the clause 4(v)(b) of the Order is not applicable to the company.
- (vi) The Company has not accepted any deposits from the public. Therefore, the clause 4(vi) of the Order is not applicable to the company.
- (vii) As per the information and explanations given to us, the Company has suspended its manufacturing activities and in view of the same, the company does not have Internal audit system commensurate with the size and nature of its business.
- (viii) In view of the suspension of the manufacturing operations, the cost records and accounts prescribed by the Central govt. u/s.209(1)(d) of the Companies Act, 1956 have not been made and maintained by the company.
- (ix)(a) In view of the suspension of the manufacturing operations for last number of years, according to the records of the Company, the Company is not liable to make any deposits of statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service-tax, Customs Duty, Excise Duty, Cess and other statutory dues with appropriate authorities whichever is applicable.
- (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2010 for a period more than six months from the date they became payable;
- (x) According to the information and explanations given to us, the accumulated losses as at 31<sup>st</sup> March, 2010 are exceeding the net worth of the company and it has incurred cash losses during the year covered by our audit and in the immediately preceeding financial year.
- (xi) As per the information and explanations given to us, the company has defaulted in repayment of dues to the financial institutions / banks. Attention is drawn to Note No. 9 & 10 of Schedule 14.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a Chit fund or a Nidhi benefit mutual fund / society. Therefore, the clause 4(xiii) of the Order is not applicable to the company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures & other investments. Accordingly, the clause 4(xiv) of the Order is not applicable to the company.
- (xv) As per the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions. Therefore, the clause 4(xv) of the Order is not applicable to the company.
- (xvi) As per the information and explanations given to us, the company has not raised any term loans during the year. Hence, the clause 4(xvi) of the Order is not applicable to the company.
- (xvii) As per the information and explanations given to us, the company has not raised any short term funds during the year. Therefore, the clause 4(xvii) of the Order is not applicable to the company.

- (xviii) According to the information and explanations given to us, the company has not made preference share allotment of shares to parties and companies covered in the register maintained u/s.301 of the Act.
- (xix) According to the information and explanations given to us, during the period covered under audit the company has not issued debentures. Hence, the clause 4(xix) of the Order is not applicable to the company.
- (xx) According to the information and explanations given to us, the company has not raised money by public issues. Hence, the clause 4(xx) of the Order is not applicable to the company.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year covered by our audit report.

**For MILIND MEHTA & CO,  
CHARTERED ACCOUNTANTS,  
(Registration No. 129664W)**

**Sd/-**

**( MILIND K. MEHTA )  
PROPRIETOR  
MEMBERSHIP NO.47739**

**PLACE: MUMBAI.**

**DATE : 3<sup>rd</sup> September, 2010**



## CEO/CFO CERTIFICATE

To,  
The Board of Directors,  
Garodia Chemicals Limited  
Mumbai

We have reviewed financial statements and the cash flow statement for the year ending on March 31, 2010 and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of their knowledge and belief, no transactions entered into by the company during the year ending on March 31, 2010 which are fraudulent, illegal or violative of the company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken necessary steps to rectify these deficiencies.
5. We have indicated to the auditors and the Audit committee that
  - (i) there are no significant changes in internal control over financial reporting during the year ending on March 31, 2010;
  - (ii) there are no significant changes in accounting policies during the year ending on March 31, 2010 and that the same have been disclosed in the notes to the financial statements; and
  - (iii) there have been no instances of significant fraud and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Sd/-  
Nishant Garodia  
Director

3<sup>rd</sup> September, 2010  
Mumbai

**GARODIA CHEMICALS LTD.**

**BALANCE SHEET AS AT 31ST MARCH, 2010**

	SCHEDULE NO	AS AT 31.3.2010 RS.	AS AT 31.3.2009 RS.
<b><u>SOURCES OF FUNDS:</u></b>			
<b><u>1. SHAREHOLDERS FUNDS:</u></b>			
SHARE CAPITAL	1	72002000	72002000
<b><u>2. LOAN FUNDS :</u></b>			
a. SECURED LOANS	2	99341965	99341965
b. UNSECURED LOANS	3	13867663	13576163
		<u>185211628</u>	<u>184920128</u>
<b><u>APPLICATION OF FUNDS:</u></b>			
<b><u>1. FIXED ASSETS</u></b>			
a. GROSS BLOCK	4	113348169	113348169
b. LESS: ACCUMULATED DEPRECIATION		92565897	91320491
c. NET BLOCK		20782272	22027678
d. CAPITAL WORK IN PROGRESS	5	11400	11400
		20793672	22039078
<b><u>2. INVESTMENTS</u></b>	6	155000	155000
<b><u>3. CURRENT ASSETS, LOANS &amp; ADVANCES:</u></b>			
a) INVENTORIES	7	3933400	3933400
b) SUNDRY DEBTORS	8	1654229	1654229
c) CASH & BANK BALANCES	9	72360	69241
d) LOANS & ADVANCES	10	8554881	8474281
		<u>14214870</u>	<u>14131151</u>
<b><u>LESS :CURRENT LIABILITIES &amp; PROVISIONS:</u></b>			
CURRENT LIABILITIES	11	5020046	5007913
		<u>5020046</u>	<u>5007913</u>
<b>NET CURRENT ASSETS</b>		9194824	9123238
4.PROFIT & LOSS ACCOUNT		<u>155068132</u>	<u>153602812</u>
		<u>185211628</u>	<u>184920128</u>

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

14

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD  
OF DIRECTORS

FOR MILIND MEHTA & CO.

CHARTERED ACCOUNTANTS

(FIRM REGISTRATION NO.129664W)

( MILIND K. MEHTA )

PROPRIETOR

MEMBERSHIP NO. 47739

PLACE: MUMBAI

DATED: 3<sup>rd</sup> September, 2010

CHAIRMAN & WHOLETIME  
DIRECTOR

MANAGING DIRECTOR

GARODIA CHEMICALS LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	SCHEDULE NO.	FOR THE YEAR ENDED	
		31.3.2010 Rs.	31.3.2009 Rs.
<u>INCOME :</u>			
OTHER INCOME		0	0
		0	0
<u>EXPENDITURE :</u>			
INCREASE / DECREASE IN STOCKS	12	0	0
MANUFACTURING, ADMINISTRATIVE, SELLING DISTRIBUTION EXPENSES	13	219914	273183
DEPRECIATION		1245406	1245406
		1465320	1518589
(-) LOSS/PROFIT FOR THE YEAR		-1465320	-1518589
BALANCE OF LOSS BROUGHT FORWARD		153602812	152084223
BALANCE OF LOSS CARRIED TO BALANCE SHEET		155068132	153602812

**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS  
AS PER OUR REPORT OF EVEN DATE**

**FOR MILIND MEHTA & CO.  
CHARTERED ACCOUNTANTS  
(FIRM REGISTRATION NO.129664W)**

**( MILIND K. MEHTA )  
PROPRIETOR  
MEMBERSHIP NO. 47739  
PLACE: MUMBAI  
DATED: 3<sup>rd</sup> September, 2010**

14  
**FOR AND ON BEHALF OF THE BOARD  
OF DIRECTORS**

**CHAIRMAN & WHOLETIME  
DIRECTOR**

**MANAGING DIRECTOR**

**GARODIA CHEMICALS LTD.**

SCHEDULES 1 TO 12 & 14 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH 2010

**SCHEDULE 1:**

**SHARE CAPITAL**

**AUTHORISED CAPITAL:**

1,00,00,000 EQUITY SHARES OF RS. 10/- EACH

AS AT  
**31.3.2010**    **31.3.2009**  
RS.                    RS.

100000000    100000000

**ISSUED & SUBSCRIBED CAPITAL:**

72,00,200 EQUITY SHARES OF 10/- EACH FULLY PAID - UP

72002000    72002000

72002000    72002000

**SCHEDULE 2: SECURED LOANS:**

TERM LOAN FROM IDBI NOW TRANSFERRED TO AASKHA HOLDINGS P. LTD.

28800000    28800000

WORKING CAPITAL FACILITIES FROM CENTRAL BANK OF INDIA

9969610    9969610

OVERDRAFT WITH CENTRAL BANK OF INDIA

396000    396000

BILL DISCOUNTING FACILITIES FROM CENTRAL BANK OF INDIA

2384356    2384356

INTEREST ACCURED & DUE

i) TO I.D.B.I. NOW PAYABLE TO AASKHA HOLDING PVT LTD.

51606114    51606114

ii) CENTRAL BANK OF INDIA

6185885    6185885

99341965    99341965

**NOTE:**

1. The term loan taken from IDBI and now transferred to Aaskha Holdings Pvt. Ltd. is secured by hypothecation & first legal mortgage charge of immovable & movable properties.

2. The Working capital facility & Bill discounting facility with Central Bank of India are secured against hypothecation of movable properties such as RM, WIP, FG & Company's current & future book debts, receivables & mortgage by way of second charges created on the immovable properties & guaranteed by Chairman & Managing Director.

**SCHEDULE 3: UNSECURED LOANS**

FROM DIRECTORS

11888537    11597037

FROM OTHERS

1979126    1979126

13867663    13576163

**GARODIA CHEMICALS LTD.**

<b>SCHEDULE - 4 FIXED ASSETS :</b>							
<b>PARTICULARS</b>	<b>GROSS BLOCK</b>		<b>DEPRECIATION</b>			<b>NET BLOCK (RS.)</b>	
	<b>AS ON</b>	<b>UP TO</b>	<b>UP TO</b>	<b>FOR THE</b>	<b>UP TO</b>	<b>AS ON</b>	<b>AS ON</b>
	<b>01.04.2009</b>	<b>31.3.2010</b>	<b>31.3.2009</b>	<b>YEAR</b>	<b>31.3.2010</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
FREE HOLD LAND	1091831	1091831				1091831	1091831
BUILDING	35378535	35378535	14655992	1175462	15831454	19547081	20722543
PLANT & MACHINARY	75351438	75351438	75351438		75351438	0	0
OFFICE EQUIPMENT	203870	203870	165984	5283	171267	32603	37886
FURNITURE & FIXTURE	1021495	1021495	846077	64661	910738	110757	175418
VEHICLES	301000	301000	301000		301000	0	0
<b>TOTAL</b>	<b>113348169</b>	<b>113348169</b>	<b>91320491</b>	<b>1245406</b>	<b>92565897</b>	<b>20782272</b>	<b>22027678</b>
<b>PREVIOUS YEAR</b>	<b>113348169</b>	<b>113348169</b>	<b>90075085</b>	<b>1245406</b>	<b>91320491</b>	<b>22027678</b>	

**GARODIA CHEMICALS LTD.**

<b><u>SCHEDULE 5: CAPITAL WORK IN PROGRESS:</u></b>	<b>AS AT</b>	
	<b>31.3.2010</b>	<b>31.3.2009</b>
	<b>Rs.</b>	<b>Rs.</b>
CAPITAL ADVANCE	11400	11400
	<u>11400</u>	<u>11400</u>
<b><u>SCHEDULE 6: INVESTMENTS:</u></b> (IN SHARES INCLUDING SHARE APPLICATION MONEY) SHYAM INVESTMENT & TRADE (P) LTD.	155000	155000
	<u>155000</u>	<u>155000</u>
<b><u>SCHEDULE 7: INVENTORIES:</u></b> (AS VALUED & CERTIFIED BY THE MANAGEMENT)		
RAW MATERIALS	365704	365704
WORK IN PROCESS	2067970	2067970
FINISHED GOODS	1499726	1499726
	<u>3933400</u>	<u>3933400</u>
<b><u>SCHEDULE 8: SUNDRY DEBTORS:</u></b>		
1. DEBTS OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS		
- UNSECURED & CONSIDERED GOOD	1654229	1654229
- UNSECURED & CONSIDERED DOUBTFUL	706768	706768
	2360997	2360997
LESS : PROVISION FOR DOUBTFUL DEBTS	706768	706768
	<u>1654229</u>	<u>1654229</u>
<b><u>SCHEDULE 9: CASH &amp; BANK BALANCES:</u></b>		
1. CASH ON HAND ( AS CERTIFIED BY THE MANAGEMENT )	60796	63296
2. BANK BALANCES - a. WITH SCHEDULED BANKS INDIAN OVERSEAS BANK	2350	0
b. WITH OTHER BANKS		
I. IN CURRENT ACCOUNTS WITH - MOGAVEERA CO-OP BANK LTD.	3279	14
THE SHAMRAO VITHAL CO-OP BANK LTD	5935	5931
	11564	5945
	<u>72360</u>	<u>69241</u>
MAXIMUM OUTSTANDING AT ANY TIME DURING THE YEAR ;		
I) MOGAVEERA CO-OP BANK LTD., Rs.3514/- (PREVIOUS YEAR Rs 343/--)		
II) THE SHAMRAO VITHAL CO-OP BANK LTD. Rs.1,72,798/- (PREVIOUS YEAR Rs.3,63,339-)		
III) THE INDIAN OVERSEAS BANK Rs2500/- (PREVIOUS YEAR Rs.NIL)		
<b><u>SCHEDULE - 10: LOANS &amp; ADVANCES:</u></b> <b><u>( UNSECURED, CONSIDERED GOOD EXCEPT STATED OTHERWISE)</u></b>		
<b>ADVANCES RECEIVABLE IN CASH OR KIND OR FOR VALUE TO BE RECEIVED</b>		
CONSIDERED GOOD	2189091	
CONSIDERED DOUBTFUL	438780	
	<u>2627871</u>	2547271
MODVAT CREDIT RECEIVABLE (INPUT)	3437	3437
MODVAT CREDIT RECEIVABLE (CAPITAL GOODS)	998380	998380
PAYMENT OF TAX INCLUDING TAX DEDUCTED AT SOURCE	38973	38973
DEPOSITS	5325000	5325000
	8993661	8913061
LESS : PROVISION FOR DOUBTFUL ADVANCES	438780	438780
	<u>8554881</u>	<u>8474281</u>
<b><u>SCHEDULE 11: CURRENT LIABILITIES</u></b>		
LIABILITIES: SUNDRY CREDITORS	3616077	3603944
OTHER LIABILITIES	1402126	1402126
OVERDRAFT FROM CENTRAL BANK OF INDIA	1843	1843
	<u>5020046</u>	<u>5007913</u>

GARODIA CHEMICALS LTD.

SCHEDULES 12 TO 14 ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS A/C.  
FOR THE YEAR ENDED 31ST MARCH, 2010

	YEAR ENDED ON	
	31.3.2010	31.3.2009
	Rs.	Rs.
<b><u>SCHEDULE 12: DECREASE/(INCREASE) IN STOCKS OF FINISHED GOODS AND WORK - IN-PROGRESS</u></b>		
<b><u>OPENING STOCK</u></b>		
FINISHED GOODS	1499726	1499726
WORK-IN-PROCESS	2067970	2067970
	3567696	3567696
<b><u>LESS: CLOSING STOCK</u></b>		
FINISHED GOODS	1499726	1499726
WORK-IN-PROCESS	2067970	2067970
	3567696	3567696
	0	0

**SCHEDULE 13:**  
**MANUFACTURING, ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES**

PAYMENT TO AUDITORS	5515	5515
BANK CHARGES	733	467
CONSULTATION FEES	67506	255156
SUNDRY BAL WRITTEN OFF		12045
MIDC - TAX (Patalganga)	146160	
	219914	273183

**GARODIA CHEMICALS LTD.**

**SCHEDULE 14: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS:**

**I) SIGNIFICANT ACCOUNTING POLICIES:**

**A) Basis of Accounting:**

- i) The Company follows the accrual system of accounting except gratuity and leave encashment benefits to employees.
- ii) The financial statements are based on historical cost convention.

**B) FIXED ASSETS:**

- i) Fixed Assets are stated at cost less accumulated depreciation.

**ii) Capitalisation of construction period expenses :**

Direct expenses as well as clearly identifiable indirect expenses, incurred on project during the period of construction are capitalised proportionately to respective assets.

**C) DEPRECIATION :**

Depreciation is provided on the fixed assets at the rates and in the manner specified in schedule XIV to the Companies Act, 1956 on straight line method.

**D) INVENTORIES:**

Inventories are valued at lower of the cost and net realisable value. The cost has been determined as under:

- i) Raw Materials - at cost-( FIFO basis.)
- ii) Finished Products and Stock-in-process - at Raw Material cost adding proportionate conversion cost.
- iii) Traded goods at cost-( FIFO basis).

**E) INVESTMENTS:**

Investments are stated at cost.

**F) SALES:**

Sales comprise of value of sale of goods excluding Sales tax but including excise duty.

**G) FOREIGN CURRENCY TRANSACTIONS :**

- i) Foreign currency transactions are recorded at the exchange rate prevailing at the time of transactions.
- ii) Current assets and Current liabilities are converted at the prevailing year end rate.
- iii) Exchange Fluctuation on account of acquisition of Fixed Assets is adjusted to carrying cost of Fixed Assets. Other fluctuation difference is adjusted In the profit and loss account.

**H) Provision for Taxation :**

- 1) Provision for tax is made on both current and deferred taxed. Current tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax liabilities arising on account of timing difference and which are capable of reversals in subsequent period are provided using tax rates and tax laws that have been enacted or subsequently enacted.
- 2) As per the agreement for Assignment of Debt executed on 13th July, 2007 between IDBI (Assignor) and Aaskha Holding Pvt Ltd (Assignee). IDBI has transferred its rights of the amount receivable from the company to the assignee, Consequently the amount payable as per Books of Accounts of the company to the IDBI, have been transferred in the name of the assignee i.e. Aaskha Holdings Pvt Ltd.



- 3) **Contingent liabilities not provided for in respect of :**
- I) Expenses in dispute Rs.62,730/- (Previous year Rs.62,730/-)
- II) Uncalled amount on Investment in Shares Rs.625000/-  
-(Previous year Rs.625000/-)
- 4) Estimated amount of contracts remaining to be executed on Capital account and not provided for (Excluding Advances)Rs. 11.25 Lakhs. (Previous Year RS.11.25 lacs)
- 5) **Payments to Auditors:**  
( including Service Tax)
- |                | Current<br>year<br>Rs. | Previous<br>year<br>Rs. |
|----------------|------------------------|-------------------------|
| for Audit fees | 5515                   | 5515                    |
| <b>Total</b>   | <b>5515</b>            | <b>5515</b>             |
- 6) **Foreign Currency Transactions:**  
The Company has not incurred any expenses involving foreign exchange transaction.
- 7) Additional information pursuant to Notification No. GSR/12 dated. 22.2.99 relating to SSI undertakings has not been furnished as the same is not readily ascertainable.
- 8) The manufacturing activities have been suspended by the company and the plant is closed, In view of the same the Plant and Machinery, Office Equipments, furniture and Fixture have not been physically verified. The relevant records are yet to be maintained.
- 9) The company is accounting liability for excise duty on finished products as and when these are cleared as per consistent practice as also considering the accepted practice of the Excise Authorities. The liability in respect of finished products lying in stock at the close of the year which is estimated at Rs.239556/- (Previous Year Rs. 239556) has not been provided for in the accounts and hence not included in the valuation of inventory of such products.
- 10) In view of heavy accumulated losses and suspension of the manufacturing activities No provision has been made for the interest payable on different credit facilities granted by Central Bank of India reflected in schedule -2 secured loan against hypothecation of stocks and book debts. The estimated amount of The balances of loans and interest payable to Central Bank of India are subject to confirmation.
- 11) In view of heavy accumulated losses and suspension of the manufacturing activities no provision has been made for the interest payable on term loan facilities granted by IDBI and now taken over by Aaskha Holdings Pvt Ltd as reflected in Schedule - 2 secured Loans. The estimated amount of interest payable till 31st March, 2010 works out to Rs.8,15,45,255/- (previous year Rs.6,97,22,549/-) The company is persuing the matter for waiver of interest. The balances of loans and interest payable are subject to confirmation.
- 12) The Unsecured loans from directors and from others as reflected in schedule 3, are free of interest and hence, no provision is required to be made for the interest The same are 'subject to confirmation.
- 13) Investments of Rs.155000/- (in Previous year Rs. 1,55,000/-) as reflected in schedule 6 are not supported by adequate documents and in respect of which adequate information is not available and hence required particulars have not been stated.
- 14) Inventories as reflected in schedule - 7 have no realisable value and no provision has been made for the same In view of the same no physical verification of the inventories has been carried out.
- 15) Balances of Sundry Debtors and Creditors are subject to Confirmations, major part of debtors are considered doubtful and have not been quantified and have not been provided for.

- 16) Advances and Deposits as reflected in Schedule 10 are subject to adequate documents and confirmations.
- 17) Cash on hand of Rs.63296/- as reflected in schedule - 9 is certified as correct by the managing director.
- 18) In view of the losses, no provision has been made for Income Tax.
- 19) Financial statements have been prepared in accordance with the fundamental accounting assumption that the company is a going concern.
- 20) Additional information pursuant to the provision of paragraph 3 & 4C of part II of schedule VI to the Companies Act, 1956. (As certified by the management).

	<u>Current Year</u>	<u>Previous Year</u>
	TONNES	TONNES
A) a)Capacity and Production	N.A.	N.A.
Licensed capacity		
<b><u>Installed capacity</u></b>		
P.N.A. & Derivaties	382	382
Anthraquinones & Derivaties	180	180
<b><u>Actual Production</u></b>		
P.N.A. & Derivaties	0	0
Anthraquinones & Derivaties		

\* Installed capacity as certified by the management.

B) <b><u>TURNOVER</u></b> CURRENT YEAR	CURRENT YEAR		PREVIOUS YEAR	
	QTY. KG/LTRS	VALUE RS.	QTY. KG/LTRS	VALUE RS.
<b><u>Class of Goods</u></b>				
<b><u>i)Traded Goods</u></b>				
Para Nitra Choloro Benzen	-	-	-	-
Hydrochloric Acid	-	-	-	-
Pthalic Anahydride	-	-	-	-
<b>TOTAL</b>	NIL	NIL	NIL	NIL
<b><u>ii)Manufactured Goods</u></b>				
P.N.A. & Derivaties				
Anthraquinones & Derivaties				
<b>TOTAL</b>	NIL	NIL	NIL	NIL

C) Details of opening and closing stock of Manufactured Goods

Class of Goods	<u>Current Year</u>				<u>Previous Year</u>			
	<u>Op. Stock</u>		<u>Closing Stock</u>		<u>Op. Stock</u>		<u>Closing Stock</u>	
	Qty Kgs	Value Rs	Qty Kgs	Value Rs	Qty Kgs	Value Rs	Qty Kgs	Value Rs
1) PNA & Derivatives	8664	1460036	8664	1460036	8664	1460036	8664	1460036
2)Anthraquinones & Derivaties	179	39690	179	39690	179	39690	179	39690
	8843	1499726	8843	1499726	8843	1499726	8843	1499726

- D) **Purchase of goods :** NIL
- Raw Materials Consumed :** NIL(Previous Year :NIL)

21) Additional information as required under Part IV to the companies Act, 1956.

**Balance sheet abstract and Company's General Business profile**

I) **Registration details** :

Registration No. : 70321 State Code : 11

Balance Sheet Date : March 31, 2007

II) **Capital Raised during the year (Rs. In Thousand)**

**SOURCES OF FUNDS**

**APPLICATIONS OF FUNDS**

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III) **Position of mobilisation and deployment of funds (Rs. In Thousand)**

Total Liabilities	185212	Total Assets	185212
-------------------	--------	--------------	--------

**Sources of Funds:**

**Application of Funds:**

Paid up Capital	72002	Net Fixed Assets	20794
Reserve & Surplus	-	Investments	155
Secured Loans	99342	Net Current Assets	9195
Unsecured Loans	13868	Accumulated Losses	155068

IV) **Performance of Company (Rs. In Thousand)**

Turnover (including other income)	0	Total Expenditure	1465
Profit before tax	-1465	Profit after tax	-1465
Earning per share Rs.	NIL	Dividend Rate (%)	NIL

V) **Generic names of the Principal Products of the Company:** (As per monetary terms).

**PRODUCTION DESCRIPTION**

**ITEM CODE NO.**

1) P.N.A. & Derivatives	N.A.
2) Anthraquinones & Derivatives	N.A.

22) Figures of the previous year have been regrantd or rearranged wherever necessary.

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD  
OF DIRECTORS

FOR MILIND MEHTA & CO.  
CHARTERED ACCOUNTS  
(FIRM REGISTRATION NO.129664W)

( MILIND K. MEHTA )  
PROPRIETOR

CHAIRMAN & WHOLETIME  
DIRECTOR

MEMBERSHIP NO. 47739

PLACE: MUMBAI

MANAGING DIRECTOR

DATED: 3<sup>rd</sup> September, 2010

**Garodia Chemicals Ltd.**

**Cash Flow Statement for the year ended on 31<sup>st</sup> March, 2010.**

	<b><u>2009-10</u></b>	<b><u>2008-09</u></b>
<b>A. Cash Flow from Operating Activities</b>		
a. Net loss before tax and exceptional items	-1465320	-1518589
<u>Adjustment for :</u>		
Depreciation	1245406	1245406
b. <u>Adjustment for :</u>		
Current liabilities	12133	-116599
Net cash from operating activities	-207781	-389782
<b>B. Cash Flow from Investing Activities</b>		
Loans and advances	-80600	0
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from borrowings	291500	378000
<b>Net decrease in Cash and Cash equivalent</b>	<b>3119</b>	<b>-11782</b>
<b>Cash and cash equivalent at the beginning of the year</b>	<b>69241</b>	<b>81023</b>
<b>Cash and cash equivalent at the end of the year</b>	<b>72360</b>	<b>69241</b>

**Note:** Figures of the previous year have been regrouped/readjusted wherever necessary

AS PER OUR REPORT OF EVEN DATE

FOR MILIND MEHTA & CO.  
CHARTERED ACCOUNTS  
(FIRM REGISTRATION NO.129664W)

( MILIND K. MEHTA )  
PROPRIETOR  
MEMBERSHIP NO. 47739

PLACE: MUMBAI  
DATED: 3<sup>rd</sup> September, 2010

FOR AND ON BEHALF OF THE BOARD  
OF DIRECTORS

CHAIRMAN & WHOLETIME  
DIRECTOR

MANAGING DIRECTOR