

Courier

DCS/COMP/NM/48/2014-15

June 25, 2014

The Company Secretary / Compliance Officer
Garodia Chemicals Ltd
149 / 156, Garodia Shopping Centre,
Garodia Nagar, Ghatkopar
Mumbai - 400077
Maharashtra

Dear Sir/Madam,

Sub: Audit Reports filed by listed companies

This has reference to the provisions of Clause 31(a) of the Listing Agreement and SEBI Circulars pertaining to the "Manner of Dealing with Audit Reports filed by Listed Companies" dated August 13, 2012 and June 05, 2013 which inter-alia mandated listed companies to submit either Form A (Unqualified / Matter of Emphasis Report) or Form B (Qualified / Subject to / Except for Audit Report) along with the company's Annual Report to the Stock Exchange.

As per the provisions of the said circulars, the qualifications raised by the Statutory Auditors in their Audit Report, would be scrutinized by the Qualified Audit Review Committee (QARC) constituted by SEBI.

Accordingly, after scrutiny and discussion by QARC and thereafter by FRRB and as directed by SEBI, you are advised to:

1. Suitably rectify / address the qualifications* contained in the report of the Statutory Auditors that is part of your Annual Report for the year 2012-13. Further, due care may be exercised by the company to ensure that the same qualification should not appear in the Audit Report for the next reporting period.
2. Restate the Financial Statements pertaining to Financial Year 2012-13 giving effect to the qualifications*, in terms of Clause 31A of the Listing Agreement and in terms of SEBI Circular No. CIR/CFD/DIL/7/2012 dated August 13, 2012 read with the SEBI's Clarificatory Circular CIR/CFD/DIL/9/2013 dated June 05, 2013.

(* Refer Annexure-I for details)

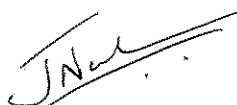
You are requested to take note of the same and comply accordingly, under information to the Exchange.

In case you need any clarifications on the above, you may please contact Mr. Nitesh Mhatre on 02222728880 / Ms. Dhara Barot on 22728559 / Mr. Rakesh Parekh on 22728307 (email rakesh.parekh@bseindia.com, dhara.barot@bseindia.com) for assistance.

Yours truly,



Netra Sahani
Dy. General Manager – Listing Compliance



Jeevan Noronha
Manager – Listing Compliance

ANNEXURE I:

Garodia Chemicals Ltd

Auditor Qualification:

1. 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 as reflected in Note No. 5 of Notes on Accounts. The estimated amount of interest Rs. 3,69,54,833/- payable till 31st March 2013 (previous year Rs.3,07,82,601/-). The balances of loans and interest payable to Central Bank of India are subject to confirmation

Action to be taken: Restate the Financial Statements pertaining to Financial Year 2012-13 giving effect to the qualifications, in terms of Clause 31A of the Listing Agreement and in terms of SEBI Circular No. CIR/CFD/DIL/7/2012 dated August 13, 2012 read with the SEBI's Clarificatory Circular CIR/CFD/DIL/9/2013 dated June 05, 2013.

2. 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 Note No. 4 of Notes on Financial Statements. The estimated amount of interest payable till 31st March, 2013 works out to Rs. 12,62,27,136/- (previous year Rs.10,96,17,086/-). The company is pursuing the matter for waiver of interest. The balances of loans and interest payable are subject to confirmation.

Action to be taken: Restate the Financial Statements pertaining to Financial Year 2012-13 giving effect to the qualifications, in terms of Clause 31A of the Listing Agreement and in terms of SEBI Circular No. CIR/CFD/DIL/7/2012 dated August 13, 2012 read with the SEBI's Clarificatory Circular CIR/CFD/DIL/9/2013 dated June 05, 2013.

3. The liabilities to Central Bank of India for the various credit facilities granted as shown in Note No. 5 of Notes on Financial Statements have been taken over by Phoenix Arc Pvt. Ltd. as per the agreement entered into by and between Central Bank of India and Phoenix Arc Pvt. Ltd. Phoenix Arc Pvt. Ltd. has served notice to company for recovery of dues of Rs.715.50 Lacs. The Company has disputed the agreement and has obtained a stay of recovery from DRT. Phoenix Arc Pvt. Ltd. has taken the symbolic possession of mortgaged premises i.e. 2nd charge on factory and 1st charge on 1000 sq. ft. of office premise. The matter is pending with DRT for final hearing and disposal.

Action to be taken: Rectify / address the qualifications contained in the report of the Statutory Auditors that is part of your Annual Report for the year 2012-13. Please ensure that the same qualification should not appear in the Audit Report for the next reporting period.