



**Sadhana Nitro Chem Limited**  
37th Annual Report 2009-10

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**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. SANKAR AIYAR & 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 Website : www.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 **THIRTYSEVENTH ANNUAL GENERAL MEETING** of the Company will be held at, SASMIRA AUDITORIUM, The Synthetic & Art Silk Mills' Research Association, 3<sup>rd</sup> Floor, SASMIRA Marg, Worli, Mumbai - 400030 on Monday the 20<sup>th</sup> September, 2010 at 3.00 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, 2010 together with the Reports of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Shri D.M. Shah who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri A.A. Javeri who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

### Registered Office :

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

By Order of the Board

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

Date : 29<sup>th</sup> July, 2010.

### 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 Company has appointed M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai - 400 078 as Registrars and Share Transfer Agents (RTA) 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 : mt.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.
3. The Register of Members and the Share Transfer Book of the Company will remain closed from Tuesday, the 14<sup>th</sup> September, 2010 to Monday, the 20<sup>th</sup> September, 2010 (both days inclusive) for the purpose of Annual General Meeting.
4. 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.
5. 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.
6. 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.



7. Members who hold shares in Dematerialised form are requested to bring their client ID and DP ID numbers for easy identification for attendance at the meeting.
8. Members desiring any information are requested to write to the Company 10 days in advance.

**Registered Office :**  
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132 Dr. Annie Besant Road  
Worli, Mumbai 400 018.

By Order of the Board  
  
**N.R. Jani**  
Director & Company Secretary

Date : 29<sup>th</sup> July, 2010.

## 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. Dharendra M. Shah (63 Yrs)	Advocate & Tax Consultant	He joined the company as a Director from 29 <sup>th</sup> July, 2002. He is B.Com and LL.B having experience of 42 years as Advocate & Tax Consultant.
Mr. Abhishek A. Javeri (26 Yrs.)	B.A. in Economics from North Western University, USA.	He joined the company as a Director from 24 <sup>th</sup> January, 2007. He is B.A. in Economics from North Western University, USA, having experience of 3 years.

#### 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. Dharendra M. Shah	1. Sadhana Nitro Chem Limited 2. Mangaldas Damodardas Invt. Pvt. Ltd. 3. Mad Entertainment Limited 4. Faberge Financial Service Pvt. Ltd.	1. Audit Committee 2. Remuneration Committee — — —
Mr. Abhishek A. Javeri	1. Lifestyle Networks Limited 2. Chandra Net Private Limited 3. Manekchand Panachand Trading Investment Company Pvt. Ltd.	— — —

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Worli, Mumbai 400 018.

By Order of the Board  
  
**N.R. Jani**  
Director & Company Secretary

Date : 29<sup>th</sup> July, 2010.

# DIRECTORS' REPORT



To the Members of SADHANA NITRO CHEM LIMITED

Your Directors have pleasure in presenting to you the 37th Annual Report together with Audited Accounts for the year ended 31<sup>st</sup> March, 2010.

## 1. FINANCIAL RESULTS

	<b>2009-10</b> Rs.	2008-09 Rs.
Turnover and Other Income	<b><u>36,31,99,750</u></b>	<u>78,86,91,690</u>
(Loss)/Profit before Effect of Foreign Exchange Contracts, Exceptional Items, Finance cost, Depreciation and Taxation	<b>(1,67,217)</b>	11,11,27,250
Finance Cost	<b>(5,50,88,048)</b>	(5,60,73,917)
Depreciation	<b>(3,44,23,222)</b>	(3,74,20,074)
(Loss)/Profit before Effect of Foreign Exchange Contracts, Exceptional Items, and taxation	<b>(8,96,78,487)</b>	1,76,33,259
Forex (Loss)/Gain	-	(11,87,46,163)
Exceptional Items	-	(56,92,481)
Loss before Tax	<b>(8,96,78,487)</b>	(10,68,05,385)
Provision for taxation		(4,05,000)
Deferred tax (Debit)/Credit	<b>(20,15,772)</b>	1,66,28,434
Loss after tax	<b>(9,16,94,259)</b>	(9,05,81,951)
Balance brought forward from previous year	<b><u>(6,99,74,728)</u></b>	<u>2,06,07,223</u>
	<b><u>(16,16,68,987)</u></b>	<u>(6,99,74,728)</u>

## 2. REVIEW OF OPERATIONS

Your company's major markets like Europe, Japan and USA continued to remain under severe recessionary trend for the products of your company during the year under report. Unhealthy competition from certain countries further aggravated the market conditions. Market condition during the year under report continued to be subdued and highly price competitive. Turnover of your company for the year sharply declined to Rs. 3,632 Lacs as against Rs. 7,887 Lacs in the P.Y. registering a decline of over 53%.

The costs were under close monitoring and stringent control. The company has taken several initiatives like process improvement, lower consumption norms, use of cheaper alternate raw material and fuel. All efforts were made to reduce and control the overheads. Finance cost continued to remain high in view of the liquidity tightness.

Gradual product price increase, improved operating efficiency and stringent control of overheads have, to an extent mitigated the adverse impact of decline in turnover due to above extraneous factors. Your company's operations during the year resulted into a loss after tax of Rs. 916.99 lacs (P.Y. Rs. 905.81 lacs).

## 3. DIVIDEND

Your Directors, considering above, do not recommend any dividend (P.Y. Nil) for the year 2009-10.



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#### **4. PROJECTS**

During the year your Company has converted one of its furnace oil based boiler to Bagasse based boiler. Conversion to Bagasse is mainly due to three reasons (1) insulate against high volatility of oil prices, which incidentally are on the rise and have touched USD 80 to a barrel, (2) to be more eco-friendly and green emission and (3) reduced cost of production. The company has also carried out several process changes to improve the operating efficiency. In view of the lower turnover, expected benefit of such measures could not be reaped to the fullest extent.

#### **5. OUTLOOK**

Your company having about 80% of the revenue from export, follows the global economics trend. The first quarter of the current year witnessed improved order book position. Due to interruption in the smooth availability of raw material and the liquidity tightness continuous production was hampered resulting in escalated production cost. As a result entire order book could not be catered to as scheduled during the first quarter.

The rate of flow of orders is encouraging. Production facilities are realigned to meet the demand. Your company barring unforeseen circumstances expects good improvement in turnover. The company continued to focus on cost control at every level to improve the operation efficiency which alongwith the increased operating level and upward revision of product prices is expected to improve the margin.

Unaudited estimated sales for the first quarter of 2010-11 was at Rs. 1,170 lacs (P.Y. Rs. 993 lacs ) and the loss after tax was at Rs. 134 lacs (P.Y. Rs. 159 lacs).

#### **6. DEBT RESCHEDULING**

Foreseeing the squeeze on liquidity and profitability, company approached its banker to reschedule its facilities. In view of genuineness of the case, bankers of your company rescheduled the repayment of sanctioned Loans as well as extended additional facility to meet cash flow requirements of the company.

Your company has repaid fully the term loan of Rs. 1050 Lacs availed from Axis Bank Ltd and Rs. 562 Lacs availed from Exim Bank Ltd.

#### **7. EXPORTS**

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

Due to recessionary trend and unfair severe price competition from China, the exports of your company during the year were Rs. 2798 Lacs compared to Rs. 6786 Lacs in the previous year, registering a decrease of 58.76%.

Exports constituted more than 80% 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.

#### **8. 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.

#### **9. EXPORT ORIENTED UNIT (EOU)**

Your Company has one of its plant registered as an EOU with the Development Commissioner, SEEPZ Special Economic Zone. The Registration of the unit which had expired has been renewed for further five years upto 09.03.2015 and further the company has also been issued Green Card valid upto 31.03.2015. The Board took note of the same.



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## 10. 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.

## 11. EFFLUENT TREATMENT

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

## 12. 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.

## 13. INSURANCE

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

## 14. FIXED DEPOSITS

The total Deposits accepted by your Company as on 31<sup>st</sup> March, 2010 is Rs. 287.49 Lacs. There is no Deposit or Interest on the same which has matured and remained unpaid.

## 15. DIRECTORS

The approval of Central Government for the appointment and payment of Remuneration to Shri A.D. Javeri as Chairman & Managing Director and Shri N.R. Jani as Director & Company Secretary for the period of three years from 1.9.2009 to 31.8.2012 has been received on the terms and conditions mentioned in their respective approval letters.

Directors, Shri D.M. Shah and Shri Abhishek A. Javeri, retire by rotation and being eligible offer themselves for reappointment.

## 16. AUDITORS

Messrs V. Sankar Aiyar & Co. Chartered Accountants, (Firm Regn. No. 109208W) Auditors of your Company, retires at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

## 17. SUBSIDIARY

In case of one of the subsidiaries Lifestyle Networks Limited (LNL), the accumulated loss has exceeded its paid up capital. LNL in Joint Venture with Chandra Net Pvt. Ltd. has been able to successfully role out fixed wireless network of 90 sq. km. in Ahmedabad under the brand name of 'SPIDIGO'. The network started functioning from September 2009 and has more than 170000 customers.

During the year LNL has repaid the company Rs. 3.72 Crores of loans advanced to it.

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.

## 18. 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.

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## 19. 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.

## 20. 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 have 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.

## 21. ACKNOWLEDGEMENTS

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 working of your Company during the year under report.

For and On Behalf of the Board of Directors

Place : Mumbai  
Date : 29<sup>th</sup> July, 2010

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



## 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.

A	2009-10	2008-09
<b>1. Electricity</b>		
a) Purchased Unit in kwh	<b>27,37,025</b>	40,62,438
Total amount (Rs.)	<b>1,28,31,595</b>	1,96,10,308
Rate/Unit (Rs.)	<b>4.69</b>	4.83
b) Own generation		
Through Diesel Generator Units in kwh	<b>31,024</b>	47,920
Unit per liter of diesel oil (kwh)	<b>2.50</b>	2.45
Liter of Diesel	<b>12,498</b>	19,596
Total amount (Rs.)	<b>4,39,287</b>	7,11,603
Cost/Units (Rs.)	<b>14.16</b>	14.85
<b>2. Furnace Oil</b>		
Quantity(KL)	<b>905</b>	2,923
Total Amount (Rs.)	<b>1,86,13,628</b>	7,14,96,792
Average Rate (Rs./KL.)	<b>20,568</b>	24,460
<b>3. Briquettes</b>		
Quantity(MT)	<b>95,427</b>	-
Total Cost (Rs.)	<b>87,70,704</b>	-
Average Rate (Rs./MT)	<b>4,772</b>	-
<b>4. Water</b>		
Quantity(M3)	<b>95,427</b>	1,43,944
Total Cost (Rs.)	<b>23,08,770</b>	34,30,948
Average Rate (Rs./M3)	<b>24.19</b>	23.84

#### B. TECHNOLOGY ABSORPTION :

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

##### RESEARCH AND DEVELOPMENT

- 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 upgradation.
- 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.
- Future Plan of Action.  
To continue R&D in the relevant areas to achieve its benefits.



	<u>2009-10</u>	<u>2008-09</u>
4. Expenditure on R&D		
(a) Capital	<b>3,72,750</b>	7,73,516
(b) Recurring	<b>31,06,635</b>	44,59,781
Total	<u><b>34,79,385</b></u>	<u>52,33,297</u>
(c) Total R&D expenditure as a % of total turnover	<b>0.01%</b>	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**

- 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 80% of its chemical intermediate production. The total exports during the year were Rs. 2,798 Lacs (P. Y. Rs. 6,786 Lacs). The Company is putting all its efforts to tap new export markets and widen its clientele base.

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

	<u>2009-10</u>	<u>2008-09</u>
(i) Used:		
a) Imports (CIF)	<b>5,46,51,641</b>	14,41,67,446
b) Other expenditure	<b>17,82,624</b>	21,68,841
	<u><b>5,64,34,265</b></u>	<u>14,63,36,287</u>
(ii) Earned:		
Exports (F.O.B.)	<b>27,42,53,187</b>	66,76,46,631

#### **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 31<sup>st</sup> March, 2010.

Name & Age (Years)	Designation	Qualification	Experience(yrs)	Date of Joining	Remuneration Rs.	Previous Employment & Designation
Mr.A.D.Javeri (54)	Chairman & Managing Director	B.Sc.(Hons)	34	22.01.85	26,10,869	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 : 29<sup>th</sup> July, 2010

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

# REPORT ON CORPORATE GOVERNANCE



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

SADHANA NITRO CHEM LIMITED believes that transparent accounting policies, appropriate disclosures norms, best-in-class Board practices and consistently high standards of corporate conduct towards its stakeholders are essential for sustained corporate growth.

Corporate Governance is about commitment to values and ethical business conduct. The Report on the Corporate Governance is to fulfill this commitment. An Organization is able to attract investors, and enhance the trust and confidence of all stakeholders by following the best governance practices.

Our Governance philosophy is based on the following :-

- \* Management is the trustee of the Shareholders capital and not the owner.
- \* Provide an enabling environment to harmonize the goals of maximizing stakeholder value and maintaining a customer centric focus.
- \* Have a simple and transparent corporate structure driven solely by business needs.
- \* Communicate externally, in a truthful manner, about how the Company is running internally.
- \* Make clear distinction between personal convenience and corporate resources.
- \* Be transparent and maintain high degree of disclosure levels in all facets of its operations.
- \* Satisfy the spirit of the law and not just the letter of the law.

The Company's philosophy on Corporate Governance is thus concerned with the ethics, values and morals of the Company and its directors, who are expected to act in the best interests of the Company and remain accountable to shareholders and other beneficiaries for their action.

Your Board of Directors presents the Corporate Governance Report for the year 2009-10.

## 2. BOARD OF DIRECTORS :

Composition of the Board and Directorship held in other Companies as on 31<sup>st</sup> March, 2010.

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	-	1
3.	Mr. Arvind L. Apte	Independent -Non-Executive	2	-	-
4.	Mr. R. A. Shroff	Independent -Non-Executive	2	-	1
5.	Mr. P. S. Jhaveri	Independent -Non-Executive	13	1	1
6.	Mr. D.M. Shah	Independent -Non-Executive	2	-	-
7.	Mr. A. A. Javeri	Related to Shri A.D. Javeri - Non-Executive	2	-	-
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 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 Notice convening the Annual General Meeting.



#### 4. ATTENDANCE RECORD OF THE DIRECTORS :

During the Financial year 2009-10, Six Meetings of Board of Directors were held on the following days :- 26<sup>th</sup> June, 2009, 29<sup>th</sup> July, 2009, 9<sup>th</sup> September, 2009, 15<sup>th</sup> October, 2009, 28<sup>th</sup> October, 2009 and 29<sup>th</sup> January, 2010.

Annual General Meeting was held on 9<sup>th</sup> September, 2009.

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	6	6	Yes
Mr. Arvind R. Doshi	6	5	Yes
Mr. Arvind L. Apte	6	2	No
Mr. Ramesh A. Shroff	6	5	Yes
Mr. Priyam S. Jhaveri	6	4	Yes
Mr. D.M. Shah	6	6	Yes
Mr. Abhishek A. Javeri	6	6	Yes
Mr. Nitin R. Jani	6	6	Yes

#### 5. BOARD PROCEDURE :

Board meets once in quarter where in 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 is 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 and regularly placed 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 being 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 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 Meeting, besides Mr. Asit D. Javeri, Chairman & Managing Director and Mr. Nitin R. Jani, Director & Company Secretary and have attended most of the meeting of the Audit Committee as invitees.



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 2009-10, 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 24<sup>th</sup> April 2009, 26<sup>th</sup> June 2009, 29<sup>th</sup> July 2009, 28<sup>th</sup> October 2009 and 29<sup>th</sup> January 2010 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	2
Mr. Priyam S. Jhaveri	29 <sup>th</sup> April 2008	Non-Executive - Independent	3	3

The previous Annual General Meeting was held on 9<sup>th</sup> September, 2009 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 attendance record of each member of the Investors Grievance Committee at the Meeting held on 26<sup>th</sup> June 2009 is as follows :

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

Statement of the various complaints received and cleared by the Company during the year ended on 31<sup>st</sup> March, 2010 :

Sr. No.	Subject	Received (Nos.)	Cleared (Nos.)	Pending *
1.	Non Receipt of Share	5	5	-
2.	Non Receipt of Dividend	1	1	-
3.	Non Receipt of Annual Report	-	-	-
4.	Non Receipt of Demat Credit/ Remat Certificate	10	10	-
5.	Non Receipt of Rejected Demat Request Form	-	-	-
6.	Others (SEBI)	2	2	-
	Total	18	18	-

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 - 400 078.

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 attendance record of each member of the Investors Grievance Committee at the Meeting held on 26<sup>th</sup> June, 2009 is as follows :

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

The Company pays remuneration by way of salary, allowances and perquisites, performance allowance etc., to the Chairman & Managing Director and Director & Company Secretary on recommendation of the Remuneration Committee and as approved by the Board of Directors and shareholders of the Company subject to approval of the Central Government. The requisite approval of the Central Government has been received for the reappointment and payment of the remuneration to them. Each Non-Executive Director is paid per meeting attended a sitting fee of Rs. 5,000/- for Board Meeting and Rs. 3,000/- for Committee Meeting.

Details of remuneration of the Directors during the period 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2010, 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 *	26,10,869	-	26,10,869	N.A.
Mr. Arvind R. Doshi	-	40,000	40,000	12,498
Mr. Arvind L. Apte	-	10,000	10,000	1,444
Mr. Ramesh A. Shroff	-	28,000	28,000	259
Mr. Priyam S. Jhaveri	-	35,000	35,000	28,350
Mr. D.M. Shah	-	45,000	45,000	5,000
Mr. Abishek A. Javeri	-	30,000	30,000	37,100
Mr. Nitin R. Jani *	15,24,850	-	15,24,850	N.A.
<b>Total</b>	<b>41,35,719</b>	<b>1,88,000</b>	<b>43,23,719</b>	<b>-</b>

\* Whole time directors are 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.

Please refer Note 14 of Schedule J "Notes of Accounts" annexed to the Financial Statements of the year.



## 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
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
2008-09	"PRINCE HALL" The National Sports Club Of India, Lala Lajpatrai Marg, Worli, Mumbai - 400018.	09.09.2009	4.00 p.m.	2

### (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) Re-appointment of Shri N.R. Jani, Director & Company Secretary, were passed in the Annual General Meeting held on 9<sup>th</sup> September, 2009.

### (C) Extra Ordinary General Meeting.

During the last three years 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 its Right issue.

### (D) No resolution was passed by Postal Ballot during the year.

## 12. SUBSIDIARIES :

The Company does not have any material non-listed Indian subsidiary whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

## 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 7 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 Personnel 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 have 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 have been utilised for issue expenses and for working capital as under :  
(Rupees in lakhs)

<b>SOURCES</b>	<b>Proposed</b>	<b>Actual</b>
Right Issue	<u>715.90</u>	<u>715.90</u>
<b>UTILISATION</b>		
Long Term Working Capital	686.00	683.46
Issue Expense	<u>29.90</u>	<u>32.44</u>
Total	<u>715.90</u>	<u>715.90</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  
37<sup>th</sup> Annual General Meeting on Monday, the 20<sup>th</sup> September, 2010 at 3.00 P.M. at SASMIRA AUDITORIUM, THE SYNTHETIC & ART SILK MILLS’ RESEARCH ASSOCIATION, 3<sup>RD</sup> FLOOR, SASMIRA MARG, WORLI, MUMBAI - 400030.

Date of Book Closure  
14.09.2010 to 20.09.2010 (both days inclusive) in connection with Annual General Meeting.

Dividend payment date  
NIL for 2009 -10.

Financial Calendar (Tentative)

Results for quarter ending June 30, 2010  
Last week of July, 2010

Results for quarter ending September 30, 2010  
Last week of October, 2010

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

Results for quarter ending March 31, 2011  
Last week of April, 2011

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, 2010 :**

Period	SNCL's Share Price (Rs.)		BSE SENSEX	
	High	Low	High	Low
April 2009	14.17	11.00	11192.10	9546.29
May	16.95	10.70	14930.54	11621.30
June	17.00	13.00	15600.30	14016.95
July	15.99	11.61	15732.81	13219.99
August	24.80	14.10	16002.46	14684.45
September	22.35	17.10	17142.52	15356.72
October	21.85	15.90	17493.17	15805.20
November	19.70	16.40	17290.48	15330.56
December	18.40	16.00	17530.94	16577.78
January 2010	19.90	17.25	17790.33	15982.08
February	18.70	15.10	16669.25	15651.99
March	17.10	14.60	17793.01	16438.45

**17. INVESTOR SERVICES :**

The Company has appointed M/s. Link Intime India Pvt. Ltd (Formerly known 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) having registered office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai 400 078 are Registrars and Share Transfer Agents for Physical Shares. ISRL is also the Depository interface of the Company with both NSDL & CDSL. Their Telephone No. 2596 3838 E-mail address : isrl@intimespectrum.com, Fax No. 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 31<sup>st</sup> March, 2010, 25.58% of the equity shares have been dematerialised.

**20. SHARE HOLDING PATTERN AS ON 31<sup>ST</sup> MARCH, 2010 :**

Category	No. of shares	Percentage
Promoters	6662665	72.41
Mutual Funds and UTI	560	0.01
Banks, Financial Institutions & Insurance Companies	621	0.01
Bodies Corporate	329384	3.58
Indian Public	2165379	23.54
NRIs/Foreign Nationals	42221	0.45
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, 2010 :**

No. of shares	Folio		Amounts	
	Number	% to total	Rs.	% to total
1 - 5000	4186	83.1711	5410470	5.8804
5001 - 10000	423	8.4045	3200520	3.4785
10001 - 20000	207	4.1129	2972540	3.2307
20001 - 30000	70	1.3908	17762060	1.9151
30001 - 40000	26	0.5166	893840	0.9715
40001 - 50000	36	0.7153	1672270	1.8175
50001 - 100000	38	0.7550	2823170	3.0684
100001 and above	47	0.9338	73273430	79.6378
Total	5033	100.0000	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, 2001 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
31.03.2003	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, 2003, 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, 2010 has been placed before the Board in the meeting held on 29<sup>th</sup> July, 2010.



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**Plant Location**

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

**Address for correspondence**

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  
Website : www.sncl.com

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. 022-2596 3838  
Fax No. 022-25946969.  
E-mail : isrl@intimespectrum.com

**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 : 29<sup>th</sup> July, 2010

## 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, 2010, 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  
Firm Regn. No. 109208W  
**Arvind Mohan**  
Partner  
Membership No. 124082

Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010

## 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	683.46
Issue Expense	29.90	32.44
TOTAL	<u>715.90</u>	<u>715.90</u>

For **V. Sankar Aiyar & Co.**  
Chartered Accountants  
Firm Regn. No. 109208W  
**Arvind Mohan**  
Partner  
Membership No. 124082

Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010

**INDUSTRY :**

Your company is engaged in the manufacture of chemical intermediate, heavy organic chemicals and performance chemicals. Unhealthy competition from China and Indian unorganized sector continues to prevail in the industry. India emerged as one of the major source for chemical intermediates. The industry witnessed high degree of uncertainty and slow down following global economy pattern. The industry is dependent on the basic and petro-chemicals, prices of which were highly volatile during the year.

**OPPORTUNITIES AND THREATS :**

Your company is in the industry since last 36 years. It has a very high degree of operating synergy, economies of scale and high quality standards. The products of your company have diverse uses and applications in several industries ranging from paper, pharmaceutical, agro chemicals, thermal dyes, light stabilizer, aerospace dyes and dye intermediates etc. Besides, your company have loyal cliental base, which is well diversified around the World.

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

**MARKET AND OUTLOOK :**

Your company's major market viz Europe, Japan and USA continue to remain under recession. Market condition were subdued and highly price competitive. The costs were under stringent monitoring and control. The company has taken several initiatives like process improvement, lower consumption norms, use of cheaper alternate raw material and fuel. All efforts were made to reduce and control the overheads. Finance cost continued to remain high in view of liquidity tightness. Gradual product price increase, improved operating efficiency and stringent control of overheads are expected to improve the overall performance.

Your company having about 80% of the revenue from export, follows the global economics trend. The first quarter of the current year witnessed improved order book position. Due to interruption in the smooth availability of raw materials and for the liquidity tightness hampered continuous production resulting in escalated production cost. As a result entire order book could not be catered to as scheduled during the first quarter.

The rate of flow of orders is encouraging. Production facilities are realigned to meet the demand. Your company barring unforeseen circumstances expect good improvement in turnover. The company continued to focus on cost control at every level to improve the operation efficiency which alongwith the increased operating level and upward revision of product prices is expected to improve the margin.

Unaudited estimated sales for the first quarter of 2010-11 was at Rs. 1,170 lacs (P.Y. Rs. 993 lacs ) and the loss after tax was at Rs.134 lacs (P.Y. Rs. 159 lacs).

**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, sulphur based chemicald, iron powder are an area of concern.





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Your Company has however improved processes for better consumption norms, substituting cheaper raw materials, converting one of the boiler from furnace oil base to bagasse base . 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 extent possible.

**DEBT RESCHEDULING :**

Foreseeing the squeeze on liquidity and profitability, your company approached its banker to reschedule its facilities. In view of genuineness of the case bankers of your company have rescheduled the repayment of sanctioned Loans as well as extended additional facility to meet cash flow requirements of the company.

Your company has repaid fully the term loan of Rs. 1050 Lacs availed from Axis Bank Ltd and Rs. 562 Lacs availed from Exim Bank Ltd.

**FOREIGN EXCHANGE AND RISK MANAGEMENT :**

Your company's revenue stream 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.

**PERFORMANCE :**

Your company's major markets are Europe, Japan and USA, their economics remained under recessionary trend for the products of your company during the year under report. Unhealthy competition from certain countries further aggravated the market conditions. Market condition during the year under report continued to be subdued and highly price competitive. Turnover of your company for the year sharply declined to Rs. 3594 Lacs as against Rs. 7822 Lacs in the P.Y. registering a decline of over 53%.

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 : 29<sup>th</sup> July, 2010

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, 2010 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-sections 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, 2010, 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 attention to note B(1) regarding accumulated losses and Note B(2) of Schedule (J) regarding non provision in respect of diminution in value of investment, loans and guarantee 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, 2010.
    - 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  
Firm Regn. No. 109208W  
**Arvind Mohan**  
Partner  
Membership No. 124082

Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010



## 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 to parties concerned in registered maintained u/s 301 of Companies Act, 1956. In respect of existing loans given, the maximum amount outstanding at any time during the year is Rs. 5,44,34,699/- and the year end balance is Rs. 2,26,95,476/-.
  - 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 Rs. 3,72,99,379/- has been received. With regard to interest the same is under negotiation with the party.
  - 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 one Director, three companies and one party aggregating to Rs. 2,51,70,396/-. These loans have maximum balance of Rs. 2,54,51,652/- having an outstanding year end balance of Rs. 1,84,63,476/-.
  - 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 accountant 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 been no delay in depositing dues to Investor Education and Protection Fund and Wealth Tax. There has generally been delays by the company in depositing undisputed statutory dues including provident fund, employees' state insurance income-tax, Sales 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, 2010 for a period of more than six months from the date of becoming payable.

<b>Nature of statutory</b>	<b>Nature of Dues</b>	<b>Total(Rs.)</b>	<b>Period it relates to</b>	<b>Due date</b>	<b>Date of payment</b>
Income Tax Act 1961	Tax Deducted at source	9,63,216	April To September 2009	7 <sup>th</sup> day of the following month from the month of deduction	3 <sup>rd</sup> May, 2010

- According to the records of the company, there are no disputed statutory dues on account of Income Tax, Sales Tax, Service Tax, Excise Duty, and cess remaining unpaid as on 31<sup>st</sup> March, 2010.
10. The company has accumulated losses at the end of the financial year, which is more than fifty percent of its net worth. The company has incurred Rs. 5,52,55,265/- as cash loss for the financial year and Rs. 6,97,90,311/- 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.



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Name of Bank & Facility	Amount due	Due date	Date of payment
Exim Bank Term Loan	Rs. 26,12,567 (USD 61,294.66)	15 <sup>th</sup> March, 2010	27 <sup>th</sup> April, 2010
Axis Bank Term Loan	Rs. 65,62,500	5 <sup>th</sup> January, 2010	18 <sup>th</sup> February, 2010

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. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company as on 31<sup>st</sup> March, 2010, 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. The Company has not raised any money by public issue during the year. Accordingly clause 4(xx) of Companies (Auditor's Report) Order 2003 is not applicable to the company.
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  
Firm Regn No. 109208W  
**Arvind Mohan**  
Partner  
Membership No. 124082

Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

	Schedule	31.03.2010		31.03.2009	
		Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS:</b>					
<b>Shareholders' Funds :</b>					
Capital	A		9,20,08,300		9,20,08,300
Reserve & Surplus	B		60,90,421		6,94,45,599
<b>Loan Funds :</b>					
Secured Loans	C		41,04,76,657		44,86,87,232
Unsecured Loans	D		7,26,70,376		5,83,73,862
<b>TOTAL</b>			<b>58,12,45,754</b>		<b>66,85,14,993</b>
<b>APPLICATION OF FUNDS :</b>					
<b>Fixed Assets :</b>					
Gross Block	E	92,08,88,747		84,65,44,084	
Less: Depreciation		56,43,96,214		52,99,72,993	
Net Block			35,64,92,533		31,65,71,091
Capital work-in-progress			5,44,93,765		9,86,91,588
<b>Investments :</b>	F		61,22,219		61,22,219
<b>Deferred Tax Asset</b>			2,94,47,628		3,14,63,400
<b>Current Assets, Loans and Advances :</b>					
Inventories	G	10,58,40,489		14,93,94,159	
Sundry Debtors		5,98,18,400		10,15,62,415	
Cash and Bank Balances		36,41,304		63,57,887	
Loans and Advances		6,64,62,224		10,09,05,755	
		23,57,62,417		35,82,20,216	
Less:					
<b>Current Liabilities and Provision</b>					
Liabilities	H	12,13,56,366		13,21,96,593	
Provisions		80,55,523		1,03,56,928	
		12,94,11,889		14,25,53,521	
<b>Net Current Assets</b>			10,63,50,528		21,56,66,695
<b>Profit &amp; Loss Account ( Note 1 Schedule B)</b>	I		2,83,39,081		-
<b>Notes forming part of Accounts</b>	J				
<b>TOTAL</b>			<b>58,12,45,754</b>		<b>66,85,14,993</b>

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

As per our Report of even date  
For V. SANKAR AIYAR & CO.  
Chartered Accountants  
Firm Regn. No. 109208W  
**ARVIND MOHAN**  
Partner  
Membership No. 124082  
Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010

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  
**R. A. SHROFF** Director  
**P. S. JHAVERI** Director  
**D. M. SHAH** Director  
**A. A. JAVERI** Director

Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

	Schedule	31.03.2010	31.03.2009
		Rs.	Rs.
<b>INCOME :</b>			
Sales	1	35,50,80,089	78,11,16,554
Less : Excise Duty		<u>52,86,819</u>	<u>1,10,20,880</u>
Sales (Net)		34,97,93,270	77,00,95,674
Other Income	2	1,34,06,480	1,85,96,016
Increase/(Decrease) in Stock	3	<u>(3,28,67,336)</u>	<u>2,70,62,322</u>
		<b>33,03,32,414</b>	<b>81,57,54,012</b>
<b>EXPENDITURE :</b>			
Raw Material consumption		20,03,61,208	49,41,12,115
Power and Fuel	4	4,29,63,984	9,52,49,651
Operation and Maintenance	5	1,59,24,456	2,69,41,948
Salaries, Wages and Benefits to Employees	6	3,39,44,713	4,05,74,293
Administrative Expenses	7	1,94,55,307	1,94,92,348
Selling and Distribution	8	1,33,74,244	2,34,32,270
Finance Cost	9	5,50,88,048	5,60,73,917
Payment to Auditors		3,40,000	3,57,500
Managerial Remuneration		<u>41,35,719</u>	<u>44,66,636</u>
		<b>38,55,87,679</b>	<b>76,07,00,678</b>
<b>Profit/(Loss) Before Depreciation , Effects of Foreign Exchange Contracts, Exceptional Items &amp; Taxation</b>		<b>(5,52,55,265)</b>	<b>5,50,53,333</b>
Depreciation		<u>3,44,23,222</u>	<u>3,74,20,074</u>
<b>Profit/(Loss) Before Effects of Foreign Exchange Contracts, Exceptional Items &amp; Taxation</b>		<b>(8,96,78,487)</b>	<b>1,76,33,259</b>
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
Right Issue Expenses		-	32,43,821
Loan Rescheduling Expenses		-	<u>24,48,660</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>(8,96,78,487)</b>	<b>(10,68,05,385)</b>
Deferred Tax		<u>(20,15,772)</u>	1,66,28,434
Less : Provision for FBT		-	4,05,000
<b>PROFIT / (LOSS) AFTER TAXATION</b>		<b>(9,16,94,259)</b>	<b>(9,05,81,951)</b>
Balance as per last Balance Sheet		<u>(6,99,74,728)</u>	<u>2,06,07,223</u>
<b>TOTAL</b>		<b><u>(16,16,68,987)</u></b>	<b><u>(6,99,74,728)</u></b>

Basic Earning Per Share of Face Value of Rs.10/- each (9.75) (17.52)

Dilute Earning Per Share of Face Value of Rs.10/- each (9.75) (9.83)

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

As per our Report of even date For V. SANKAR AIYAR & CO. Chartered Accountants Firm Regn. No. 109208W <b>ARVIND MOHAN</b> Partner Membership No. 124082 Place : Mumbai Dated : 29 <sup>th</sup> July, 2010	For and On Behalf of the Board of Directors <b>A. D. JAVERI</b> Chairman & Managing Director <b>N. R. JANI</b> Director & Company Secretary	<b>ARVIND R. DOSHI</b> Director <b>R. A. SHROFF</b> Director <b>P. S. JHAVERI</b> Director <b>D. M. SHAH</b> Director <b>A. A. JAVERI</b> Director
		Place : Mumbai Dated : 29 <sup>th</sup> July, 2010



# CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2010

	31.03.2010 Rs.	31.03.2009 Rs.
<b>A) CASH FLOW ARISING FROM OPERATING ACTIVITIES :-</b>		
<b>NET PROFIT/ LOSS (-) BEFORE TAX</b>	<b>(8,96,78,487)</b>	<b>(10,68,05,385)</b>
Add : a. Depreciation	<b>3,44,23,222</b>	3,74,20,074
b. Interest	<b>5,50,88,048</b>	5,20,44,833
c. Forward contract Loss	-	1,87,48,530
Less : a. Dividend Received	<b>200</b>	-
<b>CASH OPERATING PROFIT</b>	<b>(1,67,417)</b>	14,08,052
<b>ADJUSTMENTS FOR CHANGE IN WORKING CAPITAL</b>		
a. Trade & other Receivables	<b>4,17,44,015</b>	3,60,51,939
b. Inventories	<b>4,35,53,670</b>	86,63,940
c. Loans & Advances	<b>(28,55,846)</b>	3,95,87,647
d. Trade Payables	<b>(1,22,93,418)</b>	(7,12,45,599)
	<b>7,01,48,421</b>	1,30,57,927
<b>CASH FLOW BEFORE FOLLOWING PAYMENTS</b>	<b>6,99,81,004</b>	1,44,65,979
a. Direct Taxes (Paid)	<b>(8,60,450)</b>	(25,31,487)
<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>6,91,20,554</b>	1,19,34,492
<b>B) CASH FLOW ARISING FROM INVESTING ACTIVITIES :-</b>		
a. Purchase of Fixed Assets (Net of Adjustment for Capital work-in-progress)	<b>(2,14,11,663)</b>	(2,95,78,660)
b. Dividend Received	<b>200</b>	-
c. Interest Received on Loans	-	64,80,138
<b>CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(2,14,11,463)</b>	(2,30,98,522)
<b>C) CASH FLOW ARISING FROM FINANCING ACTIVITIES :-</b>		
a. Increase in share capital	-	7,15,53,790
b. Secured Borrowings - Net of Repayment	<b>(3,82,10,573)</b>	5,48,17,155
c. Unsecured Borrowings - Net of Repayment	<b>5,15,95,893</b>	(5,15,27,711)
d. Dividend Paid	<b>(79,025)</b>	(23,46,277)
e. Interest Paid	<b>(6,37,31,969)</b>	(5,85,85,566)
<b>CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>(5,04,25,674)</b>	1,39,11,391
<b>NET CHANGE IN CASH / CASH EQUIVALENTS (A+B+C)</b>	<b>(27,16,583)</b>	27,47,361
<b>ADD : OPENING BALANCE</b>	<b>63,57,887</b>	36,10,526
<b>CASH/CASH EQUIVALENTS AT THE CLOSE OF THE YEAR</b>	<b>36,41,304</b>	63,57,887

## 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 our Report of even date

For V. SANKAR AIYAR & CO.

Chartered Accountants

Firm Regn. No. 109208W

**ARVIND MOHAN**

Partner

Membership No. 124082

Place : Mumbai

Dated : 29<sup>th</sup> July, 2010

For and On Behalf of the Board of Directors

**A. D. JAVERI**

Chairman &

Managing Director

**N. R. JANI**

Director &

Company Secretary

**ARVIND R. DOSHI**

**R. A. SHROFF**

**P. S. JHAVERI**

**D. M. SHAH**

**A. A. JAVERI**

Director

Director

Director

Director

Director

Place : Mumbai

Dated : 29<sup>th</sup> July, 2010



# SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET



<b>SCHEDULE 'A'</b>	<b>31.03.2010</b> Rs.	31.03.2009 Rs.
<b>SHARE CAPITAL</b>		
Authorised Capital :		
10000000 Equity Shares of Rs. 10/- each (P.Y. 10000000 Equity Shares)	<b>10,00,00,000</b>	10,00,00,000
1000000 Unclassified Shares of Rs. 10/- each (P.Y. 1000000 Unclassified Shares)	<b>1,00,00,000</b>	1,00,00,000
<b>TOTAL</b>	<b>11,00,00,000</b>	11,00,00,000
<b>Issued, Subscribed and Paid-up Capital :</b>		
*9200830 Equity Shares of Rs. 10/- each fully paid. (P.Y. 9200830 Equity Shares)	<b>9,20,08,300</b>	2,04,54,510
Right shares issued of Rs. 10/- each fully paid (P.Y. 7155379 Equity Shares)	-	7,15,53,790
<b>TOTAL</b>	<b>9,20,08,300</b>	9,20,08,300

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

	No. of Shares	face value	Capitalised from	year	Ratio
a]	162500	Rs. 16,25,000	General Reserve	1987-88	2 : 5
b]	487012	Rs. 48,70,120	Share Premium	1995-96	1 : 2
c]	584414	Rs. 58,44,140	Share Premium	2002-03	2 : 5

## SCHEDULE 'B'

	<b>31.03.2010</b> Rs.	31.03.2009 Rs.
<b>RESERVE AND SURPLUS</b>		
1) Capital Reserve	<b>93,681</b>	93,681
2) Capital redemption on Reserve	<b>5,00,000</b>	5,00,000
3) Share Premium	<b>54,96,740</b>	54,96,740
4) General Reserve	<b>13,33,29,906</b>	13,33,29,906
Less : Set of against Debit Balance in P & L Account (See Contra Schedule 'I')	<b>13,33,29,906</b> -	6,33,55,178
<b>TOTAL</b>	<b>60,90,421</b>	6,94,45,599

Note 1 : As per requirement of Schedule VI of the Companies Act 1956, out of the debit balance of Rs. 16,16,68,987/- (P.Y. Rs. 6,99,74,728/-) in profit & loss account Rs. 13,33,29,906/- (P.Y. Rs. 6,99,74,728/-) has been shown as a deduction from uncommitted reserve.

**SCHEDULE 'C'**31.03.2010  
Rs.31.03.2009  
Rs.**SECURED LOANS :****A) From Banks :****(I) On Cash Credit/Packing Credit**

1. From State Bank Of India	<b>8,93,06,962</b>	13,70,54,131
2. From Axis Bank Limited	<b>6,95,56,366</b>	11,05,30,203
3. From State Bank Of Patiala	<b>1,47,71,967</b>	2,94,81,476

[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 Loans**

1. From State Bank Of India	<b>4,96,83,000</b>	1,96,83,000
2. From Exim Bank Of India ( Foreign Currency Loan) US\$ 0.0588 Millions (P.Y. US\$ 0.275 Millions)	<b>26,81,507</b>	1,22,87,719
3. From Axis Bank Limited	<b>8,00,00,000</b>	3,55,11,000
4. From State Bank Of Patiala [Includes US\$ 1.844 Millions (P.Y. Nil)]	<b>10,27,47,916</b>	10,24,37,331
5. Interest Accrued On Term Loans.	<b>17,28,939</b>	17,02,372

[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

**41,04,76,657****44,86,87,232****SCHEDULE 'D'****UNSECURED LOANS :****A. Fixed Deposits :**

1. From Directors	<b>1,12,00,000</b>	1,12,00,000
2. From Others	<b>1,75,49,000</b>	1,41,58,000

**B. Other Loans**

1. Under Sales Tax Deferral Scheme - 2001	<b>20,90,321</b>	20,90,321
2. Inter Corporate Deposits	<b>4,10,67,962</b>	3,09,25,541
3. From Directors	<b>7,63,093</b>	-

TOTAL

**7,26,70,376****5,83,73,862**

**SCHEDULE 'E'**

**FIXED ASSETS**

	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
	As on 01/04/2009	Additions Rs.	Deletions Rs.	Total as at 31/03/2010 Rs.	As on 01/04/2009 Rs.	Written Deletions off during the year Rs.	Total upto 31/03/2010 Rs.	As on 31/03/2010 Rs.	As on 31/03/2009 Rs.
Leasehold Land	76,400	-	-	76,400	28,549	804	29,353	47,047	47,851
Freehold Land	26,06,318	-	-	26,06,318	-	-	-	26,06,318	26,06,318
Plant & Machinery (Includes Computers & Office Eqpts.)	67,87,36,424	7,39,71,913	-	75,27,08,337	43,04,75,459	2,71,41,769	45,76,17,228	29,50,91,109	24,82,60,965
Buildings	12,18,10,941	-	-	12,18,10,941	6,44,68,114	56,94,181	7,01,62,295	5,16,48,646	5,73,42,827
Furnitures & Fixtures	69,18,510	-	-	69,18,510	57,34,703	2,12,763	59,47,466	9,71,044	11,83,807
Laboratory Equipments	80,99,601	3,72,750	-	84,72,351	48,45,066	4,99,003	53,44,069	31,28,282	32,54,535
Research & Development Equipment	1,31,56,291	-	-	1,31,56,291	1,13,69,354	3,01,896	1,16,71,249	14,85,042	17,86,937
Vehicles	1,51,39,599	-	-	1,51,39,599	1,30,51,748	5,72,806	1,36,24,554	15,15,045	20,87,851
<b>GRAND TOTAL</b>	<b>84,65,44,084</b>	<b>7,43,44,663</b>	<b>-</b>	<b>92,08,88,747</b>	<b>52,99,72,993</b>	<b>3,44,23,222</b>	<b>56,43,96,214</b>	<b>35,64,92,533</b>	<b>31,65,71,091</b>
PREVIOUS YEAR TOTAL	83,25,24,857	1,40,19,227	-	84,65,44,084	49,25,52,919	3,74,20,074	52,99,72,993	31,65,71,091	33,99,71,938


**SCHEDULE 'F'**
**31.03.2010**  
**Rs.**
**31.03.2009**  
**Rs.**
**LONG TERM INVESTMENTS (NON TRADE) (AT COST) :**
**A. Unquoted**

I) In Subsidiaries	750 (P.Y. 750)	Shares of Anuchem B.V.B.A. - Belgium of 25 Euro each	<b>7,71,549</b>	7,71,549
	25000 (P.Y. 25000)	Shares of Anuchem Pte. Ltd.-Singapore of 1 Singapore Dollar Each	<b>6,92,250</b>	6,92,250
	255000 (P.Y. 255000)	Life Style Networks .Ltd. of Rs.10/-each	<b>25,50,000</b>	25,50,000
II) In Others	200000 (P.Y. 200000)	11.50 %Preference shares of Phthalo Colours & Chemicals Ltd. of Rs.10/- each	<b>20,00,000</b>	20,00,000
		<b>TOTAL (A)</b>	<b>60,13,799</b>	<b>60,13,799</b>

**B. Quoted**

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	<b>71,788</b>	71,788
3900 (P.Y. 3900)		Enarai Finance Ltd	<b>78,000</b>	78,000
18000 (P.Y. 18000)		Indian Extractions Ltd	<b>5,08,194</b>	5,08,194
5000 (P.Y. 5000)		Indo-Biotech Ltd	<b>1,91,250</b>	1,91,250
2000 (P.Y. 2000)		First Object Technologies Ltd	<b>81,400</b>	81,400
1300 (P.Y. 1300)		Mexworth Orchards Ltd	<b>13,000</b>	13,000
5000 (P.Y. 5000)		Ojas Technochem Products Ltd	<b>1,31,495</b>	1,31,495
		<b>TOTAL (B)</b>	<b>10,75,127</b>	<b>10,75,127</b>
		<b>TOTAL ( A + B )</b>	<b>70,88,926</b>	<b>70,88,926</b>
		Less: Provision for Diminution on Investment Value	<b>9,66,707</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<sup>st</sup> March, 2010  
 Rs. 6,51,820/- (P.Y. Rs. 1,70,520/-)]

**SCHEDULE 'G'**
**CURRENT ASSETS, LOANS AND ADVANCES :**
**A. Inventories : (as per inventories taken, valued and certified by the Chairman & Managing Director)**

1. Stores and spares parts			<b>2,97,65,856</b>	3,14,09,334
2. Scrapped Stock			<b>60,000</b>	48,500
3. Raw Materials			<b>3,40,66,647</b>	5,03,30,434
4. Stock in transit			<b>1,04,73,681</b>	16,81,556
5. Packing Materials-Drums/Bags			<b>13,50,178</b>	15,15,561
6. Fuel, briquettes.			<b>12,35,411</b>	6,22,592
7. Finished Goods			<b>2,02,41,287</b>	4,65,99,628
8. Goods-in-Process			<b>86,42,104</b>	1,71,85,362
9. Others			<b>5,325</b>	1,192
		<b>TOTAL</b>	<b>10,58,40,489</b>	<b>14,93,94,159</b>

**B. Sundry Debtors : (Unsecured considered good)**

1. Outstanding for more than six months			<b>32,99,245</b>	3,52,668
2. Other Debts			<b>5,65,19,155</b>	10,12,09,747
		<b>TOTAL</b>	<b>5,98,18,400</b>	<b>10,15,62,415</b>


**SCHEDULE 'G' Cont.**

	31.03.2010 Rs.	31.03.2009 Rs.
<b>C. Cash and Bank Balances :</b>		
1. Cash on Hand	3,82,407	3,47,300
2. Bank Balances (Schedule Bank)		
* i) In Current Account	28,29,319	55,43,870
** ii) In Fixed Deposit	4,03,637	4,00,000
iii) In EEFC Account in Foreign Currency	25,941	66,717
TOTAL	<u>36,41,304</u>	<u>63,57,887</u>
<b>D. Loans and Advances :</b>		
<b>(Unsecured considered good)</b>		
(a) Loan to Staff	10,20,189	12,68,234
(b) Loan to Subsidiary includes interest	2,26,95,476	5,44,34,699
(c) Advance to suppliers	24,57,757	40,12,793
(d) Advances recoverable in cash or kind or for value to be received		
i. Due from customs, excise and sales tax	1,66,84,306	1,46,70,191
ii. Deposits -		
a. Central Excise	1,21,62,900	1,40,86,687
b. Public Bodies	40,36,943	40,80,403
c. Private Bodies	26,37,794	27,84,405
iii. Other Receivables	47,66,859	55,68,343
TOTAL	<u>6,64,62,224</u>	<u>10,09,05,755</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 :**
**A. Current Liabilities :**

1) Sundry Creditors		
a) Creditor's for Capital Goods	2,44,83,940	2,35,09,524
b) Trade Creditors Micro, and Medium Enterprises	5,16,773	24,86,959
c) Trade Creditors other	6,63,68,283	6,44,60,872
d) Creditors for Expenses	2,42,22,092	3,62,49,403
2) Unclaimed Dividends	6,83,125	7,34,758
3) Interest accrued but not due	3,26,864	9,41,551
4) Redeemed Preference Share & excess right shares (Unclaimed)	21,000	21,000
5) Other Liabilities	47,34,289	37,92,526
TOTAL	<u>12,13,56,366</u>	<u>13,21,96,593</u>

**B. Provisions :**

1) Provision for taxation (Net of payments)	27,39,358	35,99,809
2) Defined Benefit Obligations	50,75,665	65,14,157
3) Other Staff Benefit Scheme	2,40,500	2,42,962
TOTAL	<u>80,55,523</u>	<u>1,03,56,928</u>

**SCHEDULE 'I'**
**PROFIT & LOSS ACCOUNT :**

Debit Balance In Profit & loss Account	16,16,68,987	-
Less : Set Off against balance in General Reserve (see contra schedule 'B')	13,33,29,906	-
TOTAL	<u>2,83,39,081</u>	<u>-</u>

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



<b>SCHEDULE '1'</b>	31.03.2010 Rs.	31.03.2009 Rs.
<b>SALES :</b>		
Organic Intermediate Sales	1,47,31,359	1,20,81,843
Chemical Intermediate & Other Sales	<u>34,03,48,730</u>	<u>76,90,34,711</u>
	<b>35,50,80,089</b>	<b>78,11,16,554</b>
Less-Excise Duty on Sales	<u>52,86,819</u>	<u>1,10,20,880</u>
<b>Sales Net of Excise Duty</b>	<b>34,97,93,270</b>	<b>77,00,95,674</b>
TOTAL	<u><u>34,97,93,270</u></u>	<u><u>77,00,95,674</u></u>

<b>SCHEDULE '2'</b>		
<b>OTHER INCOME :</b>		
Export Incentives	16,08,438	87,32,261
Dividend	200	-
Interest (TDS Rs. 8,327/- P.Y Rs. 26,868/-)	57,93,726	64,77,745
Foreign Exchange Fluctuation	37,83,272	-
Miscellaneous Income	<u>22,20,844</u>	<u>33,86,010</u>
TOTAL	<u><u>1,34,06,480</u></u>	<u><u>1,85,96,016</u></u>

<b>SCHEDULE '3'</b>		
<b>INCREASE/(DECREASE) IN STOCK :</b>		
Finished Goods	(2,63,58,341)	2,52,19,291
Work-in-progress	(85,43,258)	10,94,237
Others	15,633	(29,126)
Excise on Closing Stock of Finished Goods	<u>20,18,630</u>	<u>7,77,920</u>
TOTAL	<u><u>(3,28,67,336)</u></u>	<u><u>2,70,62,322</u></u>

<b>SCHEDULE '4'</b>		
<b>POWER &amp; FUEL :</b>		
Electricity Charges	1,28,31,595	1,96,10,308
Furnace oil consumption	1,86,13,628	7,14,96,792
Briquettes consumption	87,70,704	-
Diesel consumption	4,39,287	7,11,603
Water Charges	<u>23,08,770</u>	<u>34,30,948</u>
TOTAL	<u><u>4,29,63,984</u></u>	<u><u>9,52,49,651</u></u>

<b>SCHEDULE '5'</b>		
<b>OPERATION &amp; MAINTENANCE :</b>		
Stores and Spares Consumed	45,20,379	1,10,55,168
Machinery Repairs & Maintenance	10,19,291	3,12,549
Building Repairs & Maintenance	-	80,420
Other Repairs & Maintenance	20,39,406	26,46,842
Other Manufacturing Expenses	26,45,612	63,16,022
Effluent Expenses	50,70,768	56,47,921
R&D Expenses	<u>6,29,000</u>	<u>8,83,026</u>
TOTAL	<u><u>1,59,24,456</u></u>	<u><u>2,69,41,948</u></u>



<b>SCHEDULE '6'</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>SALARIES, WAGES &amp; BENEFITS TO EMPLOYEES :</b>		
Salaries, Wages & Bonus	<b>3,04,62,025</b>	3,67,31,845
Staff Welfare	<b>10,11,242</b>	12,39,090
Contribution to Provident Fund and other funds	<b>24,71,446</b>	26,03,358
<b>TOTAL</b>	<b><u>3,39,44,713</u></b>	<b><u>4,05,74,293</u></b>

<b>SCHEDULE '7'</b>		
<b>ADMINISTRATIVE EXPENSES :</b>		
Rent	<b>5,57,400</b>	5,12,150
Rates and Taxes	<b>20,48,362</b>	19,89,803
Insurance	<b>10,98,370</b>	14,75,279
Printing and Stationery	<b>7,11,836</b>	7,17,727
Postage, Telegrams and Telephones	<b>11,92,050</b>	17,52,177
Travelling Expenses	<b>27,56,279</b>	29,92,709
Legal and Professional Fees	<b>10,85,755</b>	12,62,522
Conveyance Expenses	<b>14,34,007</b>	15,90,584
Director Sitting Fees	<b>1,79,000</b>	1,41,000
Electricity Charges	<b>9,39,428</b>	9,90,497
Security Charges	<b>11,94,484</b>	12,24,065
Other Expenses	<b>62,58,336</b>	48,43,835
<b>TOTAL</b>	<b><u>1,94,55,307</u></b>	<b><u>1,94,92,348</u></b>

<b>SCHEDULE '8'</b>		
<b>SELLING AND DISTRIBUTION :</b>		
Ocean freight and other expenses for Export	<b>79,40,965</b>	1,65,29,893
Commission & Sales canvassing charges	<b>17,07,273</b>	13,20,467
Drums & Packing	<b>25,91,909</b>	37,36,259
Local freight and Other expenses	<b>11,34,097</b>	18,45,651
<b>TOTAL</b>	<b><u>1,33,74,244</u></b>	<b><u>2,34,32,270</u></b>

<b>SCHEDULE '9'</b>		
<b>FINANCE COST :</b>		
Interest on Long Term Loans	<b>2,18,74,953</b>	1,63,44,776
Interest on Fixed Deposits	<b>14,64,420</b>	13,26,878
Interest on other Loans	<b>64,82,725</b>	95,67,301
Interest on Working Capital	<b>1,85,72,769</b>	2,26,05,300
Bank Charges	<b>35,66,635</b>	40,97,389
Interest to Directors	<b>16,26,546</b>	6,32,273
Guarantee Commission to Managing Director	<b>15,00,000</b>	15,00,000
<b>TOTAL</b>	<b><u>5,50,88,048</u></b>	<b><u>5,60,73,917</u></b>



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## SCHEDULE 'J'

### NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010.

#### 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 recorded 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 and expense is recognized on 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 written off over the primary period of lease.
- iii) Depreciation on assets added upto 30<sup>th</sup> June, 1986, are charged on straight line method at the rates specified in Schedule XIV of Companies Act 1956.
- iv) Depreciation on Plant and Machinery, equipments and computers acquired after 1<sup>st</sup> July, 1986 up to 31<sup>st</sup> March, 2006 are charged on the written down value method specified in Schedule XIV to the Companies Act, 1956.
- v) Depreciation on Factory and Non factory Building, Vehicles and furniture fixtures acquired after 1<sup>st</sup> July, 1986 have been calculated on written down method at rates specified in Schedule XIV of Companies Act, 1956.
- vi) Depreciation on Plant & Machinery, equipment and computers acquired after 1<sup>st</sup> April, 2006 are calculated on straight line method at rates specified in Schedule XIV of Companies Act, 1956.
- vii) 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 subsidiaries are expressed in Indian currency at the rate of exchange prevailing at the time when the original investment was made. When market value of long term investments 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 is '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 of 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 of 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 29<sup>th</sup> March, 2008 whereby for each category of derivatives, the Company records 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.



### 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) Considering the turn around in the Global economy coupled with the fact that the Order Book position has improved including long term supply agreement from customers, the company is confident about improvement in financial position in coming years which would in turn absorb accumulated losses. Hence, the company feels that although there are accumulated losses as on 31<sup>st</sup> March, 2010, considering the current business trend, going concern would not be affected and accordingly accounts have been prepared.
- 2) The Company has investment of Rs. 25,50,000 comprising of 255000 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, 2010, accumulated loss of the subsidiary of Rs. 5,21,24,019/- has exceeded its capital. Besides investments, in the subsidiary the Company had advanced unsecured loans of Rs. 5,44,34,699/- as at 1<sup>st</sup> April, 2009 and having closing balance of Rs. 2,26,95,476/- as at 31<sup>st</sup> March, 2010 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. 4,93,70,807/- (P.Y. Rs. 6,35,65,772/-). Based on the subsidiary's performance during the financial year and business plans that are in the process of being implemented, coupled with the fact that out of the loans advanced to them in the past substantial recoveries were made during the year and the subsidiary has represented that they would clear the entire outstanding before the end of the following financial year, no provision is considered necessary in respect of the investments and guarantees and loan advanced to them.
- 3) Income tax assessment of demand are completed upto and inclusive of the assessment year 2007-08 (Financial Year 31<sup>st</sup> March, 2007). 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 matter is restored to CIT(Appeals) for fresh adjudication. 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.
- 4) The repayment of Loan falling due within one year is as under :-
  - a) Secured Term Loans : Rs. 4,62,45,944/-
  - b) Unsecured Loans : (1) Fixed Deposit Rs. 1,84,93,000/- (2) Other Loan Rs. 4,10,67,962/-  
(3) From Directors Rs. 7,63,093/-
- 5) a) Sundry Creditors includes Rs. 5,16,773/- (P.Y. Rs.24,86,959/-) 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 Disclosure under MSMEDA to whom the Company owes as on 31<sup>st</sup> March, 2010, an amount exceeding Rs. 1.00 Lac which is outstanding for more than 30 days :
  - (i) R. S. Samant Engineers Pvt. Ltd. Rs. 3,97,861/- (ii) Kris Flexipacks Rs. 1,18,912/-.



6) SEGMENTREPORT.

	2009-10			2008-09		
	Export Segment	Local Segment	Total	Export Segment	Local Segment	Total
Segment Revenue						
a) External Turnover	<b>27,97,92,344</b>	<b>7,00,00,926</b>	<b>34,97,93,270</b>	67,65,91,861	9,35,03,813	77,00,95,674
b) Export Incentives	<b>16,08,438</b>	-	<b>16,08,438</b>	87,32,261	-	87,32,261
Other Un-allocated Revenue/Income						
a) Dividend			<b>200</b>			-
b) Other Revenue			<b>80,14,570</b>			33,86,010
<b>TOTAL</b>	<b><u>28,14,00,782</u></b>	<b><u>7,00,00,926</u></b>	<b><u>35,94,16,478</u></b>	<b><u>68,53,24,122</u></b>	<b><u>9,35,03,813</u></b>	<b><u>78,22,13,945</u></b>
Segment Results	<b>14,77,919</b>	<b>(1,34,43,177)</b>	<b>(1,19,65,258)</b>	9,19,16,902	61,02,773	9,80,19,675
Un-allocable Revenue			<b>1,17,98,042</b>			33,81,010
Operating Profits			<b>(1,67,217)</b>			10,14,00,685
Interest and Losses on Foreign Currency Contract Cancellation and exceptional items			<b>(5,50,88,048)</b>			(17,07,90,996)
Depreciation			<b><u>(3,44,23,222)</u></b>			<u>(3,74,20,074)</u>
Profit/ (Loss) Before Taxation			<b><u>(8,96,78,487)</u></b>			<u>(10,68,05,385)</u>
Deferred Tax			<b>(20,15,772)</b>			1,66,28,434
Fringe Benefit Tax			-			4,05,000
Profit/(Loss) After Taxation			<b><u>(9,16,94,259)</u></b>			<u>(9,05,81,951)</u>

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 :-

- i) Revenue directly attributable each of the segments is shown under segment revenue.
- ii) 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.



7) RELATED PARTY DISCLOSURES.

Nature of Transaction	Holding Company	Subsidiaries	Associate Companies	Key Management Personnel	Total
a) Sale of goods to Anuchem B.V.B.A., Belgium	- (-)	<b>8,66,39,697</b> (39,29,60,533)	- (-)	- (-)	<b>8,66,39,697</b> (39,29,60,533)
b) Purchase of Assets	- (-)	- (14,75,000)	- (-)	- (-)	- (14,75,000)
c) Receiving services from Amnisera Corporation	- (-)	- (-)	<b>7,53,006</b> (13,76,148)	- (-)	<b>7,53,006</b> (13,76,148)
d) Managerial Remuneration	- (-)	- (-)	- (-)	<b>41,35,719</b> (44,66,636)	<b>41,35,719</b> (44,66,636)
e) Directors' Sitting Fees	- (-)	- (-)	- (-)	<b>1,79,000</b> (1,41,000)	<b>1,79,000</b> (1,41,000)
f) Interest Expenses *	<b>10,91,731</b> (23,70,411)	- (-)	<b>39,340*</b> (4,86,304)	<b>1,71,200**</b> (6,32,273)	<b>13,02,271</b> (34,88,988)
g) Interest Income from Lifestyle Networks Ltd.	- (-)	<b>55,60,156</b> (60,11,671)	- (-)	- (-)	<b>55,60,156</b> (60,11,671)
h) Fixed Deposit Received	- (-)	- (-)	- (-)	- (12,00,000)	- (12,00,000)
i) Loans Accepted	<b>1,66,00,000</b> (-)	- (-)	<b>20,00,000#</b> (-)	- (-)	<b>1,86,00,000</b> (-)
j) Loans repayment by Lifestyle Networks Ltd.	- (-)	<b>3,72,99,379</b> (-)	- (-)	- (-)	<b>3,72,99,379</b> (-)
k) Outstanding balance as on 31 <sup>st</sup> March, 2010	<b>1,61,76,950</b>	<b>4,19,03,868</b>	<b>24,74,924</b>	<b>29,63,093</b>	<b>6,35,18,835</b>

I) List of Related Parties

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

\* IBI Engineering & Services Pvt. Ltd., Rs. 30,125/- and Manekchand Panachand & Co. Rs. 9,205/-.

\*\* Mr. A.D. Javeri Rs. 1,71,200/-.

# From Manekchand Panachand & Co. Rs. 20,00,000/-.



	<b>31.03.2010</b>	31.03.2009
	<b>Rs.</b>	Rs.
8) Deferred tax Asset.		
(a) Depreciation and Amortisation	<b>(1,20,03,749)</b>	(1,03,51,036)
(b) Unabsorbed depreciation & c/f business losses	<b>3,95,93,053</b>	3,95,93,053
(c) Expenditure allowed under IT Act on payment basis	<b>18,58,324</b>	22,21,383
Total Deferred tax asset	<b><u>2,94,47,628</u></b>	<u>3,14,63,400</u>

Deferred tax Asset recognized in the earlier years are continued to be carried forward in the accounts based on virtual certainty supported by convincing evidence comprising of binding export orders.

9) 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.)	<b>(9,16,94,259)</b>	(9,05,81,951)
(b) Opening number of equity shares outstanding	<b>92,00,830</b>	20,45,451
(c) Number of Right Issue shares	-	71,55,379
(d) Closing number of equity shares outstanding	<b>92,00,830</b>	92,00,830
(e) Basic/Diluted earning per share [(a)/(c)] (Rs.10/- per share)	<b>(9.75)</b>	(17.52)
(f) Diluted earning per share	<b>(9.75)</b>	(9.83)

10) Employee Benefit.

**Defined Contribution Plan**

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

Employers Contribution to Provident Fund	<b>10,71,033</b>	9,47,482
Employer Contribution to pension scheme	<b>10,45,417</b>	12,57,447

**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

	2009-10	Gratuity (Funded) 2008-09	2009-10	Leave Encashment (unfunded) 2008-09
	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation at beginning of the year	<b>1,23,04,831</b>	1,04,47,915	<b>47,35,403</b>	34,07,462
On Amalgamation	-	-	-	-
Current Service Cost	<b>5,55,689</b>	5,19,583	<b>1,65,560</b>	1,90,571
Interest Cost	<b>9,84,386</b>	8,35,833	<b>3,78,832</b>	2,72,597
Actuarial gain/loss	<b>4,70,280</b>	32,13,629	<b>11,40,800</b>	8,64,773
Benefit paid	<b>(21,89,664)</b>	(9,12,129)	-	-
Settlement cost	-	-	-	-
Defined Benefit Obligation at year end	<b>1,21,25,522</b>	1,41,04,831	<b>41,38,995</b>	47,35,403

II) Reconciliation of opening and closing balance of

fair value of plan assets at beginning of the year	<b>1,23,26,077</b>	1,21,53,271	-	-
On Amalgamation	-	-	-	-
Expected Return on Plan Assets	<b>10,52,439</b>	10,77,749	-	-
Actuarial (gain)/loss	-	-	-	-
Employer Contribution	-	7,186	-	-
Benefit Paid	<b>21,89,664</b>	9,12,129	-	-
Settlement cost	-	-	-	-
Fair Value of plan assets at year end	<b>1,11,88,852</b>	1,23,26,077	-	-
Actual return on plan assets	-	-	-	-



	2009-10	Gratuity (Funded) 2008-09	Leave Encashment (unfunded) 2009-10	2008-09
	Rs.	Rs.	Rs.	Rs.
III) Reconciliation of fair value of assets and obligation				
Fair value of plan assets	1,11,88,852	1,23,26,077	-	-
Present value of obligation	1,21,25,522	1,41,04,831	41,38,995	47,35,403
Amount recognised in balance sheet	9,36,670	(17,78,754)	41,38,995	47,35,403
IV) Expenses recognised during the year (under head of "payment to and Provision for employee")				
Current service cost	5,55,684	5,19,583	1,65,560	1,90,571
Interest Cost	98,386	8,35,833	3,78,832	2,72,597
Expected return on plan assets	(10,52,439)	(10,77,749)	-	-
Actuarial (gain)/loss	(4,70,280)	(14,13,629)	11,40,800	8,64,773
Net Cost	9,57,916	16,91,296	1,68,519	13,27,941
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.

11) Foreign currency balances not hedged

Particulars	31.03.2010				31.03.2009		
	F.C.	F.C. Amount	INR	F.C.	F.C.Amount	INR	
Debtors	USD	7,63,088	1,01,71,363	USD	12,67,528	9,13,68,762	
	EURO	3,58,776	4,53,35,782	EURO	19,800	13,19,670	
Cash/Bank	USD	580.73	25,941	USD	1,296.73	66,717	
	J.Y.	-	-	J.Y.	-	-	
Creditors	USD	-	-	USD	2,35,680	1,21,49,304	
Loans	USD	19,03,528	8,77,89,059	USD	2,38,828	1,23,23,734	

12) Contingent Liabilities not provided for :

(a) Estimated amount of contracts remaining to be executed on capital accounts (Net of Payments)	8,88,797	34,00,000
(b) In respect of Guarantee given by the Company's Banker for Central Excise and other purposes	25,000	95,000
(c) In respect of corporate guarantee given by the company for Loans borrowed by Indian subsidiary	4,93,70,807	6,35,65,772

13) Payment to Auditor :

(a) Audit Fees	2,50,000	2,50,000
(b) Tax Audit	65,000	65,000
(c) Certification and Tax Representation	25,000	42,500
<b>TOTAL</b>	<b>3,40,000</b>	<b>3,57,500</b>



	<b>2009-10</b>	2008-09
	<b>Rs.</b>	Rs.
14) Managerial remuneration under Section 198 of the Companies Act 1956 :		
(a) Salary	<b>25,80,000</b>	24,55,000
(b) Provident Fund	<b>3,09,600</b>	2,94,600
(c) Other Perquisites	<b>12,46,119</b>	17,17,036
TOTAL	<b><u>41,35,719</u></b>	<u>44,66,636</u>
15) Remittance in foreign currency on account of dividend to non-resident shareholders	-	35,441
16) 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	2009-10	2008-09
	M.T. (P.A.)	M.T. (P.A.)	M.T.	M.T.
Organic Intermediates	3,575	3,575	<b>1,346</b>	2,605
Chemical Intermediates	9,036	9,036	<b>5,865</b>	12,620

\* 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	
	01.04.2009						31.03.2010	
	Qty.	Amount	Qty.	Amount	Qty. *	Amount	Qty.	Amount
	M.T.	Rs.	M.T.	Rs.	M.T.	Rs.	M.T.	Rs.
Organic Intermediates	152	84,31,448	-	-	1404	1,11,02,255	94	50,72,495
	(74)	(39,99,981)	-	-	(2527)	(1,19,34,760)	(152)	(84,31,448)
Chemical Intermediates	191	3,81,69,372	-	-	5944	33,86,91,015	116	1,51,74,117
	(190)	(1,74,10,674)	-	-	(12619)	(75,81,60,914)	(191)	(3,81,69,372)
<b>TOTAL</b>		4,66,00,820	-	-		34,97,93,270		2,02,46,612
		(2,14,10,655)	-	-		(77,00,95,674)		(4,66,00,820)

\* Turnover quantity includes quantity used for captive consumption.

**(C) RAW MATERIALS CONSUMED**

Item	Qty.	31.03.2010	Qty.	31.03.2009
	M.T.	Rs.	M.T.	Rs.
Benzene	<b>872</b>	<b>3,16,38,538</b>	1661	7,60,56,729
Nitric Acid	<b>931</b>	<b>1,49,39,050</b>	2385	3,72,00,888
Cast Iron Powder	<b>832</b>	<b>1,73,10,737</b>	2508	7,13,84,793
Oleum 65%	<b>1262</b>	<b>67,81,547</b>	2860	4,05,19,712
Caustic Potash Flakes	<b>608</b>	<b>3,75,01,202</b>	2296	11,91,86,487
Di Butyl Keto Acid	-	-	47	1,76,07,294
Others	-	<b>9,21,90,134</b>	-	13,21,56,212
<b>TOTAL</b>		<b><u>20,03,61,208</u></b>		<u>49,41,12,115</u>



	<b>31.03.2010</b>		31.03.2009
	Rs.		Rs.
<b>(D) VALUE OF IMPORTS CALCULATED ON CIF BASIS</b>			
Raw Material	5,46,51,641		14,38,49,115
Stores Material	-		3,18,331
<b>TOTAL</b>	<b><u>5,46,51,641</u></b>		<b><u>14,41,67,446</u></b>
<b>(E) EXPENDITURE IN FOREIGN CURRENCY</b>			
(To the extent paid)			
Travelling Expenses	6,77,748		6,58,705
Commission	6,58,542		4,47,983
Interest and other charges on FC Loan	4,46,334		10,62,153
<b>TOTAL</b>	<b><u>17,82,624</u></b>		<b><u>21,68,841</u></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	32.68%	6,54,87,824	30.52% 15,08,20,284
(ii) Indigenous	67.32%	13,48,73,384	69.48% 34,32,91,831
(b) Spares parts & Components :			
(i) Imported	-	-	- -
(ii) Indigenous	100.00%	45,20,379	100.00% 1,10,55,168
<b>(G) EARNINGS IN FOREIGN EXCHANGE:</b>			
Export Sales on FOB Value (Rs.)	27,42,53,187		66,76,46,631

17) 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

	<b>31.03.2010</b>		31.03.2009
	Rs.		Rs.
Materials : Equipments, chemicals, gases, glass wares, repairing etc.	3,72,750		6,32,562
: Rent, Service Charges and others	14,68,766		20,72,185
Personnel : Salaries, Allowances, Bonus, Provident Fund etc.	16,37,869		23,87,596
<b>TOTAL</b>	<b><u>34,79,385</u></b>		<b><u>50,92,343</u></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<sup>th</sup> April, 2006, the Company's Research & Development Laboratory.

Signature for Schedule 'A' to 'J' and '1' to '9'

As per our Report of even date  
For V. SANKAR AIYAR & CO.  
Chartered Accountants  
Firm Regn. No. 109208W  
**ARVIND MOHAN**  
Partner  
Membership No. 124082  
Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010

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  
**R. A. SHROFF** Director  
**P. S. JHAVERI** Director  
**D. M. SHAH** Director  
**A. A. JAVERI** Director

Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010





**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**  
(Part of Schedule VI of Companies Act, 1956)

**I. Registration**

Registration No.   
State Code   
Balance Sheet Date  Date  Month  Year

**II. Capital raised during the year (Amount in Rs. Thousand)**

Public Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Right Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)**

Total Liabilities	<input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="8"/>	Total Assets	<input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="8"/>
Source of Funds		Reserve & Surplus	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="0"/>
Paid-up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="8"/>	Unsecured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="0"/>
Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="7"/>	Application of Funds	
Net Fixed Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="6"/>	Investments	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="2"/>
Net Current Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="1"/>	Misc. Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Accumulated Losses	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="9"/>		

**IV. Performance of Company (Amount in Rs. Thousand)**

Turnover	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="9"/>	Total Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="7"/>
+ - Profit/Loss Before Tax	<input type="text" value="(-)"/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="8"/>	+ - Profit/Loss After Tax	<input type="text" value="(-)"/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="4"/>
(Please tick appropriate box + for profit - for loss)		Dividend rate %	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="0"/>
Basic Earning Per Share in Rs.	<input type="text" value="(-)"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="5"/>		

**V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

Item Code No. (ITC Code)   
Product Description   
Item Code No. (ITC Code)   
Product Description   
Item Code No. (ITC Code)   
Product Description



**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	31-12-2009	31-12-2009	31-03-2010
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	39,339	-	-
c) Extend 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 <sup>st</sup> March, 2009	-	-	-
b) Not dealt with in the accounts of the company for the year ended 31 <sup>st</sup> March, 2010	(1,286)	(7,611)	(77,12,841)
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	37,524	3,170	(5,21,24,019)
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**  
**R.A. SHROFF**  
**D.M. SHAH**

Director  
Director  
Director

**P.S. JHAVERI**  
**A. A. JAVERI**  
Director  
Director

Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010

*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, 2009.

**REVIEW OF BUSINESS :**

The principal activities of the Company continued to be marketing of Chemicals. The Turnover during the year was EURO 1.709.904,90 (2008 - EURO 6.505.000,00). The Loss for the year at EURO 1.286,16 (2008 Profit after tax at - EURO 8.979,48).

The Directors opined that, the performance during the year 2009 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 no dividend for the year 2009.

**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,  
31<sup>st</sup> May, 2010

**AUDITOR'S REPORT**

AGIVER BVBA ACCOUNTANTS KANTOOR  
BISSCHOPPENHOF LAAN 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, 2009 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, 2009 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.

Antwerpen, 31<sup>st</sup> May, 2010

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

## ANUCHEM B.V.B.A.

### ANNUAL STATEMENT OF ACCOUNTS OF ANUCHEM BVBA BALANCE SHEET AFTER DISTRIBUTION OF PROFIT

As at 31<sup>st</sup> December, 2009

	2009 (Currency : Euro)	2008 (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>-</u>
<b>2) Current Assets</b>		
i) Stocks	212.625,00	55.250,00
ii) Receivables :		
a) Trade receivables	149.988,00	1.134.000,00
b) Other receivables	<u>2.939,20</u>	<u>1.619,42</u>
	<b>152.927,20</b>	1.135.619,42
<b>3) Liquid resources</b>		
	12.355,86	34.671,72
<b>TOTALASSETS</b>	<u><b>377.908,06</b></u>	<u><b>1.225.541,14</b></u>
<b>LIABILITIES</b>		
<b>1) Issued Capital</b>		
	18.750,00	18.750,00
<b>2) Reserves:</b>		
i) Legal reserve	1.875,00	1.875,00
ii) Profit and loss Account	<u>37.524,50</u>	<u>38.810,66</u>
	<b>39.399,50</b>	40.685,66
<b>3) Current liabilities :</b>		
i) Suppliers	312.264,00	1.142.650,00
ii) Fiscal Provision	-	-
iii) Others - Suppliers	6.088,31	21.580,48
iv) Dividend Payable	<u>1.406,25</u>	<u>1.875,00</u>
	<b>319.758,56</b>	1.166.105,48
<b>TOTAL LIABILITIES</b>	<u><b>377.908,06</b></u>	<u><b>1.225.541,14</b></u>

AGIVER BVBA  
Accountantskantoor  
Reg. No. 4755 2N53

A. D. Javeri  
Director

Antwerpen, 31<sup>st</sup> May, 2010

## ANUCHEM B.V.B.A.

### ANNUAL STATEMENT OF ACCOUNTS OF ANUCHEM BVBA PROFIT AND LOSS ACCOUNT

As at 31<sup>st</sup> December, 2009

	2009 (Currency : Euro)	2008 (Currency : Euro)
<b>INCOME</b>		
Turnover	1.709.904,90	6.505.000,00
Interest received	72,67	84,31
Increase / (decrease) in closing stock	157.375,00	52.450,00
Income / (loss) on exchange fluctuation	<u>67.499,99</u>	<u>-</u>
	<b>1.934.852,56</b>	6.557.534,31
<b>EXPENSES :</b>		
Purchases	1.886.203,24	6.455.150,00
Clearing and forwarding charges	44.316,14	87.177,09
Travelling and administrative expenses	4.522,08	4.512,62
Local taxes	600,50	598,50
Financial expenses	496,76	1.116,62
Depreciation/amount written off Trade debtors	-	-
	<u><b>1.936.138,72</b></u>	6.548.554,83
<b>PROFIT/(LOSS) BEFORE TAXATION :</b>	<b>(1.286,16)</b>	8.979,48
Less : For the earlier year	-	-
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>(1.286,16)</b>	8.979,48
Add : Carried over profit of last year	<u>38.810,66</u>	<u>31.706,18</u>
	<b>37.524,50</b>	40.685,66
Less : provision for dividend	-	(1.875,00)
<b>Profit to be carried over</b>	<u><b>37.524,50</b></u>	<u><b>38.810,66</b></u>

AGIVER BVBA  
Accountantskantoor  
Reg. No. 4755 2N53

A. D. Javeri  
Director

Antwerpen, 31<sup>st</sup> May, 2010

NOTES ON ANNUAL STATEMENT OF ACCOUNT OF ANUCHEM BVBA FOR 2009

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)

	More than 6 months		Others	
	2009	2008	2009	2008
a) Trade receivable	-	-	149.988,00	1.134.000,00
b) Other receivable	-	-	2.939,20	1.619,42
	-	-	152.927,20	1.135.619,42

4) SUPPLIERS

(due within one year)

a) For Purchase	-	-	312.264,00	1.142.650,00
b) For Services	-	-	6.088,31	21.580,48
			318.352,31	1.164.230,48

	2009 (Currency : Euro)	2008 (Currency : Euro)
<b>5) TRAVELLING AND ADMINISTRATIVE EXPENSES</b>		
Fees	4.214,62	3.898,92
Register and publication costs	116,36	111,23
Other business expenses	-	318,67
Publication costs	191,10	183,80
	<u>4.522,08</u>	<u>4.512,62</u>
<b>6) CLEARING AND FORWARDING CHARGES</b>		
Freight	31.248,63	78.237,09
Rental stock house	3.088,86	-
Fee novatrans	8.940,00	8.940,00
	<u>43.277,49</u>	<u>87.177,09</u>
<b>7) LOCAL TAXES</b>		
Local Taxes	600,50	598,50
	<u>600,50</u>	<u>598,50</u>
<b>8) FINANCIAL EXPENSES</b>		
Interests	4,94	507,78
Charges	491,82	608,84
Income	(72,67)	(84,31)
	<u>424,09</u>	<u>1.032,31</u>
<b>9) LIQUID RESOURCES</b>		
General bank Usd (fortis)	-	5.950,64
General bank Euro (fortis)	617,07	28.627,51
State bank of India (Usd)	612,21	-
State bank of India (Euro)	11.033,01	-
	<u>12.262,29</u>	<u>34.578,15</u>
Cash Balance	93,57	93,57
	<u>12.355,86</u>	<u>34.671,72</u>

AGIVER BVBA  
Accountantskantoor  
Reg. No. 4755 2N53

A. D. Javeri  
Director

Antwerpen, 31<sup>st</sup> May, 2010

*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**

**MGI N RAJAN ASSOCIATES**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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

**DIRECTOR'S REPORT**

**REPORT OF THE DIRECTORS  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER, 2009**

The directors submit this annual report to the members together with the audited financial statements of the Company for the financial year ended 31<sup>st</sup> December, 2009.

**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 year 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**

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 :

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

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.

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**4. DIRECTOR'S CONTRACTUAL BENEFITS**

During the year 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 year 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 year.

**8. Independent Auditors:**The Independent Auditors, M/S. MGI N Rajan Associates have expressed their willingness to accept re- appointment.

**STATEMENT BY DIRECTORS**

We, **JAVERI ASIT DHANKUMAR AND JANI NITIN RAMESHCHANDRA** being the directors of **ANUCHEM PTE LTD**, do hereby state, in the opinion of the directors,

- (a) the accompanying balance sheet, statement of comprehensive income, statement of changes in equity and statement of cash flows 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, 2009 and of the results of the business, changes in equity and cash flows of the Company for the year then ended;
- (b) 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.

Signed at Mumbai

On Behalf of Board  
**Asit D. Javeri**                      **Nitin R. Jani**  
Director                                      Director

Mumbai  
Date : 29<sup>th</sup> January, 2010



**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 the Company, which comprise the balance sheet as at 31<sup>st</sup>December, 2009, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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: selecting and applying appropriate accounting policies; and 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.

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**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, 2009 and the results, changes in equity and cash flows of the Company for the year ended on that date; 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 : 29<sup>th</sup> January, 2010

## ANUCHEM PTE LTD

### BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER, 2009

	NOTE	31.12.2009 S\$	31.12.2008 S\$
<b>ASSETS LESS LIABILITIES</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	25,759	26,370
		<u>25,759</u>	<u>26,370</u>
<b>Current Liabilities</b>			
<b>Other payables</b>	5	23,200	16,200
		<u>23,200</u>	<u>16,200</u>
<b>Net current Assets</b>		<u>2,559</u>	<u>10,170</u>
<b>NET ASSETS</b>		<u>2,559</u>	<u>10,170</u>
<b>Represented by :</b>			
<b>Equity</b>			
Issued capital	6	25,000	25,000
Accumulated (Losses)		(22,441)	(14,830)
<b>TOTAL EQUITY</b>		<u>2,559</u>	<u>10,170</u>

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

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2009

	NOTE	31.12.2009 S\$	31.12.2008 S\$
Revenue		-	-
Less : Expenses		-	-
Professional Fees		6,000	6,000
Audit Fees		1,000	1,000
Exchange Loss		611	-
		<u>7,611</u>	<u>7,000</u>
(Loss) from operations before tax	3	(7,611)	(7,000)
Tax Expenses		-	-
<b>Net (Loss)</b>		<u>(7,611)</u>	<u>(7,000)</u>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<u>(7,611)</u>	<u>(7,000)</u>

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

## ANUCHEM PTE LTD

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2009

	Share Capital S\$	Accrued (Losses) S\$	Total S\$
<b>Balance at 1<sup>st</sup> January, 2008</b>	25,000	(7,830)	17,170
Issuance of shares	-	-	-
Total comprehensive income	-	(7,000)	(7,000)
<b>Balance at 31<sup>st</sup> December, 2008</b>	25,000	(14,830)	10,170
Total comprehensive income	-	(7,611)	(7,611)
<b>Balance at 31<sup>st</sup> December, 2009</b>	<u>25,000</u>	<u>(22,441)</u>	<u>2,559</u>

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

### STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2009

	31.12.2009 S\$	31.12.2008 S\$
Cash flow from Operating Activities		
Loss before taxation	(7,611)	(7,000)
Operating loss before working capital Changes	(7,611)	(7,000)
Increase in other payables	7,000	7,000
Cash generated from operating activities	(611)	-
Net Change in Cash & Cash Equivalents	(611)	-
Cash & cash equivalents at the beginning of the Year	26,370	26,370
<b>Cash &amp; cash Equivalents at end of the Year</b>	<u>25,759</u>	<u>26,370</u>

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

**NOTES TO THE FINANCIAL STATEMENTS 31<sup>ST</sup> DECEMBER, 2009**

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 period ended 31<sup>ST</sup> DECEMBER, 2009 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

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

The Company remains dormant along the year.

The company's registered office & principal place of business address :-

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

**2. SIGNIFICANT ACCOUNTING POLICIES****a) Basis of Preparation**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS) as required by the Companies Act. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions made by the Company that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

***Interpretations and amendments to published standards effective in 2009***

On 1<sup>st</sup> January, 2009, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

*The following are the new or amended FRS that are relevant to the Company :*

FRS 1 (Revised) - 'Presentation of financial statements' (effective from 1<sup>st</sup> January, 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Company has chosen to adopt the former alternative. Where comparative information is restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of the balance sheet as at 31<sup>st</sup> December, 2008 in the current financial year.

**b) Taxation**

Current income tax liabilities (and assets) for current and prior years are recognised at the amounts expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax law) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences (unless the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised (unless the deferred tax asset relating to the deductible temporary differences arises from goodwill or the initial recognition of an asset or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.)

The statutory tax rates enacted the balance sheet date is used to determine deferred income tax.

**2.17 Share capital**

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

**3. TAXATION**

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

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**ANUCHEM PTE LTD**

<b>4. CASH &amp; CASH EQUIVALENTS</b>	<b>2009</b>	2008
	<b>S\$</b>	<b>S\$</b>
Cash at bank	<u>25,759</u>	26,370
	<u>25,759</u>	<u>26,370</u>
<b>5. TRADE AND OTHER PAYABLES</b>		
<b>Other payables:</b>		
Other creditors & Accruals	<u>23,200</u>	16,200
	<u>23,200</u>	<u>16,200</u>
<b>6. SHARE CAPITAL</b>		
25,000 Ordinary Shares	<u>25,000</u>	25,000
	<u>25,000</u>	<u>25,000</u>

The ordinary share has no par value, entitle for dividend as and when declared and carry one vote per share with no restrictions.

**7. FINANCIAL INSTRUMENTS- RISK MANAGEMENT**

The company is dormant and the exposure to currency risk is only on cash and Bank balances which is in united state dollars.

**a) 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.

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**ANUCHEM PTE LTD**

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.

**e) Share capital**

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

**8. Holding Company**

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. SANKAR AIYAR & 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 5th Report of your Company together with the Statement of Audited Accounts for the period ended 31<sup>st</sup> March, 2010.

**1. FINANCIAL RESULTS**

	<b>2009-10</b>	2008-09
	<b>Rs.</b>	Rs.
Turnover and Other Income	<u><b>72,24,453</b></u>	<u>57,03,504</u>
Loss: Profit/(Loss)before		
Depreciation and Taxation	<b>(11,68,259)</b>	(1,10,65,090)
Loan restructuring expenses	-	16,00,000
Less: Depreciation	<b>24,96,429</b>	74,688
Profit/(Loss) before Tax	<b>(36,64,688)</b>	(1,27,39,778)
Less: provision for taxation	-	40,000
Deferred tax Asset/(Liability)	<b>(1,14,58,529)</b>	1,01,29,589
Profit/(Loss) after tax	<b>(1,51,23,217)</b>	(26,50,189)
Opening Balance brought forward	<b>3,70,00,802</b>	3,43,50,613
Balance carried forward to Balance Sheet	<u><b>(5,21,24,019)</b></u>	<u>(3,70,00,802)</u>

**2. REVIEW OF OPERATIONS**

Your Company has entered into Joint Venture Agreement with M/s. Chandra Net Private Limited (CNPL) which is an ISP license holder for the state of Gujarat, under this agreement, the company has provided certain fixed assets and all other requisites for operations are provided by CNPL. Accordingly during the Financial Year company provided certain Assets of the value of Rs. 874 lacs, and its share of revenue amounted to Rs. 46.96 lacs which has been accounted for.

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 Company has also provided several Wi-Fi (Wireless Fidelity) based network solutions of Rs. 25.70 lacs (P.Y. Rs. 53.31 lacs) and venture income Rs. 46.53 lacs (P.Y. Rs. NIL).

In view of on going negotiations regarding rate of interest with lenders the company has not provided for interest referred in note no. 2(c) of Schedule 'G'.

In view of the loss your Directors do not recommend payment of any dividend for the year ended 31<sup>st</sup> March, 2010.

**3. OUTLOOK**

Your company will endeavour 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.

Your company also proposed to provide facility of last mile connectivity in the networking with wireless mesh technology to another Internet Service Provider (ISP) company alongwith various value added services.

The potential demand for this facility is growing and is expected to bring turn around in the operations of the company and is expected to enable re-coupmnt of accumulated losses as at the balance sheet date in next two to three years. Based on the above mentioned developments, management has complied the presented the accounts on a going concern.

**4. INSURANCE**

The assets of your Company are adequately insured.

**5. FIXED DEPOSITS**

No Fixed Deposits were accepted by your Company.

**6. DIRECTORS**

Shri N.R. Jani and Shri. Priyam S. Jhaveri, 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 (Firm Regn. No. 109208W), 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. ACKNOWLEDGEMENTS

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

Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010

**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

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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

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

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

	<b>31.03.10</b>	31.03.09
	<b>Rs.</b>	Rs.
4. Expenditure on R&D		
(a) Capital	<b>Nil</b>	Nil
(b) Recurring	<b>Nil</b>	Nil
Total	<b>Nil</b>	Nil
(c) Total R&D expenditure as a % of total turnover	<b>Nil</b>	Nil



## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts, in brief, made towards technology absorption, adaptation and innovation.  
The Company has yet to commence its full fledged operations.
- Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc. N.A.
- 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

- 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 fledged operations.

	<b>31.03.10</b>	31.03.09
	<b>Rs.</b>	Rs.
b) Total Foreign Exchange used and earned. (in Rupee)		
i) Used :		
a) Imports (CIF) - Purchases	<b>Nil</b>	Nil
b) Other expenditure	<b>Nil</b>	Nil
ii) Earned :	<b>Nil</b>	Nil

For and On Behalf of the Board of Directors

Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010

**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, 2010**. 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, Regional Director, Central Government. Company Law Board or other authorities.
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 7 (seven) times on 26<sup>th</sup> June, 2009, 29<sup>th</sup> July, 2009, 09<sup>th</sup> September, 2009, 15<sup>th</sup> October, 2009, 28<sup>th</sup> October, 2009, 21<sup>st</sup> December, 2009 and 29<sup>th</sup> January, 2010 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<sup>st</sup> March, 2008 was held on 09<sup>th</sup> September, 2009 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 under consideration.
8. As explained to us the Company has not advanced any loans to the directors of the company under Section 295 of the Companies Act, 1956 during the year under consideration.
9. The Company was not required to comply with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. The company has made necessary entries in the register maintained under Section 301 of the Act.
11. No approvals were required from the Board of Directors, Members and the Central Government pursuant to section 314 of the Act during the period under consideration.
12. The company has not issued any duplicate Share Certificates during the financial year ended on 31<sup>st</sup> March, 2010.
13. (i) There being no transfer/transmission/allotment of the shares, the provisions as to delivery of share certificate are not applicable.  
(ii) The provision about depositing the amount of dividend in a separate bank account were not applicable as no dividend was declared during the year.  
(iii) The company was not required to post warrants to any member of the company as no dividend was declared during the financial year.  
(iv) No provisions as to transferring the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund are applicable.  
(v) The company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted.
15. The Company has not appointed Managing Director/Whole-time Director/ Manager during the period under consideration.
16. No sole-selling agents were appointed by the Company for the period under scrutiny.
17. No approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other Authorities as may be prescribed under the various provisions of the Act were required for the financial year under review, 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<sup>st</sup> March, 2010.
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 amount borrowed by the Company from the financial institutions, banks and others during the financial under scrutiny are within the borrowing limits of the Company and the necessary resolutions as per Section 293(1)(d) of the Act have been passed.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the Register kept for the purpose.
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 review.
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. Register of loan Investments, guarantees & Securities u/s 372A.
9. Share Transfer Register.

#### 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, 2010.

Sr. no.	Form no. / Return	Filed u/s	Date of filing/ Registration	Filed within time	If delay whether additional fee paid
1.	Form 66 for the year 31 <sup>st</sup> March, 2009	383A	23/10/2009	No	Yes
2.	Form 23AC and 23ACA for the year 31 <sup>st</sup> March, 2009	220	05/11/2009	Yes	NA
3.	Form 20B for the year 31 <sup>st</sup> March, 2009	159	07/11/2009	Yes	NA
4.	Form 20B for the year 31 <sup>st</sup> March, 2008	159	14/11/2009	No	Yes
5.	Form 20B for the year 31 <sup>st</sup> March, 2006	159	16/11/2009	No	Yes
6.	Form 20B for the year 31 <sup>st</sup> March, 2007	159	16/11/2009	No	Yes
7.	Form 23AC and 23ACA for the year 31 <sup>st</sup> March, 2007	220	17/11/2009	No	Yes
8.	Form 66 for the year 31 <sup>st</sup> March, 2007	383A	17/11/2009	No	Yes

Place : Mumbai  
Date : 29<sup>th</sup> July, 2010

**MAKARAND M. JOSHI**  
C.P. No : 3662

**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, 2010 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.
- 64 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, 2010, 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 attention to note 2(b) of Schedule 'G' regarding on going concern.
  - Non provision of interest of Rs. 55,60,156/- on borrowings referred to note 2(c) of Schedule 'G' in the notes forming part of the accounts has the effect of understating the loss for the year to that extent and has corresponding cumulative effect of understating the accumulated carried forward losses by Rs. 1,15,71,827/-.*
  - 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.

- in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010.
  - in the case of the Profit & Loss Account, of the Loss for the year ended on that date.
- and
- 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  
Firm Regn. No. 109208W

**ARVIND MOHAN**

Partner

Membership No. 124082

Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010

**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.



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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. The Company has not granted any loans, secured or unsecured during the year.
    - b. During the year company has taken interest free loans from one Director and one company aggregating to Rs. 43,60,108/- These along with other loans have an outstanding year end balance of Rs. 4,00,55,792/- & maximum balance during the year was Rs. 8,04,88,680/-.
    - c. 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.
    - d. The company is regular in repaying the principal amount as stipulated. The company has not paid interest of Rs. 1,15,71,827/-, in view of ongoing negotiations with lenders. Attention is invited to note 2(c) of Schedule 'G' of notes forming part of accounts.
  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 :
    - a. 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.
    - b. 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 :
    - a. According to the records of 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, 2010 for a period of more than six months from the date of becoming payable other than those reported as under.
  - b. 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, 2010.
10. The company has accumulated losses of Rs. 5,21,24,019/- as on 31<sup>st</sup> March, 2010 which has exceeded its net worth. The company has incurred cash loss of Rs. 11,68,259/- during the current financial year and Rs. 1,27,05,090/- during the immediately preceding financial year.
11. 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.
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 (xiii) of the Order is not applicable to the company.
14. 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.
15. The company has not given any guarantee for loans taken by others. Accordingly, clause (xv) of the Order does not apply to 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. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company as on 31<sup>st</sup> March, 2010, 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. The company has not raised any money by way of public issue during the year.
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  
Firm Regn. No. 109208W

**ARVIND MOHAN**  
Partner

Place: Mumbai  
Dated: 29<sup>th</sup> July, 2010

Membership No. 124082

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

	Schedule	31.03.2010		31.03.2009	
		Rs.	Rs.	Rs.	Rs.
<b>I. SOURCES OF FUNDS :</b>					
<b>Shareholders' Funds :</b>					
Capital	A	50,00,000		50,00,000	
<b>Loan fund</b>					
Secured Loans	B	4,93,70,807		6,35,65,772	
Unsecured Loans	C	10,37,55,171		8,31,28,573	
Deferred Tax Liability		13,28,940		-	
<b>TOTAL</b>		<b>15,94,54,918</b>		<b>15,16,94,345</b>	
<b>II. APPLICATION OF FUND :</b>					
<b>Fixed Assets :</b>					
Gross Block	D	8,78,51,740	4,31,874		
Less:Depreciation		26,87,593	1,91,164		
Net Block		8,51,64,147		2,40,710	
Capital working in Progress		-		8,74,19,866	
Deferred Tax Asset		-		1,01,29,589	
<b>Current Assets, Loans and Advances :</b>					
Inventory	E	29,40,000	29,40,000		
Sundry Debtors		34,60,089	5,74,240		
Cash and Bank Balances		30,49,193	1,54,435		
Loans and Advances		1,50,28,831	1,56,98,189		
		2,44,78,113	1,93,66,864		
<b>Less:</b>					
<b>Current Liabilities and Provisions :</b>					
Current Liabilities	F	23,11,361	22,99,846		
Provisions		-	1,63,640		
		23,11,361	24,63,486		
Net Current Assets		2,21,66,752		1,69,03,378	
<b>Profit and Loss Account</b>		<b>5,21,24,019</b>		<b>3,70,00,802</b>	
<b>TOTAL</b>		<b>15,94,54,918</b>		<b>15,16,94,345</b>	
Notes forming part of accounts	G				

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

As per our Report of even date

For V. SANKAR AIYAR &amp; CO.

Chartered Accountants

Firm Regn. No. 109208W

**ARVIND MOHAN**

Partner

Membership No. 124082

Place : Mumbai

Dated : 29<sup>th</sup> July, 2010**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 : 29<sup>th</sup> July, 2010**PROFIT AND LOSS ACCOUNT YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

	Schedule	31.03.2010		31.03.2009	
		Rs.	Rs.	Rs.	Rs.
<b>INCOME :</b>					
Sales and Other Income	1	72,24,453		57,03,504	
Increase/(Decrease) in Inventory		-	72,24,453	(12,21,776)	44,81,728
<b>EXPENDITURE :</b>					
Direct Expense	2	4,33,652		18,57,926	
Administrative Expenses	3	3,84,049		27,38,261	
Salaries and Benefits	4	2,451		21,97,352	
Finance Charges	5	75,37,560		1,03,18,279	
Payment to Auditors		35,000		35,000	
			83,92,712		1,71,46,818
<b>PROFIT / (LOSS) BEFORE DEPRECIATION &amp; TAXATION</b>					
			(11,68,259)		(1,26,65,090)
Depreciation			24,96,429		74,688
<b>PROFIT/(LOSS) BEFORE TAXATION</b>					
			(36,64,688)		(1,27,39,778)
Provision for FBT			-		(40,000)
Deferred Tax			(1,14,58,529)		1,01,29,589
<b>PROFIT/(LOSS) AFTER TAXATION</b>					
			(1,51,23,217)		(26,50,189)
Balance as per last Balance Sheet			(3,70,00,802)		(3,43,50,613)
<b>Balance Transferred to Balance Sheet</b>			<b>(5,21,24,019)</b>		<b>(3,70,00,802)</b>
			<b>(5,21,24,019)</b>		<b>(3,70,00,802)</b>
<b>TOTAL</b>					
Basic & Diluted Earning Per Share of Nominal value of Rs. 10/- each (Rs. Per share)			(30.25)		(5.30)

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 &amp; CO.

Chartered Accountants

Firm Regn. No. 109208W

**ARVIND MOHAN**

Partner

Membership No. 124082

Place : Mumbai

Dated : 29<sup>th</sup> July, 2010**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 : 29<sup>th</sup> July, 2010



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

	31.03.2010	31.03.2009
	Rs.	Rs.
<b>NET PROFIT BEFORE TAX</b>	<b>(36,64,688)</b>	<b>(1,27,39,778)</b>
a. Depreciation	24,96,429	74,688
b. Interest including reschedulement charges	75,37,561	1,03,18,279
c. Balances written back (Net)	-	89,294
<b>CASH OPERATING PROFIT (LOSS)</b>	<b>63,69,302</b>	<b>(22,57,517)</b>
a. Trade & other Receivables	(28,85,849)	13,31,924
b. Inventories	-	24,43,552
c. Loans & Advances	6,69,357	2,45,527
d. Trade Payables	(45,484)	(8,82,116)
	<u>(22,61,976)</u>	<u>31,38,887</u>
<b>CASH FLOW BEFORE FOLLOWING PAYMENTS</b>	<b>41,07,325</b>	<b>8,81,371</b>
a. Direct Taxes (paid)	(1,06,640)	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>40,00,685</b>	<b>8,81,371</b>
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOW ARISING FROM FINANCING ACTIVITIES :-</b>		
a. Secured Borrowings - Net of Repayment	(1,41,94,965)	(63,60,089)
b. Unsecured Borrowings - Net of Repayment	2,06,26,599	1,12,83,858
c. Interest paid	(75,37,561)	(87,18,279)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>(11,05,927)</b>	<b>(37,94,510)</b>
<b>CHANGE IN CASH / CASH EQUIVALENTS (A+B+C)</b>	<b>28,94,758</b>	<b>(29,13,140)</b>
<b>ADD: OPENING BALANCE CASH/CASH EQUIVALENTS AT THE CLOSE OF THE YEAR</b>	<b>1,54,435</b>	<b>30,67,575</b>
	<u><b>30,49,193</b></u>	<u><b>1,54,435</b></u>

NOTES : THE FIGURES IN BRACKET REPRESENTS CASH OUTFLOW.

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow Statement".
- 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  
Firm Regn. No. 109208W  
**ARVIND MOHAN**  
Partner  
Membership No. 124082

**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 : 29<sup>th</sup> July, 2010

Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010



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

<b>SCHEDULE 'A'</b>	31.03.2010	31.03.2009
	Rs.	Rs.
<b>SHARE CAPITAL</b>		
Authorised Capital		
1000000 Equity Shares of Rs. 10/ each (P.Y. 1000000 Equity Shares)	1,00,00,000	1,00,00,000
<b>Total</b>	<u><b>1,00,00,000</b></u>	<u><b>1,00,00,000</b></u>
<b>Issued, Subscribed and Paid-Up Capital:</b>		
500000 Equity Shares of Rs. 10/ each fully paid up (P.Y. 500000 Equity Shares) - (255000) (P.Y. 255000) held by holding company)	50,00,000	50,00,000
<b>Total</b>	<u><b>50,00,000</b></u>	<u><b>50,00,000</b></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 one of the Directors)	4,93,70,807	6,35,65,772
<b>Total</b>	<u><b>4,93,70,807</b></u>	<u><b>6,35,65,772</b></u>

**SCHEDULE 'C'**

**UNSECURED LOANS**

Holding Company	1,11,23,649	4,71,92,779
Directors	1,79,29,784	1,60,69,784
Others	7,47,01,738	1,98,66,010
<b>Total</b>	<u><b>10,37,55,171</b></u>	<u><b>8,31,28,573</b></u>

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

Particulars of Asset	GROSS BLOCK (AT COST)			DEPRECIATION			NETBLOCK	
	As on 01/04/09	Additions	Total as at 31/3/10	Dep. Upto 01/04/09	Depr- ciation for the year	Total upto 31/03/10	As on 31/3/10	As on 31/3/09
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Office Equipment	2,01,164	-	2,01,164	69,066	24,377	93,443	1,07,721	1,32,098
Furnitures & Fixtures	31,840	-	31,840	11,526	5,763	17,289	14,551	20,314
Computers Equipments	23,870	-	23,870	14,322	9,548	23,870	-	9,548
Trade Mark	1,75,000	-	1,75,000	96,250	35,000	1,31,250	43,750	78,750
Wireless Equipment	-	8,74,19,866	8,74,19,866	-	24,21,741	24,21,741	8,49,98,125	-
<b>TOTAL</b>	<b>4,31,874</b>	<b>8,74,19,866</b>	<b>8,78,51,740</b>	<b>1,91,164</b>	<b>24,96,429</b>	<b>26,87,593</b>	<b>8,51,64,147</b>	<b>2,40,710</b>
Previous Year	4,31,874	-	4,31,874	1,16,476	74,688	1,91,164	2,40,710	3,15,398

**SCHEDULE 'E'**

**31.03.2010**  
**Rs.**

**31.03.2009**  
**Rs.**

**A. Inventories :**

1. Stock of Wi-Fi items	<b>29,40,000</b>	29,40,000
<b>Total</b>	<b>29,40,000</b>	<b>29,40,000</b>

**B. Sundry Debtors: (unsecured Considered good)**

1. Outstanding for more than six months	<b>4,00,986</b>	4,73,117
2. Less than six months - Others	<b>1,95,164</b>	1,01,123
3. Less than six months - Joint Venture Company	<b>28,63,939</b>	-
<b>Total</b>	<b>34,60,089</b>	<b>5,74,240</b>

**C. Cash and Bank Balances :**

1. Cash on Hand	<b>8,409</b>	15,672
2. Bank Balances (Schedule Banks)		
i) in Current Account	<b>30,40,784</b>	1,38,763
<b>Total</b>	<b>30,49,193</b>	<b>1,54,435</b>

**D. Loans and Advances : (Unsecured Considered Good)**

(a) Advance to Suppliers	<b>29,733</b>	25,533
(b) Duties Recoverable	<b>1,48,78,848</b>	1,50,98,765
(c) Deposits	<b>51,000</b>	3,81,000
(d) Advance Tax	<b>69,250</b>	1,92,890
<b>Total</b>	<b>1,50,28,831</b>	<b>1,56,98,188</b>

**SCHEDULE 'F'****CURRENT LIABILITIES AND PROVISIONS****A. Current Liabilities :**

(a) Trade Creditors	<b>4,82,864</b>	5,12,960
(b) Other Liabilities	<b>18,28,497</b>	17,86,885
<b>Total</b>	<b>23,11,361</b>	<b>22,99,845</b>

**B. Provisions :**

Provision for FBT	-	1,63,640
<b>Total</b>	-	<b>1,63,640</b>

**SCHEDULE 'G'****NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010****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)(i) The company has entered into Joint Venture Agreement (The Agreement) with M/s. Chandra Net Private Limited (CNPL) which is an ISP license holder for the State of Gujarat, as per the agreement, the company provided certain fixed assets valuing Rs. 874 lacs and CNPL would provide management, technical installations and support including marketing facilities and the revenue would be shared with them. Accordingly, its share of revenue amounted to Rs. 46.96 lacs which has been duly accounted for the year.

- (ii) As per the Joint venture agreement, the company does not have any capital commitments or contingent liability towards the venture pending on the Balance Sheet date.
- b) The potential demand for Wi-Fi based internet facilities is growing and is expected to bring turn around in the operations of the company and is expected to enable re-coupmnt of accumulated losses as at the balance sheet date in next two to three financial years. Based on developments mentioned on Para 2(a)(i) above, management has compiled the presented accounts on a going concern basis.
- c) Company has represented to the lenders to consider waiver/reduction of interest. Since the matter is under consideration by the lenders no provision for interest amounting to Rs. 1,15,71,827/- (P. Y. Rs. 60,11,671/-) is made in the accounts.
- d) Disclosures requirements as per Accounting Standard 18 on "Related Party Disclosures".

Nature of Transaction	Holding Company	Associate Companies	Key Mgt. Personnel & Relatives	Total
a) Sale of goods to CNPL	- (12,75,000)	19,45,127 -	- -	19,45,127 (12,75,000)
b) Loans taken	-	-	18,60,000 (29,94,555)	18,60,000 (5,70,10,278)
c) Loan re-paid to MPTI	3,72,99,379 -	75,000 (6,61,349)	- (2,00,000)	3,73,74,379 (8,61,349)
d) Joint venture with CNPL	-	46,52,950 -	- -	46,52,950 -
e) Balances as on March 31, 2010	1,11,23,649	58,88,420	2,01,79,783	3,71,91,852

**List of Related Parties**

- i) Holding Company - M/s. Sadhana Nitro Chem Ltd
- ii) Fellow Subsidiaries - 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. Amnisera Corporation  
- M/s. Manekchand Panachand Trading Investment Co. Pvt. Ltd. (MPTI)  
- M/s. Manekchand Panachand & Co.  
- M/s. Chandra Net Pvt. Ltd. (CNPL)

**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



	31.03.2010 Rs.	31.03.2009 Rs.
e) Deferred Tax Assets		
Business Losses	-	1,01,29,589
Depreciation	<u>(13,28,940)</u>	-
	<b>(13,28,940)</b>	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.)	<b>(1,51,23,217)</b>	(26,50,189)
ii) Weighted average number of equity share outstanding	<b>5,00,000</b>	5,00,000
iii) Basic/Diluted earning per share (Rs.10/- per share)	<b>(30.25)</b>	(5.30)
g) Payment to Auditors		
Audit fees	<b>25,000</b>	25,000
Tax audit fees	<u><b>10,000</b></u>	10,000
<b>TOTAL</b>	<b>35,000</b>	35,000

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As per our Report of even date  
For V. SANKAR AIYAR & CO.  
Chartered Accountants  
Firm Regn. No. 109208W  
**ARVIND MOHAN**  
Partner  
Membership No. 124082  
Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010

<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. JHAVERI</b>	Director
<b>P.N. DESAI</b>	Director

Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT****SCHEDULE '1'**

	31.03.2010 Rs.	31.03.2009 Rs.
<b>SALES AND OTHER INCOME</b>		
Wi-Fi Solutions	<b>25,70,397</b>	53,31,746
Misc. Income	<b>1,466</b>	14,000
Sundry Creditors written Back	-	1,20,497
Income from Venture Income	<b>46,52,590</b>	-
Interest	-	2,37,261
<b>Total</b>	<b><u>72,24,453</u></b>	<b><u>57,03,504</u></b>

**SCHEDULE '2'**

	31.03.2010 Rs.	31.03.2009 Rs.
<b>DIRECT EXPENSES</b>		
Purchase	<b>4,13,137</b>	17,50,426
Professional Charges	<b>20,515</b>	1,07,500
<b>Total</b>	<b><u>4,33,652</u></b>	<b><u>18,57,926</u></b>

**SCHEDULE '3'**

	31.03.2010 Rs.	31.03.2009 Rs.
<b>ADMINISTRATION EXPENSES</b>		
Rates and Taxes	<b>1,15,085</b>	15,819
Internet charges	-	33,527
Rent	<b>55,000</b>	7,78,493
Insurance	<b>96,552</b>	97,710
Printing and Stationery	<b>1,100</b>	1,191
Telephone	<b>503</b>	51,739
Travelling & Conveyance.	<b>43,213</b>	11,38,358
Other Expenses	<b>72,596</b>	4,11,633
Sundry Debtors written off	-	2,09,791
<b>Total</b>	<b><u>3,84,049</u></b>	<b><u>27,38,261</u></b>

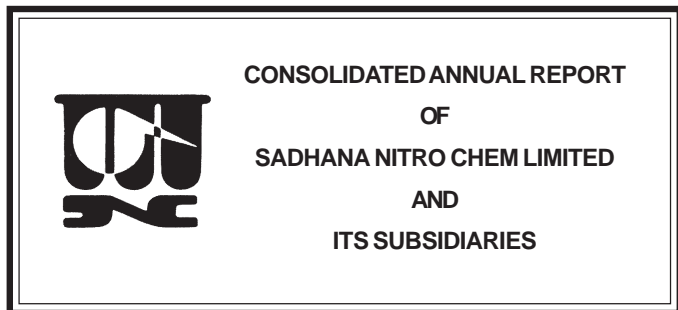
**SCHEDULE '4'**

	31.03.2010 Rs.	31.03.2009 Rs.
<b>SALARY AND BENEFITS TO EMPLOYEES</b>		
Salaries	-	20,48,686
Staff Welfare Expenses	<b>2,451</b>	1,48,666
<b>Total</b>	<b><u>2,451</u></b>	<b><u>21,97,352</u></b>

**SCHEDULE '5'**

	31.03.2010 Rs.	31.03.2009 Rs.
<b>FINANCE CHARGES</b>		
Interest on Term Loan	<b>75,35,937</b>	85,47,402
Rescheduling fees	-	16,00,000
Bank Charges	<b>1,623</b>	1,70,877
<b>Total</b>	<b><u>75,37,560</u></b>	<b><u>1,03,18,279</u></b>





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, 2010 whose financial statements reflect total assets of Rs. 241.69 lacs as at 31<sup>st</sup> March, 2010 and total revenue of Rs.1098.47 lacs for the year then ended. These financial statements have been audited as at 31<sup>st</sup> December, 2009 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, 2010, 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, 2010.
- 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  
Firm Regn. No. 109208W

Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010

**ARVIND MOHAN**  
Partner  
Membership No. 124082

**AUDITOR'S REPORT**

**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, 2010, 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 frame work 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.

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

	Schedule	31.03.2010 Rs.	31.03.2009 Rs.
<b>SOURCES OF FUNDS :</b>			
Shareholders' Funds :			
Capital	A	9,20,08,300	9,20,08,300
Reserve & Surplus	B	67,32,051	3,83,51,442
Minority Interest		-	-
Loan Funds :			
Secured Loans	C	45,98,47,464	51,22,53,003
Unsecured Loans	D	16,53,01,898	9,30,79,407
<b>TOTAL</b>		<b>72,38,89,713</b>	<b>73,56,92,152</b>
<b>APPLICATION OF FUNDS :</b>			
Fixed Assets :			
Gross Block	E	1,00,88,52,963	84,71,01,252
Less:Depreciation		56,71,96,283	53,02,89,452
Net Block		44,16,56,680	31,68,11,800
Capital work-in-progress		5,44,93,767	18,61,11,456
Investments :	F	21,08,420	21,08,420
Deffered Tax Asset		2,81,18,688	4,15,92,989
Current Assets, Loans and Advances :			
Inventories	G	12,15,84,629	16,96,43,527
Sundry Debtors		5,33,09,874	8,73,45,510
Cash and Bank Balances		82,91,321	94,56,121
Loans and Advances		7,05,47,960	6,81,90,622
		25,37,33,784	33,46,35,780
Less:			
Current Liabilities and Provisions :			
Liabilities	H	12,47,99,908	13,52,77,686
Provisions		81,41,909	1,02,90,606
		13,29,41,817	14,55,68,292
Net Current Assets		12,07,91,967	18,90,67,487
Profit & loss account (See note to Schedule B)		7,67,20,191	-
Notes forming part of accounts	I		
<b>TOTAL</b>		<b>72,38,89,713</b>	<b>73,56,92,152</b>

As per Report attached of even date  
For V. SANKAR AIYAR & CO.  
Chartered Accountants  
Firm Regn. No. 109208W

**ARVIND MOHAN**  
Partner (Membership No.124082)  
Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010

**A.D. JAVERI**  
Chairman & Managing Director

**N.R. JANI**  
Director & Company Secretary  
Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

	Schedule	31.03.2010 Rs.	31.03.2009 Rs.
<b>INCOME :</b>			
Sales and Other Income		35,85,82,339	77,51,30,153
Less : Excise Duty		52,86,819	1,10,20,880
Sales (Net)	'1'	35,32,95,520	76,41,09,273
Other Income	'2'	2,24,43,310	1,65,43,441
Increase/(Decrease) in Stock	'3'	(3,57,43,052)	4,19,49,373
		<b>33,99,95,778</b>	<b>82,26,02,087</b>
<b>EXPENDITURE :</b>			
Raw Material consumption		20,07,74,345	49,58,62,541
Power and Fuel	'4'	4,29,63,984	9,52,49,651
Operation and Maintenance	'5'	1,59,24,456	2,53,34,216
Salaries,Wages & Benefits to Employees	'6'	3,39,47,164	4,27,71,645
Administrative Expenses	'7'	2,03,27,279	2,28,26,003
Selling and Distribution	'8'	1,59,56,289	28,579,771
Finance Cost	'9'	6,26,98,033	6,14,74,924
Payment to Auditors		3,75,000	4,26,530
Managerial Remuneration		41,35,719	44,66,636
		<b>39,71,02,269</b>	<b>77,69,91,917</b>
Profit Before Depreciation, Effects of Foreign Exchange Contracts, Exceptional Items & Taxation		(5,71,06,491)	4,56,10,170
Depreciation for the year		3,69,19,651	3,74,94,762
Profit/(Loss) Before Effects of Foreign Exchange Contracts, Exceptional Items & Taxation		(9,40,26,142)	81,15,408
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
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>(9,40,26,142)</b>	<b>(11,79,23,236)</b>
Deferred Tax		(1,34,74,301)	1,66,28,434
LESS: Provision for FBT		-	4,44,886
Provision for Tax		708	-
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<b>(10,75,01,151)</b>	<b>(10,17,39,688)</b>
Add: Balance as per last Balance Sheet		(10,18,67,205)	4,33,696
<b>TOTAL</b>		<b>(20,93,68,356)</b>	<b>(10,13,05,992)</b>
<b>APPROPRIATION :</b>			
Proposed Dividend on Equity Shares		-	1,28,306
Reserve on Consolidation		6,81,742	4,32,907
Balance transferred to Balance Sheet		(21,00,50,098)	(10,18,67,205)
<b>TOTAL</b>		<b>(20,93,68,356)</b>	<b>(10,13,05,992)</b>
Basic Earning Per Share of F. V. of Rs.10/- each		(11.68)	(19.71)
Dilute Earning per Share of F. V. of Rs.10/- each		(11.68)	(11.06)
(See Note No. 6 of schedule 'I')			

As per Report attached of even date  
For V. SANKAR AIYAR & CO.

**ARVIND MOHAN**  
Partner (Membership No.124082)  
Mumbai : Dated : 29<sup>th</sup> July, 2010

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

Director & Company Secretary  
Mumbai : Dated : 29<sup>th</sup> July, 2010



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

	31.03.2010	31.03.2009
	Rs.	Rs.
<b>CASH FLOW ARISING FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX	(9,40,26,142)	(11,79,23,236)
Add : a. Depreciation	3,69,19,651	3,74,94,762
b. Interest	6,26,98,033	6,14,74,924
Less: a. Dividend Received	200	-
<b>CASH OPERATING PROFIT</b>	<b>55,91,342</b>	<b>(1,89,53,550)</b>
<b>ADJUSTMENTS FOR CHANGE IN WORKING CAPITAL</b>		
a. Trade & other Receivables	3,40,35,636	(4,92,59,020)
b. Inventories (Net of Adjustment for CWIP and inventory transfers)	13,54,78,763	(57,90,702)
c. Loans & Advances	(23,57,338)	2,42,02,966
d. Trade Payables	(2,22,53,288)	(4,14,09,961)
	<b>14,49,03,773</b>	<b>(7,22,56,716)</b>
	<b>15,04,95,114</b>	<b>(9,12,10,266)</b>
Direct Taxes (Paid)	-	(25,31,487)
<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>15,04,95,114</b>	<b>(9,37,41,753)</b>
a. Purchase of Fixed Assets (Net of Adjustment for CWIP and inventory transfers)	(9,92,49,225)	(2,95,89,882)
b. Dividend Received	200	-
<b>CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(9,92,49,025)</b>	<b>(2,95,89,882)</b>



	31.03.2010	31.03.2009
	Rs.	Rs.
a. Increase in share capital	-	7,15,53,790
b. Secured Borrowings - Net of Repayment	(5,24,05,539)	11,22,74,686
c. Unsecured Borrowings - Net of Repayment	7,22,22,491	22,77,168
d. Dividend Paid (See Note III)	(1,79,939)	(23,73,670)
e. Interest Paid (See Note II)	(7,20,47,903)	(6,11,38,916)
<b>CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>(5,24,10,889)</b>	<b>12,25,93,059</b>
<b>NET CHANGE IN CASH / CASH EQUIVALENTS (A+B+C)</b>	<b>(11,64,800)</b>	<b>(7,38,577)</b>
<b>ADD: OPENING BALANCE</b>	<b>94,56,121</b>	<b>1,01,94,698</b>
<b>CASH/CASH EQUIVALENTS AT THE CLOSE OF THE YEAR</b>	<b>82,91,321</b>	<b>94,56,121</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 (Firm Regn. No. 109208W)  
**ARVIND MOHAN**  
Partner (Membership No.124082)  
Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010

**A.D. JAVERI**  
Chairman & Managing Director  
**N.R. JANI**  
Director & Company Secretary  
Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010



**SCHEDULES ANNEXED TO AND FORMING PART OF  
THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010**

<b>SCHEDULE 'A'</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
	Rs.	Rs.
<b>SHARE CAPITAL :</b>		
Authorised Capital :		
1000000 Equity Shares of Rs.10/- each (P.Y. 4000000 Equity Shares)	<b>10,00,00,000</b>	10,00,00,000
1000000 Unclassified Shares of Rs.10/- each (P.Y. 1000000 Unclassified Shares)	<b>1,00,00,000</b>	1,00,00,000
TOTAL	<u><b>11,00,00,000</b></u>	<u>11,00,00,000</u>
Issued, Subscribed and Paid-up Capital :		
*9200830 Equity Shares of Rs.10/- each fully paid. (P.Y. 9200830 Equity Shares)	<b>9,20,08,300</b>	9,20,08,300
TOTAL	<u><b>9,20,08,300</b></u>	<u>9,20,08,300</u>

**SCHEDULE 'B'**

**RESERVE AND SURPLUS :**

Capital Reserve	<b>93,681</b>	93,681
Capital Reserve on Consolidation	<b>5,05,014</b>	6,70,014
Preference Redemption Reserve	<b>5,00,000</b>	5,00,000
Share Premium	<b>54,96,740</b>	54,96,740
Other Reserve	<b>1,36,616</b>	1,28,306
General Reserve(*)	<b>13,33,29,906</b>	13,33,29,906
Profit and Loss Account	<b>(13,33,29,906)</b>	(10,18,67,205)
TOTAL	<u><b>67,32,051</b></u>	<u>3,83,51,442</u>

**SCHEDULE 'C'**

**SECURED LOANS :**

From Banks :		
On Cash Credit/Packing Credit	<b>17,36,35,295</b>	21,48,48,189
Term Loan From SBI Bank	<b>4,96,83,000</b>	1,96,83,000
Term Loan From EXIM Bank	<b>26,81,507</b>	1,22,87,719
Term Loan From SBP Bank	<b>15,21,18,723</b>	16,60,03,103
Bills Discounted	-	6,22,17,621
Interest Accrud on Term Loans	<b>17,28,939</b>	17,02,371
AXIS Bank	<b>8,00,00,000</b>	3,55,11,000
TOTAL	<u><b>45,98,47,464</b></u>	<u>51,22,53,003</u>

(\*) As per requirement of Schedule VI of the Companies Act 1956, out of the debit balance of Rs. 21,00,50,098/- (P.Y. Rs.10,18,67,205/-) in profit & loss account Rs. 13,33,29,906/- (P.Y. Rs. 13,33,29,906/-) has been shown as a deduction from uncommitted reserve.



**SCHEDULE 'D'**

**UNSECURED LOANS :**

	<b>31.03.2010</b>	<b>31.03.2009</b>
	Rs.	Rs.
<b>Fixed Deposits</b>		
From Directors	<b>2,91,29,784</b>	2,72,69,784
From Others	<b>9,22,50,738</b>	3,40,24,010
<b>Other Loans</b>		
Under Sales Tax Deferral Scheme	<b>20,90,321</b>	20,90,321
Inter corporate deposits	<b>4,10,67,962</b>	2,96,95,292
From Directors & Others	<b>7,63,093</b>	-
TOTAL	<u><b>16,53,01,898</b></u>	<u>9,30,79,407</u>

**SCHEDULE 'E'**

**FIXED ASSETS**

Particulars of Asset	<b>GROSS BLOCK</b>	<b>DEPRE-</b>	<b>NET BLOCK</b>	
	<b>(AT COST)</b>	<b>CIATION</b>		
	Total as at 31/03/2010 Rs.	Total upto 31/03/2010 Rs.	As on 31/03/2010 Rs.	As on 31/03/2009 Rs.
Leasehold Land	76,400	29,353	47,047	47,851
Freehold Land	26,06,318	-	26,06,318	26,06,318
Plant & Machinery (Includes Computers & Office Equipments)	75,29,33,371	45,77,30,690	29,52,02,681	24,84,81,360
Buildings	12,18,10,941	7,01,62,295	5,16,48,646	5,73,42,827
Furnitures & Fixtures	70,62,826	60,76,188	9,86,638	12,04,121
Laboratory Equipments	84,72,351	53,44,069	31,28,282	32,54,535
Research & Development Equipment	1,31,56,291	1,16,71,249	14,85,042	17,86,937
Vehicles	1,51,39,599	1,36,24,554	15,15,045	20,87,851
Trade Mark	1,75,000	1,35,626	39,374	-
Wireless	8,74,19,866	24,22,259	8,49,97,607	-
<b>GRAND TOTAL</b>	<b>1,00,88,52,963</b>	<b>56,71,96,283</b>	<b>44,16,56,680</b>	<b>31,68,11,800</b>
<b>PREVIOUS YEAR TOTAL</b>	<b>84,71,01,252</b>	<b>53,02,89,452</b>	<b>31,68,11,800</b>	<b>34,02,87,334</b>

**SCHEDULE 'F'**

	<b>31.03.2010</b>	<b>31.03.2009</b>
	Rs.	Rs.
<b>INVESTMENT</b>		
A. UNQUOTED	<b>20,00,000</b>	20,00,000
B. QUOTED	<b>10,75,127</b>	10,75,127
	<b>30,75,127</b>	30,75,127
Less : Provision for Diminution on Investment Value	<b>9,66,707</b>	9,66,707
TOTAL	<u><b>21,08,420</b></u>	<u>21,08,420</u>

**SCHEDULE 'G'**31.03.2010  
Rs.31.03.2009  
Rs.**CURRENT ASSETS, LOANS AND ADVANCES**

## A. Inventories :

1. Stores and spares parts etc.	<b>2,97,65,856</b>	3,14,09,333
2. Scrapped Stock	<b>60,000</b>	48,500
3. Stocks and goods-in-process :		
(a) Raw Materials	<b>3,70,06,647</b>	5,32,70,434
(b) Stock in transit	<b>1,04,73,681</b>	16,81,556
(c) Packing Materials-Drums/Bags	<b>13,50,178</b>	15,15,561
(d) Fuel	<b>12,35,411</b>	6,22,592
(e) Finished Goods	<b>3,30,45,427</b>	6,39,08,997
(f) Goods-in-Process	<b>86,42,104</b>	1,71,85,362
(g) Others	<b>5,325</b>	1,192
TOTAL	<b><u>12,15,84,629</u></b>	<b><u>16,96,43,527</u></b>

## B. Sundry Debtors : (Unsecured considered good)

1. Outstanding for more than six months	<b>1,29,13,994</b>	9,44,792
2. Other Debts	<b>4,03,95,880</b>	8,64,00,718
TOTAL	<b><u>5,33,09,874</u></b>	<b><u>8,73,45,510</u></b>

## C. Cash and Bank Balances :

1. Cash on Hand	<b>3,90,816</b>	3,62,972
2. Bank Balances :	-	8,97,371
i) In Current Account	<b>74,70,927</b>	77,29,061
ii) In Fixed Deposit	<b>4,03,637</b>	4,00,000
iii) In EEFC Account in Foreign Currency	<b>25,941</b>	66,717
TOTAL	<b><u>82,91,321</u></b>	<b><u>94,56,121</u></b>

## D. Loans and Advances : (Unsecured considered good)

(a) Loan to Staff	<b>10,20,189</b>	12,68,234
(b) Advance to Suppliers	<b>24,87,490</b>	40,38,326
(c) Advances recoverable in cash or kind or for value to be received		
i. Due from customs, excise and sales tax	<b>1,66,84,306</b>	1,46,70,191
ii. Deposits -		
- Central Excise	<b>1,21,62,900</b>	1,40,86,687
- Others	<b>2,16,22,835</b>	2,21,66,170
(d) Others	<b>1,65,70,240</b>	1,19,61,014
TOTAL	<b><u>7,05,47,960</u></b>	<b><u>6,81,90,622</u></b>

**SCHEDULE 'H'**31.03.2010  
Rs.31.03.2009  
Rs.**CURRENT LIABILITIES AND PROVISIONS :**

## A. Current Liabilities :

1. Sundry Creditors		
(a) Creditors for Capital Goods	<b>2,44,83,940</b>	2,35,09,524
(b) Trade Creditors	<b>6,81,26,096</b>	6,80,12,077
(c) Other Creditors	<b>2,42,22,092</b>	3,62,49,403
2. Unclaimed Dividends	<b>6,83,125</b>	7,34,758
3. Interest accrued but not due	<b>3,26,864</b>	9,41,551
4. Preference Share Redeemed (Unclaimed)	<b>21,000</b>	21,000
5. Other Liabilities	<b>69,36,791</b>	58,09,374
TOTAL	<b><u>12,47,99,908</u></b>	<b><u>13,52,77,687</u></b>

## B. Provisions :

1. Proposed Dividend on Equity Shares	<b>86,386</b>	86,386
2. Provision for taxation (Net of payments)	<b>27,39,358</b>	36,90,063
3. Provision for Gratuity	-	17,78,754
4. Defined Benefit Obligation	<b>53,16,165</b>	47,35,403
TOTAL	<b><u>81,41,909</u></b>	<b><u>1,02,90,606</u></b>



## SCHEDULE 'I'

### CONSOLIDATED FINANCIAL STATEMENT - SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010.

- 76
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 Life Style Network Pvt Limited (in which The company holds Rs. 25,50,000/- being Share Capital comprising of 255000 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 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
Segment Revenue			
a. External Turnover	28,32,95,530	6,99,99,990	35,32,95,520
b. Export Incentives	16,08,438	-	16,08,438
Other Un-allocated Revenue / income	-	-	-
a. Dividend	-	-	200
b. Other Revenue	-	-	2,08,34,872
	<u>28,49,03,968</u>	<u>6,99,99,990</u>	<u>37,57,39,030</u>
Segment Result	(1,22,23,102)	(30,20,228)	(1,52,43,330)
Un-allocable Revenue			<u>2,08,34,872</u>
Operating Profit			55,91,542
Interest			6,26,98,033
Depreciation			<u>3,69,19,651</u>
Profit/(Loss) Before Taxation			(9,40,26,142)
Add : Deferred Tax			(1,34,74,301)
Provision for Taxation			<u>(708)</u>
Profit after Taxation			<u><u>(10,75,01,151)</u></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.

	31.03.2010 Rs.	30.03.2009 Rs.
(a) Profit/(Loss) after tax as per P&L account (Rs.)	<b>(10,75,01,151)</b>	(10,17,39,688)
(b) Opening number of equity shares outstanding	<b>92,00,830</b>	20,45,451
(c) Number of Right Issue shares	-	71,55,379
(d) Closing number of equity shares outstanding	<b>92,00,830</b>	92,00,830
(e) Basic/Diluted earning per share [(a)/(c)] (Rs.10/- per share)	<b>(11.68)</b>	(19.71)
(f) Diluted earning per share	<b>(11.68)</b>	(11.06)

7. Disclosures requirements as per Accounting Standard 18 on "Related Party Disclosures".

Nature of Transaction	Holding Company	Subsidiary Company	Associate Company	(*) K.M. Personnel	Total
a) Sale of Goods	-	8,66,39,697	19,45,127	-	8,85,84,824
b) Purchase of Assets	-	-	-	-	-
c) Receiving Services	-	-	7,53,006	-	7,53,006
d) Managerial Remuneration	-	-	-	41,35,719	41,35,719
e) Directors' sitting fees	-	-	-	1,79,000	1,79,000
f) Interest Expenses	10,91,731	-	39,340	171,200	13,02,271
g) Interest Income	-	55,60,156	-	-	55,60,156
h) Fixed Deposit Received	-	-	-	-	-
i) Loans Accepted	1,66,00,000	-	20,00,000	18,60,000	2,04,60,000
j) Loan Repaid	3,72,99,379	3,72,99,379	75,000	-	7,46,73,758
k) Revenue Sharing	-	-	46,52,950	-	46,52,950
l) Outstanding balance as on March 31, 2010	1,61,76,950	4,19,03,868	24,74,924	29,63,093	6,35,18,835

(\*) K. M. - Key Management



- I) List of Related Parties
- (i) Holding Company : M/s. Manekchand Panachand Trading Investment Co. Pvt. Ltd.
- (ii) Subsidiary Companies : M/s. Anuchem B.V.B.A., Belgium  
M/s. Anuchem PTE Ltd., Singapore  
M/s. Lifestyle Networks Ltd.
- (iii) Associate Companies : M/s. IBI Engineering & Services Pvt. Ltd.  
M/s. Annisera Corporation  
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

8. Foreign currency balances hedged

Particulars	31.03.2010		31.03.2009			
	F.C.	F.C. Amount	INR	F.C.	F.C.Amount	INR
Debtors	USD	2,68,190	1,35,72,410	USD	2,68,190	1,35,72,410
	EURO	19,800	11,87,542	EURO	19,800	11,87,542

Foreign currency balances not hedged

Particulars	31.03.2010		31.03.2009			
	F.C.	F.C. Amount	INR	F.C.	F.C.Amount	INR
Cash/Bank	USD	1,296.73	66,717	USD	1,296.73	66,717
	J.Y.	-	-	J.Y.	5,99,400.00	2,41,498
Creditors	USD	2,35,680	1,21,49,304	USD	2,35,680	1,21,49,304
Loans	USD	2,38,828	1,23,23,734	USD	2,38,828	1,23,23,734

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

- a) On page 38 Note No. A(4) Fixed Assets
- b) On page 38 Note No. A(5) Depreciation
- c) On page 39 Note No. A(7) Investments
- d) On page 39 Note No. A(8) Valuation of Inventories
- e) On page 39 Note No. A(9) Foreign Currency Transaction
- f) On page 42 Note No. B(7) Related party disclosure
- g) On page 44 Note No. B(12) Contingent liabilities.
- h) On page 45 Note No. B(14) 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 (Firm Regn. No. 109208W)  
**ARVIND MOHAN**

Partner (Membership No.124082)  
Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010

**A.D. JAVERI**  
Chairman & Managing Director

**N.R. JANI**  
Director & Company Secretary  
Place : Mumbai  
Dated : 29<sup>th</sup> July, 2010





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

<b>SCHEDULE '1'</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
	Rs.	Rs.
<b>SALES :</b>		
(a) Chemical Intermediate Sales	<b>34,38,50,980</b>	42,22,04,707
(b) Organic Intermediate & Other Sales	<b>1,47,31,359</b>	35,29,25,446
	<b>35,85,82,339</b>	77,51,30,153
Less : Excise duty on sale	<b>52,86,819</b>	1,10,20,880
Sales net of Excise Duty	<b>35,32,95,520</b>	76,41,09,273

<b>SCHEDULE '2'</b>		
<b>OTHER INCOME :</b>		
(a) Export Incentives	<b>16,08,438</b>	87,32,261
(b) Dividend	<b>200</b>	-
(c) Profit on sale of Investments	-	-
(d) Profit on sale of Investments/Income from Venture a/c	<b>46,52,590</b>	-
(e) Miscellaneous Income	<b>80,16,036</b>	78,11,180
(f) Foreign exchange gain	<b>81,66,046</b>	-
TOTAL	<b>2,24,43,310</b>	1,65,43,441

<b>SCHEDULE '3'</b>		
<b>INCREASE/(DECREASE) IN STOCK :</b>		
Finished Goods	<b>(2,92,34,057)</b>	4,00,98,978
Work-in-progress	<b>(85,43,258)</b>	11,01,601
Others	<b>15,633</b>	(29,126)
Excise on Closing Stock of Finished Goods	<b>20,18,630</b>	7,77,920
TOTAL	<b>(3,57,43,052)</b>	4,19,49,373

<b>SCHEDULE '4'</b>		
<b>POWER &amp; FUEL :</b>		
Electricity Charges	<b>1,28,31,595</b>	1,96,10,308
Fuel Charges	<b>2,73,84,332</b>	7,14,96,792
Diesel Consumption	<b>4,39,287</b>	7,11,603
Water Charges	<b>23,08,770</b>	34,30,948
TOTAL	<b>4,29,63,984</b>	9,52,49,651

<b>SCHEDULE '5'</b>		
<b>OPERATION &amp; MAINTENANCE :</b>		
Stores and Spares Consumed	<b>45,20,379</b>	94,47,436
Machinery Repairs & Maintenance	<b>10,19,291</b>	3,12,549
Building Repairs & Maintenance	-	80,420
Other Repairs & Maintenance	<b>20,39,406</b>	26,46,842
Other Manufacturing Expenses	<b>26,45,612</b>	63,16,022
Effluent Expenses	<b>50,70,768</b>	56,47,921
R&D Expenses	<b>6,29,000</b>	8,83,026
TOTAL	<b>1,59,24,456</b>	2,53,34,216



<b>SCHEDULE '6'</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
	Rs.	Rs.
<b>SALARIES, WAGES &amp; BENEFITS TO EMPLOYEES :</b>		
Salaries,Wages & Bonus	<b>3,04,62,025</b>	3,87,80,531
Staff Welfare	<b>10,13,693</b>	13,87,756
Contribution to Provident Fund and other funds	<b>24,71,446</b>	26,03,358
TOTAL	<b>3,39,47,164</b>	4,27,71,645

<b>SCHEDULE '7'</b>		
<b>ADMINISTRATIVE EXPENSES :</b>		
Rent	<b>6,12,400</b>	12,90,643
Rates and Taxes	<b>22,02,437</b>	20,44,758
Insurance	<b>11,94,922</b>	15,72,989
Printing and Stationery	<b>7,12,936</b>	7,18,918
Postage, Telegrams and Telephones	<b>11,92,553</b>	18,03,916
Travelling Expenses	<b>32,27,910</b>	42,82,384
Legal and Professional Fees	<b>11,06,270</b>	15,74,202
Conveyance Expenses	<b>14,34,007</b>	16,83,845
Director Sitting fees	<b>1,79,000</b>	1,41,000
Electricity charges	<b>9,39,428</b>	9,90,497
Security Charges	<b>11,94,484</b>	12,24,065
Other Expenses	<b>63,30,932</b>	54,98,786
TOTAL	<b>2,03,27,279</b>	2,28,26,003

<b>SCHEDULE '8'</b>		
<b>SELLING AND DISTRIBUTION :</b>		
Ocean freight and other expenses for Export	<b>79,40,964</b>	1,65,29,893
Commission & Sales canvassing charges	<b>17,07,273</b>	13,20,467
Drums and other packing charges	<b>25,91,909</b>	37,36,259
Local freight and Other expenses	<b>37,16,143</b>	69,93,152
TOTAL	<b>1,59,56,289</b>	2,85,79,771

<b>SCHEDULE '9'</b>		
<b>FINANCE COST :</b>		
Interest on Long Term Loans	<b>2,94,10,890</b>	2,48,92,178
Interest on Fixed Deposits	<b>14,64,420</b>	13,26,878
Interest on other Loans	<b>64,82,725</b>	95,67,301
Interest to Director's on Fixed Deposits	<b>16,26,546</b>	6,32,273
Guarantee Commission to Managing Director	<b>15,00,000</b>	15,00,000
Bank Interest	<b>1,85,72,769</b>	1,93,88,192
Bank Charges	<b>36,20,716</b>	41,68,102
Consolidation Exchange Fluctuation	<b>19,967</b>	-
TOTAL	<b>6,26,98,033</b>	6,14,74,924



## FIVE YEAR HIGHLIGHTS

(Rupees in Lacs)

	2009-10	2008-09	2007-08	2006-07	2005-06
<b>RESOURCES</b>					
Capital	<b>920.08</b>	920.08	204.55	204.55	204.55
Reserve	<b>60.90</b>	694.46	1600.28	1855.44	1849.01
Net Worth	<b>980.98</b>	1614.54	1804.83	2059.99	2053.56
State Govt. Sales Tax Incentives	<b>20.90</b>	20.90	20.90	20.90	31.50
Other Borrowings	<b>4810.57</b>	5049.71	5016.81	3811.01	3009.30
<b>TOTAL</b>	<b>5812.45</b>	6685.15	6842.54	5891.90	5094.36
<b>UTILISATION OF RESOURCES</b>					
Fixed Assets	<b>9753.82</b>	9452.36	9156.57	8728.72	7795.66
Less: Depreciation	<b>5643.96</b>	5299.73	4925.53	4519.05	4124.28
Net Fixed Assets	<b>4109.86</b>	4152.63	4231.04	4209.67	3671.38
Investments	<b>61.22</b>	61.22	61.22	54.30	55.07
Net Current Assets	<b>1357.98</b>	2471.30	2550.28	1627.93	1367.91
Profit & Loss Account	<b>283.39</b>	-	-	-	-
<b>TOTAL</b>	<b>5812.45</b>	6685.15	6842.54	5891.90	5094.36
<b>EARNINGS</b>					
Sales & Other Income	<b>3631.99</b>	7822.14	7589.31	6705.07	5630.35
Increase / (-) Decrease in Stock	<b>(328.67)</b>	270.62	(151.74)	71.56	(30.63)
<b>TOTAL</b>	<b>3303.32</b>	8092.76	7437.57	6776.63	5599.72
<b>EXPENDITURE :</b>					
Raw Material, Power & Operation	<b>2592.49</b>	6163.04	6038.05	5246.45	4207.38
Salaries Wages & other benefits	<b>339.45</b>	405.74	311.89	327.80	296.26
Administration & other expenses	<b>373.05</b>	477.49	569.88	529.14	461.97
Finance Cost	<b>550.88</b>	495.96	367.55	247.30	164.55
<b>TOTAL</b>	<b>3855.87</b>	7542.23	7287.37	6350.69	5130.16
<b>PROFIT/(LOSS) BEFORE DEPRECIATION</b>	<b>(552.55)</b>	550.53	150.19	425.94	469.56
Less: Depreciation	<b>344.23</b>	374.20	410.95	394.78	339.61
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>(896.78)</b>	176.33	(260.76)	31.16	129.95
Less: Effects of Foreign Exchange	-	1244.38	64.60	-	-
Contracts and Exceptional Items					
Provision for Tax/Deferred Tax	<b>(20.16)</b>	162.23	(11.00)	(8.00)	(25.00)
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>(916.94)</b>	(905.82)	(336.36)	23.16	104.95
<b>PROFIT/(LOSS) BEFORE DEP. TO SALE %</b>	<b>(-)15.21%</b>	7.15%	2.03%	6.35%	8.34%
<b>PROFIT/(LOSS) AFTER TAX TO SALE %</b>	<b>(-)25.25%</b>	(-)11.76%	(-)4.55%	0.35%	1.86%
Net earning per equity Share					
Basic Rs.	<b>(9.75)</b>	(17.52)	(16.44)	1.13	5.13
Diluted Rs.	<b>(9.75)</b>	(9.83)	(16.44)	1.13	5.13
Dividend per equity Share - Rs.	-	-	1.00	1.50	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 37<sup>th</sup> Annual General Meeting of the Company to be held on  
20<sup>th</sup> September, 2010 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 37<sup>th</sup> ANNUAL GENERAL MEETING

Date : 20<sup>th</sup> September, 2010  
Time : 3.00 p.m.  
Place : **SASMIRA AUDITORIUM**, The Synthetic & Art Silk Mills'  
Research Association, 3<sup>rd</sup> Floor, SASMIRA Marg,  
Worli, Mumbai - 400030.

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