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20th ANNUAL REPORT
(2009 - 2010)

SRIMANS ORGANIC CHEMICAL INDUSTRIES LTD.

BOARD OF DIRECTORS

Mr. Ashok G. Rajani	<i>Chairman & Managing Director</i>
Mr. Virendra Singh Khurana	<i>Director</i>
Mr. Ram Nath Arora	<i>Director</i>

Auditors

Jagiwala and Associates,
Chartered Accountants
Mumbai.

Bankers

IDBI Bank
Bank of India

Registered Office

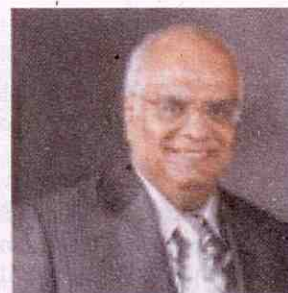
T-14, MIDC,
Boisar, Taluka-Palghar,
Dist. Thane - 401 506.

Factory

T-13/14, MIDC, Tarapur
Dist. Thane,
Maharashtra.

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Your Chairman speaks:



Dear Shareholders,

The business of living is not just business but living.

Like the proverbial phoenix, your company is geared for a rise which hitherto could only be imagined. Guided by a remarkable foresight and vision, the company has shown a commendable perseverance based on inner strengths that have now built strong foundations to provide unshakeable support for a rapid growth on a well researched path. With renewed confidence in the inner strength of the company along with your support, we are now marching forward with enthusiasm to achieve our long term vision of being a leader in the industry, along with short term goals of doing so with a strong foundation of a well researched broad range of quality products, with economies of scale, and at the same time with full attention to a modernized and eco-friendly manufacturing process.

On behalf of all of us, I must make a special mention of appreciation of our research team who over the years have helped us constantly make more efficient all operations and develop products both for backward and forward integration as well as arrive at the mechanics of being cost and energy effective.

In our movement towards scaling newer and hitherto unachieved heights, we find support in the growth of our country's economy.

The Indian economy has clocked a growth rate of 7.4% in FY 2009-10 with standing the ripples of imbalances in other parts of the world, as against growth of 6.7% in the previous year, i.e. FY 2008-09. This was made possible by India's more measured policy actions, strong counter-cyclical regulatory measures, resilient banking system, strong domestic demand and other positive features of the economy which helped in the early mitigation of the adverse impact of global financial crisis and recession.

The strongest impetus of recovery came from the manufacturing sector, which registered a double digit growth of 10.4% during FY 2009-10. The Index of Industrial Production (IIP) recorded a growth of 16.7%, 15.1% and 13.5% in January, February and in March 2010 respectively. The recovery was also broader with 14 out of 17 industry groups recording accelerated growth during FY 2009-10.

Exports which had remained in the negative territory for almost a year since October 2008 entered a growth phase from November 2009. In view of the initial sluggishness during FY 2009-10, cumulative exports declined by 4.7% to USD 176.5 billion and imports declined by 8.2% to USD 278.7 billion. Consequently, the trade deficit for the year 2009-10 was lesser at USD 102 billion as against USD 118 billion for the previous year. International Rating agencies viz., Standard & Poor's Ratings Services has revised the outlook on India to 'stable' from 'negative' in March 2010 and Fitch Rating has raised outlook of India's long term local currency to 'stable' from 'negative' in June 2010. Fitch, while revising the outlook on India's local currency, considered a fall in the Government debt ratio on the back of strong economic growth and the one-off revenues from the 3G license and broad-band spectrum auctions. The agency has raised India's 2010-11 growth forecast to 8.5% from 7%, owing to signs of strong growth momentum, including industrial production growth of 17.6% in April 2010, year -on-year.

The driving force for growth in the coming years is expected to come from the infrastructure sector. While industrial and infrastructural development would play the pivotal role in the growth forecast of Indian economy, on the Agricultural and Rural front, apart from the expectation on normal monsoon, a number of measures like improved education levels, larger agriculture credit, higher support prices, NREGA payments, repatriations from migrants, etc. would provide a buffer to the rural economy. These would enable the country to move up to a higher growth trajectory.

IMF, on July 08, 2010, revised the growth projection for India in 2010 to 9.5%, envisaging that 'Indian growth story during the year would be driven by favorable financing conditions and robust corporate profits'.

To conclude, I quote "It is the effort of every blade of grass that keeps the meadow green". We have every confidence that with the enthusiasm and support of the entire team of the Management and the workers, the shareholders, our customers and suppliers, and the faith shown in our company by our investors, financial institutions and banks our seat belts are now firmly fastened for a major take-off.

I wish all of you the very best.

Mr. Ashok G. Rajani,

Chairman

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the members of SRIMAN ORGANIC CHEMICAL INDUSTRIES LIMITED will be held at T -14, MIDC, Tarapur, Dist. Thane, Maharashtra, on Wednesday, the 22nd day of September, 2010, at 09.00 a.m. to transact following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010, the Income and Expenditure Account of the Construction Account and Cash flow statement for the year ended on that date, and also to consider report of the Directors' and Auditors Report thereon;
2. To appoint a Director in place of Shri R. N. Arora who retires by rotation and being eligible offers himself for reappointment;
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration by considering and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Jagiwalla and Associates, Chartered Accountants, Mumbai, the retiring Auditors of the Company, be and are hereby re-appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration as may be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS**AMMENDMENT OF SHARE CAPITAL CLAUSE IN MEMORANDUM OF ASSOCIATION**

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 16 and Section 94 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force), the Authorized Share Capital of the Company of Rs.12,00,00,000(Rupees Twelve Crores Only) divided into Equity Shares of Rs.10/- (Rupees Ten only) each, and is hereby increased to Rs. 150,00,00,000 (Rupees One Hundred Fifty Crores Only) divided into 15,00,00,000 Equity Shares of Rs.10/-each with rights, privileges and conditions attached thereto as per the relevant provisions contained in that behalf in the Articles of Association of the Company."

"RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following Clause V:

- V. "The Authorised Share Capital of the Company is Rs.150,00,00,000(Rupees One Hundred Fifty Crores only) divided into 15,00,00,000 Equity Shares of Rs.10/-each, with rights, privileges and conditions attached thereto as per the relevant provisions contained in that behalf in the Articles of Association of the Company and with power to increase or reduce the Capital and to divide the Shares in the Capital for the time being into several classes (being those specified in the Companies Act, 1956), and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company for the time being in force, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the said Act or provided by the Articles of Association of the Company for the time being in force".

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard."

AMMENDMENT OF ARTICLE FOR SHARE CAPITAL IN ARTICLES OF ASSOCIATION

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:
"RESOLVED THAT pursuant to provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force), the existing Articles of Association of the Company be and is hereby altered by substituting the existing Article 3 with Article 3 as under :

Art 3

The Authorised Share Capital of the Company is Rs.150,00,00,000 (Rupees One Hundred Fifty Crores only) Rs.150,00,00,000(Rupees One Hundred Fifty Crores only) divided into 15,00,00,000 Equity Shares of Rs.10/- with

power to increase, reduce or modify the capital of the Company and to divide the classes in the capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the company and to vary modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be for the time being be provided by the Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard."

BORROWINGS IN EXCESS OF PAID UP SHARE CAPITAL AND FREE RESERVES [Section 293(1) (d)]

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT, pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, Article 63 of the Articles of Association of the Company and other enabling provisions, if any, the Company hereby consents to the borrowing from time to time by the Directors for and on behalf of the Company, from financial institutions and/or banks and/or other parties by way of a loan and/or deposits and/or credit facilities and/or deferred payment facilities and/or issue of debentures or bonds and/or any other form of borrowing, in any currency or currencies, of further amounts not exceeding Rs.2500 Crores remaining outstanding at any time, notwithstanding that the further amounts to be borrowed in accordance with this Resolution together with the borrowings effected and to be effected pursuant to the earlier resolutions (neither of which include the temporary loans from the Company's Bankers in the ordinary course of business) aggregating Rs.2500 Crores the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

ALLOTMENT OF SHARES UNDER SECTION 81(4)

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the condition laid down by the lenders for conversion, of secured and unsecured loans, to Equity/Preference shares and pursuant to the Circular no.8/32/(75) 77-CL-V, dated 13th March 1978 and other circular issued by Company Law Board and Under Section 81(4) of the Companies Act, 1956 and subject to the SEBI guidelines in respect of Preferential Allotment of Shares, Disclosure and Investor Protection for which the Directors be Authorised to and proper to do so issue further 13,07,82,400 Equity/Preference shares.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Directors be and are hereby authorized to give such directions as may be necessary or desirable and settle any question or difficulties whatsoever in regard to this issue (including the issue, allotment and listing of such new equity shares) as they may deem fit."

AUTHORIZING DIRECTORS TO BORROW FUNDS BY MORTGAGING AND/OR CREATING CHARGE [Section 293]

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT the approval of the Company be and is hereby accorded under Section 293(1)(a) of the Companies Act, 1956, for mortgaging and/or charging by the Board of Directors of the Company, all or any of the movable or immovable properties wherever situate, both present and future or the whole or substantially the whole of the undertaking or the undertaking of the Company for the purpose of securing any loan or proposed to be obtained from any bank(s) and/or financial institution or person(s) together with interest, costs, charges, expenses and any other money payable by the Company."

FIXATION OF REMUNERATION OF CHAIRMAN & MANAGING DIRECTOR

9. To consider and if thought fit, to pass with or without modification(s), following resolution as an **Ordinary Resolution**:
"RESOLVED THAT the remuneration of Mr. Ashok Ghanshyamdass Rajani who was appointed as a Chairman & Managing Director by the Board of Directors w.e.f. July 18, 2009 and whose appointment was ratified by the Members of the Company in the last Annual General Meeting on 24th day of September, 2009 and who is holding office of a Chairman & Managing Director be Rs. 1,25,000 (Rupees One Lac Twenty Five Thousand only) plus perks upto the date of ensuing Annual General Meeting, be and is hereby appointed as a Chairman & Managing Director of the company liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of sections 198,269,309,310 and 311 read with Schedule XIII to the Companies Act, 1956 and subject to such other approvals as may be necessary, consent of the Members be and is

hereby accorded to the remuneration of Mr. Ashok Ghanshyamdas Rajani as a Chairman & Managing Director of the Company for a period of five years effective from April 1, 2010 on the terms and conditions and remuneration as set out in the explanatory statement and contained in the draft agreement to be entered into between the company and Mr. Ashok Ghanshyamdas Rajani with liberty to the Board of Directors to alter and vary the said terms of appointment and remuneration but so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any amendments thereto, as may be agreed to between Board of Directors and Mr. Ashok Ghanshyamdas Rajani."

By Order of the Board

Registered Office
T-14, MIDC
Boisar, Thane 401 506
August 12, 2010

Ashok G. Rajani
Chairman and Managing Director

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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxies in order to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of item no. 4 to item no. 9 mentioned in the above Notice is annexed hereto.
3. Copies of documents mentioned in the Explanatory Statement are open for inspection of members between 2.00 pm to 4.00 pm on any working day at the Registered Office of the Company.
4. The Register of members and Share Transfer Books of the Company will be closed from Wednesday 8th September, 2010 to Wednesday 15th September, 2010 (both days inclusive) in connection with the Annual General Meeting.
5. Members are requested to inform the Company any change in their addresses immediately so as to enable the Company to send any communication(s) at their correct addresses.
6. Corporate members intending to send their authorized representatives are requested to send duly certified copy of the Board Resolution authorizing their representative to attend and vote at the ensuing Annual General Meeting so as to reach the Company not later than 48 hours before the commencement of the meeting.
7. Members are requested to bring their copy of Annual Report alongwith them at the Annual General Meeting as extra copies of the Report will not be distributed at the Meeting.
8. Appointment / re-appointment of Directors

Pursuant to Clause 49 (IV) (G) of Listing Agreement relating to Corporate Governance, the brief profile of the Directors is given below :

- | | | |
|---------------------------|---|--|
| 1. Name | : | Mr R. N. Arora |
| Date of birth | : | 2nd October, 1940 |
| Qualification & Expertise | : | A. M .I. E. (Chemical Engineering)
Mr R. N. Arora is a Chemical Engineer. He has been in Chemical Industry since last 45 years and has vast experience in Production, Process Consultancy and Detail Engineering in the Chemical Industry. He has given process consultancy for Sriman Organic. |
| Other details | : | Mr Arora is a Director of the Company since September 2008.
He was working in the Production Department of Hindustan Organic Chemicals Ltd. He has given Process Consultancy to Arlabs Ltd., Sriman Organic Chemical Industries Ltd., United Esters Ltd. and Vibros Organics Pvt. Ltd. |

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173 (2) of the Companies Act, 1956. In confirmation with provisions of Section 173(2) Companies Act, 1956 FOLLOWING Explanatory Statement sets out all material facts in respect of Item no. 4. to Item no. 9.

In respect of Item no. 4, Item no. 5 and Item no. 7 of the Notice

The Company had embarked upon a rationalization process by addition of new products with the object of both backward integration into certain raw materials as well as forward integration into downstream products. The Company has also further made additions to plant and machinery to reduce cost of energy. To implement this rationalization process, substantial funds were infused. Certain lenders had forwarded loans with a condition that these loans be converted into equity shares of the Company on restarting of the manufacturing operations. This was beneficial to the Company as the Company has saved on interest cost and accordingly the Board of Directors has passed a resolution and approved the said proposal for the future profitability and growth of the Company. Considering the demand and reputation of your Company's products and in order to meet the demand of funds and the assurances given to the lenders, your Directors recommend the issue of equity shares at par to the lenders by way of allotment of equity shares on the basis of the said application money of the lenders. Accordingly the Board of Directors proposes the said resolution for approval.

The Board recommends the passing of the following resolution in respect of the said Item no.4, Item no.5 and Item no.7 by the members. None of the Directors of the Company is interested in the said resolution

In respect of Item no. 6 of the Notice

From time to time the members had passed resolutions, the last being at the Annual General Meeting of the Company held 24th October, 1997 pursuant to the provisions of Section 293(1) (d) of the Companies Act, 1956 and Article 63 of the Company's Articles of Association, authorizing the Board of Directors to borrow to the extent of Rs. 2500 Crores.

The Company has several ongoing and proposed projects such as downstream products, expansion and backward integration and other projects. In order to meet the financial requirements for these and future projects as also for meeting corporate requirements, (working capital) borrowing limit previously sanctioned by the members is proposed to be increased in the manner specified in the Resolution.

The purpose of this Resolution is to seek members consent for increase in the borrowing powers as set out in the Resolution. For the purpose of this Resolution for computing the amount of any borrowings in foreign currencies, the rate of exchange prevailing on the date of signing the relative loan agreement will be considered, irrespective of the fact that subsequently such rate may fluctuate upwards or downwards.

The Board recommends to allow the Board of Directors to borrow in excess of paid up capital and free reserves as per Section 293(1)(d) of the Companies Act, 1956 for better business expansion.

None of the Directors of the Company is interested in the said resolution

In respect of Item no. 8 of the Notice

Section 293(1)(a) of the Companies Act, 1956, states that the Board of Directors of a public company shall not, without the consent of such public company in General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the bank(s) and/or financial institutions may amount to disposing of the Company's properties, it is essential for the members to pass a resolution under section 293(1)(a) of the Companies Act, 1956, before creating the said mortgage/charge.

The Board recommends the passing of the resolution of said Item no. 8

In respect of Item no. 9 of the Notice

The Board of Directors of the Company at their Meeting held on July 18, 2009 appointed Mr. Ashok Ghanshyamdas Rajani as an Additional Director and Chairman & Managing Director under Article 129 of the Articles of Association of the Company and was designated as a Chairman & Managing Director. Under Section 260 of the Companies Act, 1956, Mr. Ashok Ghanshyamdas Rajani holds office as Chairman & Managing Director till the date of the ensuing Annual General Meeting.

The Company has received a Notice from a member under Section 257 of the Companies Act, 1956 alongwith required deposit of Rs.500/- proposing Mr. Ashok Ghanshyamdas Rajani as a candidate for the office of Chairman & Managing Director.

Mr. Ashok Ghanshyamdas Rajani graduated from Laxminarayan Institute of Technology in Chemical Engineering in 1976. He has total experience of over 34 years. Mr. Ashok Ghanshyamdas Rajani is also a Director of Sriman Petrochemicals

Limited and he does hold shares in the Company.

As the Chairman & Managing Director Mr. Ashok Ghanshyamdas Rajani shall be entrusted with powers of the management of the business and affairs of the Company subject to superintendence, direction and control of the Board of Directors and he shall be liable to retire by rotation pursuant to the provisions of Section 255 of the Companies Act, 1956.

The details of remuneration payable to Mr. Ashok Ghanshyamdas Rajani are as under;

Salary

Rs.1,25,000/- (Rupees One lac Twenty Five Thousand only) per month.

Perquisites:

- a) House Rent allowance of Rs.15,000/- per month.
- b) Expenses on hard and Soft Furnishing by way of an allowance upto a limit of Rs.40,000/- per annum.
- c) Reimbursement of all medical expenses incurred on self and family as per Company Rules. In addition, hospitalization expenses for self and Family will be paid on actual basis.
- d) Leave Travel Assistance Rs.40,000/- per annum.
- e) Club fees for, two clubs, as per Company Rules
- f) Suitable Personal Accident Insurance premium shall be paid by the Company.
- g) A car with a chauffeur.
- h) Telephone and fax facilities at residence.
- i) Contribution to Provident fund and Superannuation funds per Company Rules.
- j) Gratuity as per the Scheme of the Company; and
- k) Privilege Leave as per Company Rules. Leave not availed of may be encashed as per Company Rules.

Commission

Commission shall be decided by the Board of Directors based on the net profits of the Company for each year subject to the condition that the aggregate remuneration of an Executive Director shall not exceed limit laid down under Section 309 of the Companies Act, 1956.

Sitting Fees

The Executive Director shall not be entitled to receive any fees for attending meetings of the Board and/or any Committee thereof.

Others

The Contract may be terminated giving six months notice in writing in that behalf by either party.

Minimum Remuneration

In case of loss or inadequacy of profits in any financial year of the Company during the tenure of Chairman & Managing Director the remuneration payable by way of salary and perquisites would be determined in accordance with Schedule XIII to the Companies Act, 1956.

Memorandum of Interest

No other Director except Mr. Ashok Ghanshyamdas Rajani concerned or interested in the resolution at item no.9. The approval of Shareholders is solicited for the resolution at Item 9.

By order of the Board

Ashok G. Rajani
Chairman and Managing Director

Registered Office
T-14, MIDC
Boisar, Thane 401 506
August 12, 2010

DIRECTORS' REPORT

The Directors present their Twentieth Annual Report on the business and operation of the company together with the audited Statement of Accounts for the year ended 31st March, 2010.

PERFORMANCE OF THE COMPANY

The performance of the Company during the year 2009-2010 as per audited accounts are summarized below :

	For the year Ended 31.3.2010	(Rs. in lacs) For the year Ended 31.3.2009
Turnover	3.56	NIL
Other Income	4.48	NIL
Profit/(Loss) before Depreciation & Interest	(309.56)	(86.07)
Profit/(Loss) before tax	(309.56)	(86.07)
Profit/(Loss) after tax	(311.21)	(86.07)
Transfer to Capital Expenditure pending allocation	311.21	86.07

BUSINESS OPERATIONS

The Directors of your Company are happy to announce that the enormous efforts of the past several years are finally showing perceivable results. The primary manufacturing operations of our highly improved products along with products for backward and forward integration are in their trial runs. These trial runs have proved very successful, and the plant has been lined out by removing the teething troubles. Orders for purchase of equipments have already been placed for both backward and forward integration. The civil construction as per our researched plans, for saving of energy is in progress. Production on trial basis for our additional value added downstream products are also in progress and are being carried out on plant scale. In particular, following departments of the business of your company have recorded remarkable progress and are at a very advance stage:

1. Coal fired boiler installation to provide us with low cost steam and heat energy, as well as in house electrical energy;
2. Expansion of capacity to manufacture existing products of the company to meet economies of scale has been installed;
3. Rationalization in raw material consumption has been implemented;
4. Downstream products project works have been identified, and their development and manufacture is now at a take-off stage;
5. The Consultants to develop and expand production capacity of your Company for backward integration by developing raw materials required by the company are finalized through a detailed process of technical examination; and
6. Your Company has also procured an additional plot of land of 76000 sq. metres, in close proximity to the existing plant in order to implement the above projects.

All above factors have now streamlined the operations. The products of the company will have ready acceptability as shown in our research analysis, and with new and modernized facilities and strict quality control procedures in force, the Management of the Company sees a bright future with respect to their profitability once the manufacture of all the products is commercially underway. The additional products being introduced will contribute not only to substantial savings in the purchase of raw materials, transport and other incidental costs, but are in themselves independent profit centers.

Your Directors are confident to start commercial operations in the foreseeable future.

SHARE APPLICATION MONEY

During the year under review in addition to and in continuation of contribution of the funds provider, as per existing contract, additionally provided funds to the tune of Rs. 13078.24 lacs towards the company's rationalization process, and accordingly the management of your Company successfully negotiated with the fund provider and converted their entire contribution into equity/preference shares of the Company. The Company has executed necessary contract based on which your company has agreed to allot equity/preference shares at par which at present will be treated as Application Money pending allotment and with due compliance of provisions of the Companies Act 1956 and Stock Exchanges. After allotment the said shares will have pari passu rights with other shares of the Company. The said equity shares when allotted will be treated as consideration received in cash as per Circular no.8/32/(75) 77-CL-V, dated 13th March 1978 issued by the Company Law Board Department

DIRECTORS

Shri R. N. Arora retires by rotation in this Annual General Meeting and offers himself for reappointment as per the Articles of Association of the Company. The Company is also in receipt of necessary deposit for the said re-appointment and the said deposit will be refunded on re-appointment of Shri R. N. Arora. You are requested to re-appoint Shri R. N. Arora in the meeting.

THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

None of the Company's employees were covered by the disclosure requirement pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 and rules framed thereunder.

AUDITORS

M/s. Jagiwala and Associates, Chartered Accountants, Mumbai, Statutory Auditors of the Company, will retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment under Section 224(1) of the Companies Act, 1956 and your Directors recommend their reappointment.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has a proper and adequate system of controls in order to ensure that all assets are safeguarded against loss from unauthorized use or disposal. All transactions are properly checked, verified, recorded and reported correctly.

Regular Internal Audit checks were not required to be carried out to ensure that the responsibilities are executed effectively and that proper and adequate systems are in place for which Management of the Company has been taking necessary steps on a continuing and constant basis, as per the working and requirements of the company.

SAFETY, HEALTH AND ENVIROMENT

Your Company is giving utmost importance to safety, health and environmental related issues. The employees are continuously educated and trained to improve their awareness and skills.

All safety statutory requirements like licenses, mock drills under emergency conditions and testing of manufacturing equipments etc. are being complied with.

Requirements of environmental acts and regulations are complied with.

Effluent treatment of waste products and suppression of fugitive emissions through sprinklers is also carried out effectively. Massive tree plantation has been undertaken to improve the greenery all around the plant.

HUMAN RESOURCES

Your Company considers human resource to be an important valuable asset for the organization and therefore, constantly strives to attract and recruit best talent for the current and future needs. The Company has taken necessary steps to upgrade the skills of present employees by conducting various in-house training programs and courses. Further measures for the safety of the employees are also adopted through training programs on safety and mock drills.

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:-

- i. That in the preparation of the Accounts for the financial year ended 31st March, 2010 the applicable accounting standards have been followed;
- ii. That the Directors have followed proper accounting policies and applied them consistently and wherever mandated, have made judgments and estimates that were fair, reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the capital expenditure of the Company for the year ended 31st March, 2010;
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That the Directors have prepared the accounts for the year ended 31st March, 2010 on a going concern basis.

REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT

DISCUSSIONS AND ANALYSIS

As required under the Listing Agreement with the Stock Exchanges, reports on "Corporate Governance" and "Management Discussions and Analysis" are attached and forms part of this Report

CASH FLOW STATEMENT:

A Cash Flow statement for the year ended 31st March, 2010 is attached with the Annual Audited Accounts of the Company.

AUDITOR'S QUALIFICATIONS:

Auditor's qualification stated in their Report on the accounts for the year under review is self explanatory.

ACKNOWLEDGEMENT

The Board of Directors record their appreciation of the continued co-operation and support provided by Customers, Suppliers, Financial Institutions, Bank as also of the dedicated services rendered by the Employees. Continued confidence of the Shareholders remains an immense source of strength to the Company to embark upon its future plans.

PERSONNEL

The Board wishes to place on record its appreciation to all employees of the Company for their sustained effort in improving capacity utilization and operational efficiencies. Industrial relations during the year were by and large harmonious.

For and on behalf of the Board of Directors

Ashok G Rajani
Chairman and Managing Director

Registered Office
T-14, MIDC
Boisar, Thane 401 506
August 12, 2010

Annexure to Director's Report:

Particulars pursuant to Section 217(1) (e) of the Companies Act, 1956 read with provision of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report.

I Conservation of Energy:

a) Energy conservation measures taken :-

During the year under review all efforts were made to ensure optimum conservation of power, fuel and water at the plant of the company. Efforts to conserve and optimize the use of energy through improved operational methods and other means will continue.

b) Additional Proposals or Activities if any :- Nil

c) Impact of Measures taken :-

An effort has been made to utilise the energy effectively.

d) Total energy consumption and energy consumption per unit of production.

Form 'A'

Particulars with regard to consumption of energy.

A) Power and Fuel Consumption.

		Current Year	Previous Year
1.	Electricity		
a)	Purchased		
	Unit (000's)	kwh	480.60
	Total Amount	Rs.	34,49,560
	Rate/unit	Rs.	7.18
b)	Own generation		
	Unit (000's)	kwh	2.74
	Total Amount	Rs.	21,528
	Rate/unit	Rs.	Nil
2.	Coal	Nil	Nil
3.	Furnace Oil		
	Quantity	(kls)	Nil
	Total Amount	Rs.	Nil
	Av.Rate per K.L.	Rs.	Nil
4.	Light Diesel Oil		
	Quantity	Kls	Nil
	Total cost	Rs.	Nil
	Rate/Unit	Rs.	Nil
B) Consumption per unit of production* :			
	Electricity (units)	Nil	Nil
	L.D.O./Furnace Oil KL/MT	Nil	Nil
(Trial production, therefore, nil)			

II Technology Absorption:

FORM 'B'

Particulars with regard to Technology absorption, Research and Development.

- | | |
|---|---|
| 1. Specific areas in which Research and Development is carried out by the Company | a) New product development
b) Evaluation of the alternative raw-materials mix and modification process.
c) Reduction of Cycle time for batches. |
| 2. Benefits derived as a result of the above research & development. | - Reduction in cycle time for batches. |
| 3. Future plan of action | To improve further the efficiency of the existing production and Cost reduction. |

Expenditure on Research & Development : Nil

Technology absorption adaptation and innovation :

- | | |
|---|---|
| 1) Efforts in brief made towards technology absorption, adaptation and innovation | - Technology absorption is not involved as the process for the manufacture of chemicals is being developed by the company itself. Continuous efforts are being made to improve the existing process developed in house. |
| 2) Benefits derived as a result of the above efforts i.e. Product improvement cost reduction Product development import substitution etc. | - Reduction in cycle time for batches. |
| 3) Information regarding imported Technology | - There is no imported technology. |

III Foreign Exchange Earnings and Outgo -

	Current Year	Previous Year
Total Foreign Exchange earned	Nil	Nil
Total Foreign Exchange outgo	Nil	Nil

For and on behalf of the Board of Directors

		Ashok G. Rajani Chairman and Managing Director	
Registered Office	Whether attended	Meetings attended	Meetings held
T-14, MIDC	Yes	3	4
Boisar, Thane 401 506	Yes	4	4
August 12, 2010	Yes	4	4

REPORT ON CORPORATE GOVERNANCE

BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Sriman group has always been committed to the pursuit of excellence to achieve growth and long term shareholder wealth creation, while at the same time preserving the interests of other stakeholders, - its employees, partners, customers, suppliers and the society at large. Though Corporate Governance contains a set of principles, process and systems to be followed by Directors, Management and all Employees of the Company as binding principles, your Company believes in using it as a framework that is inherent to the value systems that drives business practices. Timely disclosures, transparent business practices and a Board which is driven by the ideals of pursuing excellence and modern ongoing research have become a culture of your Company. Accordingly both mandatory and non-mandatory principles are being followed in the interest of good corporate governance. While adhering to the above, the Company is committed to integrity, accountability, transparency and compliance with laws in all dealings with the Government, customers, suppliers, the employees and other stakeholders

I BOARD OF DIRECTORS

a) Composition and Category of Directors:

- As on 31st March, 2010 Board of Directors of Company were consisted of three members.
- The Chairman and Managing Director is the only Executive Director.
- Out of the remaining two Directors both are non executive directors.
- The composition of the Board is in conformity with Clause 49 of the Listing Agreement which stipulates that at least 50% of the Board should consist of independent directors, if the Chairman of the Board is an Executive Director.
- All the Directors are liable to retire by rotation.
- None of the Directors are nominee Directors who are representing any lender institution or equity investor.

b) Board Meetings

- The Board of Directors met 4 times during the year on 17th April, 2009, 16th July, 2009, 23rd October, 2009 and 11th January, 2010.
- The maximum time gap between any two consecutive meetings did not exceed four months.

c) Directors' attendance record

- As mandated by Clause 49, none of the directors are members of more than 10 Board level committees, nor are any of them Chairmen of more than five such committees.
- Details of attendance

Name of Director	Position	Meetings held	Meetings attended	Whether attended last AGM	Pecuniary or business relation with company
Ashok Rajani	Executive	4	3	Yes	Nil
V S Khurana	Non Executive	4	4	Yes	Nil
R N Arora	Non Executive	4	4	Yes	Nil

- As mandated under Clause 49, the independent directors on a company's board:-
 - a) Do not have any material pecuniary relationship or transaction with the Company which may affect their independence to act as a Director;
 - b) Are not related to promoter or persons occupying management position at the Board level or at one level below the Board;
 - c) Have not been an Executive of the Company in the preceding three financial years;
 - d) Are not partners or executives or were not partners or executives during the preceding three years;
 - e) That Statutory audit firm or the internal audit firm is not associated company;
 - f) Legal firms and consulting firms that have a material association with the Company are not material suppliers, service providers or customers or lessors or lessee of the company which may affect their independence to act as a Director;
 - g) Are not substantial shareholders of the Company i.e. do not own 2% or more of the block of voting shares;
 - h) Are not less than 21 years of age;

d) Information Placed before the board

As a policy all major decisions involving investments and capital expenditures in addition to matters which statutorily require the approval of the Board are put up for consideration of the Board, inter alia such information as may be applicable and/or required, is regularly provided to the Board as a part of the Agenda papers well in advance of the Board meetings or is tabled in the course of the Board Meetings.

e) Code of Conduct

The Board of Directors has laid down two separate categories of Codes of Conduct - one for the Non-Executive Directors and the other for the Executive Directors and the designated employees in the senior management. All the Board members and senior management executives of the Company have affirmed compliance with the Code of Conduct as applicable to them.

II BOARD COMMITTEES

Company has three (3) Board - Level committees -Audit Committee, Remuneration Committee, Shareholder's / Investors Grievance Committee. All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of reference of the Committees are taken by the Board of Directors. Details on the role and composition of these committees including the numbers of meetings held during the financial year and the related attendance are provided below :

(a) Audit Committee

- As on 31st March, 2010 the Audit Committee consisted of one independent director. The terms of reference of the Audit Committee are in conformity with those mentioned in Clause 49 of the Listing Agreement of the stock exchange as well as Section 292A of the Companies Act 1956.
- The Audit Committee met four (4) times during the year on 12th April, 2009, 13th July, 2009, 20th October, 2009 and 7th January, 2010. The minutes of the meetings of the Audit Committee are reviewed and noted by the Board. The composition of the committee and the attendance at the meeting of the Committee are as under.

Name of the member	Category	Position	No. of Meetings held	No. of Meetings attended	Sitting fees paid (Rs.)
Ashok Rajani	Executive	Director	4	4	2000
V S Khurana	Non Executive	Director	4	4	2000
Haresh R Joshi	Practising Chartered Accountant	Outsider	4	3	1500

- The Directors responsible for the finance function, the President and Chief Operating Officer, Group Chief Financial Officer, the head of internal audit and the representative of the Statutory Auditors are regularly invited by the Audit Committee at its Meetings.
- All members of the Audit Committee have accounting and financial management expertise. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 24th September, 2009 to answer shareholder's queries.

The functions of the Audit Committee of the Company include the following:

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending to the Board, the appointment, re-appointment and , if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees;
- Approval of payment to Statutory Auditors for any other services rendered by them;
- Reviewing with the management, the annual financial statements before submission to the Board for approval with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by the management ;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions; and
 - Qualification in the draft audit report
- Reviewing with the management, quarterly, half yearly, and yearly financial statements before submission to the Board for approval;
- Reviewing with the management, performance of the Statutory and Internal Auditors and adequacy of the internal control systems;
- 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.
- Discussion with the Internal Auditors of any significant findings and follow-up there on;
- 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;
- Discussions with the Statutory Auditors before the audit commences, about the nature and scope of the audit as well as post audit discussions to ascertain any areas of concern;
- To look into the reasons for substantial defaults if any with regard to the payment to depositors, shareholders (in case of non-payment of declared dividends) and Creditors;
- Carrying out any other functions as mentioned in the terms of reference of the Audit Committee;

The Audit Committee is empowered, pursuant to its terms of reference, to:

- Investigate any activity within its terms of reference;
- It can seek information from any employees; and

- It can obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, whenever considered necessary;

SOCIL has systems and procedures in place to ensure that the Audit Committee conducts mandatory reviews and in particular participate and/or consider the following:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee) submitted by management;
- Management letters / letters of internal control weakness issued by the Statutory Auditors;
- Internal audit reports relating to internal control weakness;
- The appointment, removal and terms of remuneration of the Internal Auditor;
- The uses/applications of funds raised through public issues, right issues, preferential issues if it is by major category (Capital expenditure, working capital etc.) as part of the quarterly declarations of financial results;
- If applicable, on an annual basis, statements certified by the statutory auditors. Detailing the use of funds raised through public issues, right issues, preferential issues for purposes other than those stated in the offer documents / Prospectus / notices;

The Audit Committee is also apprised on information with regard to related party transactions and periodically presented with the following statements / details:

- 1) Statement in summary form of transactions with related parties in the ordinary course of business;
- 2) Details of material individual transactions with related parties in the ordinary course of business; and
- 3) Details of material individual transactions with related parties or others, which are not on an arm's length basis along with management's justification for the same.

(b) Remuneration Committee

- Although it is a non-mandatory recommendation under Clause 49 of the Listing Agreement, the Company has a Remuneration Committee comprising three (3) Directors;
- The Remuneration Committee met once during the financial year on 2nd December 2009. The composition of the Committee and the attendance of the Members at the meeting of the Committee as under

Name of the member	Category	Position	No. of Meetings	No. of Meetings attended held	Sitting fees paid (Rs.)
Ashok Rajani	Executive	Director	1	1	500
V S Khurana	Non Executive	Director	1	1	500
R N Arora	Non Executive	Director	1	1	500

- Commission by way of remuneration is approved by the Shareholders from time to time is distributed equally to all the Non-Executive Directors of the Company.

(c) Shareholders' / Investors' Grievance Committee

- The Shareholder's /Investors' Grievance Committee of the Company comprises of four members; namely, Mr. Ashok Rajani, Mr. V S Khurana and Mr. R N Arora. Mr. Sanjoy Mehta is the Compliance officer
- The Shareholder'/Investors' Grievance Committee deals with various matters relating to:

- Noting of transfer / transmission of shares
- Monitors expeditious redressal of investors' grievance received from Stock Exchanges, SEBI, ROC, etc
- Non- receipt of Annual Reports and dividend
- All other matters related to Shares / Debentures

During the year 2009-10 the committee met four (4) times on 23rd April, 2009, 23rd July 2009, 22nd October, 2009 and 21st January, 2010. The Minutes of the Shareholder investors' Grievance Committee are reviewed. The details of attendance at the meeting of the Committee as under:-

Name of the member	Category	Position	No. of Meetings held	No. of Meetings attended	Sitting fees paid (Rs.)
Mr. V S Khurana	Independent Director	Chairman	4	4	5000
Mr. Ashok Rajani	Chairman & Managing Director	Member	4	4	5000
Mr. R N Arora	Independent Director	Member	4	4	5000

- Details of queries and grievances received and addressed by the Company during the year 2009-10 as under:

Sr. No.	Nature of Queries / Complaints	Pending as on 01st April 2009	Received during the year	Redressed during the year	Pending as on 31st March 2010
1.	Transfer /Transmission / Issue of duplicate share Certificates				14
2.	Non-receipt of Dividend				NIL
3.	Dematerialisation / Rematerialisation of Shares				NIL
4.	Complaints received from Stock Exchange(s) / NSDL/CDSL				
5.	Others				
	Grand Total				14

III MANAGEMENT

Management discussions and Analysis Report

Management discussions and Analysis is given in a separate section forming part of the Directors' Report in this Annual Report

Disclosures

(a) Related Party Transactions

Details of materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, the Directors or the management, their relatives, etc are presented in Schedule N of the Balance

Sheet All details on the financial and commercial transactions, where Directors may have a potential interest, are provided to the Board. The interested directors neither participated in the discussion, nor voted on such matters.

(b) Accounting treatment in preparation of financial statements

The Company has followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

(c) Risk Management

The company has established a well-documented and robust risk management framework. Under this framework, risks are identified across all business process of the company on an on-going basis. Once identified, these risks are systematically categorized as strategic risks, business risks or reporting risks. The former looks at all risks associated with the long term interests of the company. The latter look at risks associated with the regular functioning of each of the processes and the risks associated with incorrect or untimely financial and non - financial reporting. The management also regularly carries out a SWOT analysis with relation to the company's business which has been proving effective during its implementation of results of its continuing in-house research. To address these risks in a comprehensive manner, each risk is mapped to the concerned department for further action. Based on this framework, the company has set in place various procedures for Risk Management.

(d) Code for Prevention of Insider Trading Practices

Pursuant to the Securities and Exchange Board of India, (Prohibition of Insider Trading) Regulations 1992 a comprehensive code for prevention of insider trading is in place. The objective of the code is to prevent purchase and /or sale of shares of the company by an insider on the basis of unpublished price sensitive information. Under this Code, Directors and designated employees are completely prohibited from dealing in the Company's Shares during the closure of Trading Window. To deal in securities beyond specified limit, permission of compliance officer is mandated. All the designated employees are also required to disclose related information periodically as defined in the Code. Mr. Sanjoy Mehta has been designated as Compliance Officer.

(e) Pledge of equity shares

No pledge has been created over the equity shares held by the Promoters and/or Promoter Group as on 31st March, 2010

The aggregate shareholding of the Promoters and persons belonging to the Promoter Group as on 31st March, 2010 comprised of 78,56,000 equity shares of Rs. 10/- each representing 71.42% of the Paid-up Equity Share Capital of the company.

IV SHAREHOLDERS

(a) Disclosures regarding appointment & re-appointment of Directors

- At the ensuing Annual General Meeting, Mr. R. N. Arora Director of the Company, retire by rotation and being eligible offer himself for re-appointment.

(b) Communication to Shareholders

Effective communication of information is an essential component of Corporate Governance. The company has policy of regularly interacting with the shareholders through multiple channels of communication such as publication of results, Annual Report, Press Releases and the Company's Website.

Quarterly, half yearly and annual results are not published in prominent daily newspapers but will be followed in due course

The Company will also inform Stock Exchange in a pro manner, all price sensitive and all such other matters which in its opinion, are material and relevant for the shareholders and subsequently issues a press release of the said matters. Further, the company will be compliant with the listing requirements for filing of its financial results under the EDIFAR system of SEBI. These are available on the SEBI website: www.sebiindiafar.nic.in

GENERAL BODY MEETINGS

- The Company convenes the Annual General Meeting (AGM) generally within six months of the close of the financial year. The details of the AGM held in last three years are given below:

Financial year	Day, Date & Time	Venue	Special Resolution passed
2006-07	Monday, 24th September, 2007 11.30 am	Registered Office	NIL
2007-08	Wednesday, 24th September, 2008 11.30 am	Registered Office	NIL
2008-09	Thursday, 24th September, 2009 11.30 am	Registered Office	NIL

- Details of Special Resolutions passed at the Extraordinary General Meetings held during the last three financial years

Financial year	Day, Date & Time	Venue	Special Resolution passed
NIL	NIL	NIL	NIL

Compliance:**i) Mandatory requirements**

Company will fully comply with the applicable mandatory requirements of Clause 49 of the listing agreement executed with the Stock Exchanges.

ii) Adoption of non-mandatory requirements

Although it is not mandatory, the Board of Company has constituted a remuneration committee. Details of the committee have been provided under Section 'Remuneration Committee'.

iii) Auditors' Qualifications on Financial Statements

The Company's financial statements are free from any qualifications by the Auditors

iv) Instances of non-compliance by the Company

No penalty /strictures were imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to the capital market during the last three years.

Auditors Certificate on Corporate Governance

The company has obtained a certificate from its Statutory Auditors testifying to its compliances with the provisions relating to Corporate Governance laid out in Clause 49 of the Listing Agreement executed with the Stock Exchanges. The certificate is annexed to the Directors' Report. Report and the same will be sent to the Stock Exchanges along with the Annual Report to be filed by the company.

SRIMAN ORGANIC CHEMICAL INDUSTRIES LIMITED

Additional Shareholder's Information

I) Annual General Meeting

- Date : 22nd September, 2010
- Day : Wednesday
- Time : 9.30 am
- Venue : T-14, MIDC Industrial Estate, Boisar, Taluka-Palghar, District-Thane. PIN 401 506

Last date of Receipt of Proxies

Monday 20th September, (before 10:00 a.m. at the Registered Office of the Company)

II) Financial Year

3rd Quarterly Results : not published

4th Quarterly & Annual Results : not published

The tentative dates of the Board Meetings for Consideration of financial results for the year ending are as follows:

1st Quarterly Results : 30th August , 2010

2nd Quarterly Results : 29th October, 2010

3rd Quarterly Results: 21st January, 2011

4th Quarterly Annual Results : 29th April, 2011

III) Book Closure

Wednesday, 8th September, 2010 till Wednesday, 15th September, 2010(both days inclusive)

IV) Listing

At present, the Equity Shares of the Company are listed on the Bombay Stock Exchange Ltd., (BSE), Ahmedabad Stock Exchange Ltd., Delhi Stock Exchange Ltd., Calcutta Stock Exchange Ltd. and the National Stock Exchange of India Ltd. (NSE). The Annual Listing fees for the year 2009-10 have been paid to NSE and BSE.

Stock Codes

Table 1 : Stock Codes

Bombay SE Code	524324
National SE Code	SRIMAN
Ahmedabad SE	56490
Delhi SE	19313
Calcutta SE	29151

STOCK MARKET DATA

Table 2: High, Lows and Volumes of 's for 2009-10 at BSE and NSE

Month	BSE			NSE		
High (Rs.)	Low (Rs.)	Volumes	High (Rs.) (No. of Share)	Low (Rs.)	Volumes	(No. of Share)
Not applicable as trading of shares of the Company is suspended by Stock Exchanges						

Distribution of shareholding as on 31st March, 2010

DISTRIBUTION RANGE OF SHARES	NO. OF SHARES	% OF SHARES	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS
< 500	17,47,800	15.89	10,786	94.99
500-1000	2,78,700	2.53	278	2.45
1000-2000	1,97,500	1.80	128	1.13
2000-3000	1,21,000	1.1	48	0.42
3000-4000	73,300	0.67	21	0.18
4000-5000	1,34,200	1.22	27	0.24
5000-10000	2,10,900	1.92	27	0.24
> 10000	82,36,600	74.88	39	0.34

Shareholding pattern by ownership as on 31st March, 2010

	as on 31st 2010	as on 31st March, 2010	as on 31st March, 2009	as on 31st March, 2009
Categories	NO OF SHARES	Percentage	No. of shares	Percentage
Promoters, Directors Relatives and Associates	78,56,000	71.42	78,56,000	71.42
Bodies corporate	3,55,300	3.23	3,55,300	3.23
Nationalized and other Banks	2,600	0.03	2,600	0.03
NRI/OBCs	4,20,400	3.82	4,20,400	3.82
GDC's				
Indian Public	23,65,700	21.5	23,65,700	21.5

To The Members of

Sriman Organic Chemical Industries Ltd.

Sub : Declaration under clause 49 of the Listing Agreement

I hereby declare that all the Directors and the designated employees in the Senior Management of the Company have affirmed compliance with their respective Codes for the financial year ended March 31, 2010.

For Sriman Organic Chemical Industries Ltd.

Registered Office :
T-14, MIDC,
Tarapur, Dist. Thane
August 12, 2010

Ashok G. Rajani
Chairman & Managing Director

AUDITOR'S CERTIFICATE OF CORPORATE GOVERNANCE.

To the Members of

Sriman Organic Chemical Industries Ltd;

We have examined the compliance of Corporate Governance by Sriman Organic Chemical Industries Ltd, for the financial year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange(s).

The compliance conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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 JAGIWALA AND ASSOCIATES,
Chartered Accountants
(Reg. No. 131003W)
(Yogesh R Jagiwala)
Partner
Membership No.016864

Camp Tarapur, Dist - Thane.

Date: August 12, 2010

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Review

The meltdown in the global economy affected the Indian industry quite severely in the second half of financial year 2008- 09. However, the Government of India acted positively by providing fiscal and monetary packages to help revive the economy. Moreover, with the results of national elections providing a stable Government at the Centre, positive sentiments and confidence returned to the Indian markets.

The Indian economy and more particularly the Chemicals and related segments recovered much faster than most of the counterparts across the world. It is surely heartening to note that India's Index of Industrial Production showed a growth of 10.4% for the year as a whole indicating that the growth has regained its momentum.

Nitro Aromatics Industry

The Company's current business activity is Manufacturing of Nitro Aromatics. In line with the global recession, the nitro aromatics and related industries such as the dye-intermediates, pigments, rubber chemicals, etc. suffered major setback. Also the bad monsoon affected the pesticides and insecticides. Consequently, the nitro aromatic industry also experienced stiff challenges by way of major demand shrinkage across all segments and geographies more particularly from overseas. Fortunately the domestic demand for chemicals started picking up from the beginning of the financial year itself. The pick up on the exports front however was much sluggish. Your Company had not started its commercial operations and hence it was not affected because of the change in demand patterns.

Industry Structure and Developments:

Your Company essentially manufactures Nitro Aromatics and uses Benzene, Sulphuric Acid(hence sulphur), Chlorine, as major feedstock. Benzene is available in India from the petroleum refineries and petrochemical units. Imported Benzene is available. Benzene is also available as a bi-product from steel industry. Your company uses benzene only from the petroleum feedstock. Fluctuations in the crude oil price largely affects the price of benzene and sulphur as these are directly correlated to the crude oil price.

Chlorine is available from the chloralkali Industry which goes through cyclical fluctuations which largely affects its price.

Opportunities, Threats, Outlook, Risks and Concerns:

The demand for Nitro Aromatics which are the main products of the Company is growing at over 7% p.a, and we are confident that we will be able to market the products in Local as well as International Market.

The Company is also exploring opportunities of other products for sustained growth.

Since the availability and the price of benzene and sulphur depends upon crude oil, cyclical fluctuation in crude oil will affect benzene and sulphur as well.

Key Threats include

- Availability of cheaper imported chemicals.
- Increasing input prices of feed-stock i.e. Benzene, Sulphuric Acid, Fuel oil etc.
- The price and demand of various chemicals undergo fluctuations.
- There are fluctuations in foreign currency rates. Hence there is an inherent risk in international markets.

Segment-wise Performance:

Since Your company has started trial production for the year under review no comment can be given on segment wise and product wide performance.

Risks and Concerns:

The Company's risk management system identified various risks, collated at the departmental level and planned suitable mitigation measures. These are subjected to a quarterly review by a Risk Co-ordination Committee and the Audit Committee of the Board.

The Chemical Industry is prone to fluctuations in demand depending upon the performance of the user industry. The demand for Nitro Aromatics is also subject to fluctuations based on the performance of the user industry. Due to the recessionary conditions in the chemical industry world wide, your company expects this to have impact on the prices of chemicals in India also. Your company is trying to minimize the impact by closely monitoring operating parameters as well as procurement of raw materials at competitive prices.

Internal Control Systems and Adequacy:

The Company has adequate internal control procedures commensurate with size and nature of its business. The internal control systems provide for policies, guidelines, authorizations and approval procedures. As part of good Corporate Governance the Audit Committee constituted by the Board periodically reviews the internal controls, Audit Programs, Financial Results. The Company has appointed Internal Auditors who regularly check the adequacy and effectiveness of all Internal Controls and suggest improvements.

Financial Performance:

Financial results and Performance for the year are elaborated in the Directors' Report.

Human Resources:

Harmonious relations continue to prevail with employees. Skilled professionals in all its operations are basically its human resource assets and are integral part of the Company's ongoing success. They have played significant role and enable the Company to deliver better performance.

Cautionary statement

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual result might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the chemical industry - global or domestic or both, raw material availability and prices, cyclical demand and pricing in the Company's principal markets, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, manpower cost, exchange rate fluctuations, interest and other costs in which business is conducted, and other incidental factors.

AUDITOR'S REPORT

To,

The Members,

SRIMAN ORGANIC CHEMICAL INDUSTRIES LTD.,

1. We have audited the attached Balance Sheet of M/s. SRIMAN ORGANIC CHEMICAL INDUSTRIES LIMITED as at 31st March, 2010, the Income and Expenditure Account for the year ended on that date during construction period and also the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from the examination of the books;
 - c) The Balance Sheet, the Income and Expenditure Account during construction period, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, the Income and Expenditure Account during construction period and the Cash Flow Statement for the year ended on 31st March, 2010 dealt with by this Report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the Directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to
 - i). The Company is not providing for accrued liabilities of Gratuity and Leave Encashment but same are accounted on Cash basis. In the Circumstances, we are unable to quantify the sums for accrued liability of gratuity and leave encashment,
 - ii) No provision as per AS-22 being accounts for deferred taxes has been made nor the said provision of deferred tax liability has been worked out by the Company and
 - iii) During the year under review in addition to and in continuation of contribution of the funds provider, as per existing contract, the fund provider additionally provided funds to the tune of Rs. 13078.24 lacs towards the company's rationalization process. Accordingly the management of the Company negotiated with the fund provider and assured that their entire contribution will be converted into equity shares of the Company. The Company has executed necessary contract based on which the Company has agreed to allot equity shares at

par which at present has been treated as 'Application Money' pending allotment and said shares as informed to us will be issued with due compliance of provisions of the Companies Act 1956 and as per terms of Listing Agreement entered with Stock Exchanges. As informed to us after allotment the said shares will have pari passu rights with other shares of the Company. We have been informed that said equity/preference shares when allotted will be treated as consideration received in cash as per circular no.8/32/(75) 77-CL-V, dated 13th March 1978 issued by the Company Law Board Department

- iv) Item under the head "paid up capital" stated in Balance Sheet Abstract and Company's General Business Profile stated for balance sheet as at 31st March, 2010 includes application money pending allotment of shares of Rs 13078.24 lacs as there is no separate box/space to state the same;

give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2010;
- ii) in the case of the Income and Expenditure during construction period of the capital expenditure pending allocation of the Company for the year ended on that date; and
- iii) In the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

For JAGIWALA AND ASSOCIATES.

Chartered Accountants
(Reg.No.131003W)

(Yogesh R Jagiwala)
Partner

Membership No.016864

Camp, Tarapur, Dist- Thane.
Date: August 12, 2010

Annexure to the Auditor's Report

(Referred to in paragraph 3 of our report of even date)

1. a) In our opinion, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b) As informed to us, fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification.
c) According to the information and explanation given to us, the Company has not disposed off substantial part of fixed assets during the year.
2. a) The inventory was physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
b) The procedures of physical verification of inventory 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 is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured, to or from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to information and explanation given to us the internal control system is commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) In our opinion and according to the information and explanation given to us, there are no transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
b) As there are no transactions that need to be entered into the register maintained under section 301 of the Act, paragraph 4(v)(b) of the order is not applicable.
6. The Company has not accepted deposits from public and hence, the provisions of Clause (vi) of CARO, 2003 are not applicable.
7. As informed by the Management of the Company the Company is not required to have any internal audit system as there has been no commercial production. Accordingly reporting of same being commensurate with the size and nature of its business does not arise.
8. As explained to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the products of the Company.
9. According to the information and explanations given to us and on the basis of our examination of the books of account of the Company, except for minor delays in some cases, the Company has been regular in depositing undisputed statutory dues including provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with appropriate authorities. As explained to us, the Company did not have any dues on account of Employees' State Insurance.
10. The Company does not have accumulated losses as at the date of Balance Sheet. The Company has not incurred cash losses during the financial year.
11. In our opinion and according to the information and explanations given to us, the Company does not have any dues payable to Banks and Financial Institutions. Therefore, reporting on any default in payment of dues does not arise.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/

mutual benefit fund/society

14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion, since no term loans have been availed by the Company, therefore reporting on application of the term loan for any other purpose does not arise.
17. According to the information and explanations given to us, we are of the opinion that no funds raised on short term basis have been used for long term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of any shares to parties and companies covered under Section 301 of the Companies Act, 1956.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of audit.

For JAGIWALA AND ASSOCIATES.
Chartered Accountants
(Reg.No.131003W)

(Yogesh R Jagiwala)
Partner
Membership No.016864

Camp: Tarapur, Dist. Thane
Date: August 12, 2010

SRIMAN ORGANIC CHEMICAL INDUSTRIES LIMITED

BALANCE SHEET AS AT MARCH 31st, 2010

(Rs. in Lacs)

Particulars	Schedules	As At 31.03.2010	As At 31.03.2009
I. SOURCES OF FUNDS:			
A SHAREHOLDERS' FUNDS:			
Share Capital	A	14178.24	10177.29
Reserves & Surplus	B	3461.40	3461.40
TOTAL A		<u>17639.64</u>	<u>13638.69</u>
B LOAN FUNDS			
Secured Loans		0.00	0.00
Unsecured Loans	C	530.19	524.93
TOTAL B		<u>530.19</u>	<u>524.93</u>
TOTAL SOURCES OF FUNDS		<u>18169.83</u>	<u>14163.62</u>
II. APPLICATION OF FUNDS:			
A FIXED ASSETS:			
Gross Block	D	7185.47	7185.47
Less: Depreciation		2372.61	2372.61
Net Block		<u>4812.86</u>	<u>4812.86</u>
Capital work-in-progress		1149.75	614.59
		<u>5962.61</u>	<u>5427.45</u>
B INVESTMENTS:		NIL	NIL
C CURRENT ASSETS, LOANS AND ADVANCES:			
Inventories	E	785.05	772.00
Sundry Debtors	F	2312.41	2382.26
Cash and Bank Balances	G	2.57	8.56
Loans and Advances	H	10911.14	7241.82
TOTAL C		<u>14011.17</u>	<u>10404.64</u>
D Less: Current Liabilities & Provisions:	I		
a) Current Liabilities		1750.77	1539.44
b) Provisions		53.18	129.03
TOTAL D		<u>1803.95</u>	<u>1668.47</u>
NET CURRENT ASSETS (C-D)		<u>12207.22</u>	<u>8736.17</u>
TOTAL APPLICATION OF FUNDS		<u>18169.83</u>	<u>14163.62</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS	N		

As per our Report of even date,
FOR JAGIWALA AND ASSOCIATES,
CHARTERED ACCOUNTANTS.
(Reg. No. 131003W)

For and on behalf of the Board of Directors

Ashok G. Rajani
Chairman and Managing Director

(YOGESH R. JAGIWALA)
PARTNER
Membership No. 016864

V. S. Khurana
Director

CAMP: Tarapur, Dist - Thane
DATE: August 12, 2010

PLACE: Tarapur, Dist - Thane
DATE: August 12, 2010

INCOME AND EXPENDITURE ACCOUNT OF THE CONSTRUCTION PERIOD FOR THE YEAR ENDED 31ST MARCH, 2010
(Rs. in Lacs)

Particulars	Schedules No.	As At 31.03.2010	As At 31.03.2009
INCOME:-			
Sales		3.56	0.00
Other Income	J	4.68	0.00
Increase/(Decrease) in finished & semi finished goods	K	(13.00)	(13.59)
TOTAL		(4.76)	(13.59)
EXPENDITURE:-			
Cost of Materials	L	95.03	1.00
Manufacturing & Other Expenses	M	209.77	71.48
Depreciation		0.00	0.00
TOTAL		304.80	72.48
EXCESS OF EXPENDITURE OVER INCOME		(309.56)	(86.07)
Less: Provision for Tax		(1.65)	0.00
Less: Provision for Deferred Tax		0.00	0.00
Add : Transferred to capital expenditure pending allocation		311.21	86.07
Net Profit/(Loss) after Tax		0.00	0.00
Add: Profit Brought Forward		1447.87	1447.87
PROFIT/(LOSS) C/F TO BALANCE SHEET		1447.87	1447.87
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS	N		

As per our Report of even date,
FOR JAGIWALA AND ASSOCIATES,
CHARTERED ACCOUNTANTS.
(Reg. No. 131003W)

(YOGESH R. JAGIWALA)
PARTNER
Membership No. 016864

CAMP: Tarapur, Dist - Thane
DATE: August 12, 2010

For and on behalf of the Board of Directors

Ashok G. Rajani
Chairman and Managing Director

V. S. Khurana
Director

PLACE: Tarapur, Dist - Thane
DATE: August 12, 2010

SRIMAN ORGANIC CHEMICAL INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS AS AT MARCH 31, 2010

(Rs. in Lacs)

Particulars	As At 31.03.2010	As At 31.03.2009
SCHEDULE - A:		
SHARE CAPITAL :		
a) Authorised Share Capital 1,20,00,000 Equity Shares of Rs. 10/- each	1200.00	1200.00
b) Issued, Subscribed & Paid Up Capital 1,10,00,000/- Equity Shares of Rs. 10/- each Add: Share Application Money	13078.24	9077.29
TOTAL	14178.24	10177.29
SCHEDULE - B :		
RESERVES & SURPLUS		
a) General Reserves		
Opening Balance	2013.53	2013.53
Add: Additions	Nil	Nil
Less: Deductions	2013.53	2013.53
	Nil	Nil
b) Profit & Loss Account		
Opening Balance	1447.87	1447.87
Add: Profit/Loss for the year	Nil	Nil
TOTAL	1447.87	1447.87
TOTAL (A+B)	3461.40	3461.40
SCHEDULE - C :		
UNSECURED LOANS		
Sales Tax Deferment Loan	524.93	524.93
Bank Overdraft	5.26	0.00
TOTAL	530.19	524.93

**SCHEDULES - D
FIXED ASSETS**

(Rs. In Lacs)

Sr. No	Description	Gross Block		Depreciation			Net Block	
		As at 1.4.2009 (Rs.)	Additions during the year (Rs.)	As at 31.3.2010 (Rs.)	Upto 31.3.2009 (Rs.)	For the year (Rs.)	Upto 31.3.2010 (Rs.)	As at 31.3.2010 (Rs.)
1	Leasehold Land	128.78	-	128.78	-	0.00	128.78	128.78
2	Building	801.62	-	801.62	161.79	161.79	639.83	639.83
3	Plant & Machinery	6224.28	-	6224.28	2199.78	2199.78	4024.50	4024.50
4	Furniture & Fixtures	22.73	-	22.73	6.78	6.78	15.95	15.95
5	Vehicles	8.06	-	8.06	4.26	4.26	3.80	3.80
	Grand Total	7185.47	0.00	7185.47	2372.61	2372.61	4812.86	4812.86
	Previous Year	7185.47	0.00	7185.47	2372.61	2372.61	4812.86	4812.86

SRIMAN ORGANIC CHEMICAL INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS AS AT 31st MARCH 2010

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE - E:		
INVENTORIES		
(At cost or market value, whichever is less and as certified by the Management)		
Stores & Spares	27.00	28.00
Raw material	98.05	71.00
Finished Goods	22.00	22.00
semi-Finished Goods	638.00	651.00
TOTAL	785.05	772.00
SCHEDULE - F:		
SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Over six months	0.00	0.00
Others	2312.41	2382.26
TOTAL	2312.41	2382.26
SCHEDULE - G:		
CASH & BANK BALANCES		
Cash on Hand	0.34	0.10
Balance with Scheduled Bank		
in current account	0.49	7.76
in fixed deposit account	1.74	0.70
TOTAL	2.57	8.56
SCHEDULE - H:		
LOANS & ADVANCES		
Advances Recoverable in cash or in kind for value to be received	16.42	50.36
Other current assets	51.95	16.84
Advances against Material Supplies	103.91	98.85
Advances against Capital Expenditure	10738.86	7075.77
TOTAL	10911.14	7241.82
SCHEDULE - I:		
CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors for goods	513.11	327.67
Sundry Creditors for capital goods	1172.19	1172.19
Statutory Outstandings & Others	18.84	4.72
Other Liabilities	46.63	40.25
	1750.77	1544.83
PROVISIONS		
Provision for Taxation	53.18	129.03
TOTAL	1803.95	1673.86

SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS AS AT 31st MARCH 2010 (Rs. in Lakhs)

	As at 31.03.2010	As at 31.03.2009
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SCHEDULE - J:

OTHER INCOME			
Interest from others	4.48		
TOTAL	4.48		

SCHEDULE - K:

INCREASE/(DECREASE) IN STOCK OF FINISHED & SEMI FINISHED GOODS			
Closing Stock			
Semi Finished Goods	638.00		651.00
Finished Goods	22.00		22.00
	A	660.00	673.00
Less: Opening Stock			
Semi Finished Goods	651.00		664.00
Finished Goods	22.00		22.00
	B	673.00	686.00
Increase/(decrease) in stock (A-B)		(13.00)	(13.50)

SCHEDULE - L:

COST OF MATERIALS			
Opening Stock	71.00		72.00
Add: Purchases	122.08		122.08
	193.08		194.08
Less: Closing Stock	98.05		98.05
TOTAL	95.03		96.03

SRIMAN ORGANIC CHEMICAL INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS AS AT 31st MARCH 2010

(Rs. in Lacs)

PARTICULARS	As at 31.03.2010	As at 31.03.2009
SCHEDULE - M:		
MANUFACTURING & OTHER EXPENSES		
Stores & Spares	1.00	1.00
Salaries & wages	58.59	17.11
Staff Welfare Expenses	0.07	0.00
Labour Charges	69.86	0.00
Repairs to Building	7.08	26.92
Repairs to Plant and Machinery	21.24	8.97
Repairs to Other Assets	0.00	0.44
Director's Remuneration	13.00	0.00
Contribution to Provident & Other Funds	7.71	0.59
Bank Charges & Commission	0.11	0.07
Payment to Auditors:		
Audit Fees	0.40	0.40
Miscellaneous Expenses	0.41	0.14
Telephone Charges	0.25	0.12
Director's sitting fees	0.00	
Legal Expenses	0.56	0.00
Printing Expenses	0.02	0.01
Listing Fees	0.99	0.99
Business Promotion Expenses	6.45	6.96
Professional Fees	4.14	1.63
Security Charges	5.45	5.32
Donation	0.00	0.00
Commission & Brokerage	0.09	0.12
Lease rent	0.39	0.69
Water Charges	4.40	0.00
Society Maintenance Charges	0.07	0.00
License Fees	2.42	0.00
Travelling Expenses	4.99	0.00
Lease Rent of Diesel Generator	0.08	0.00
TOTAL	209.77	71.48

SCHEDULE - N**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ANNUAL ACCOUNTS:-****A. SIGNIFICANT ACCOUNTING POLICIES****1.1 Basis of preparation of financial statements**

- a) The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards notified under Provisions of the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.
- b) The Company follows mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties.
- c) The accounting policies applied by the Company are consistent with those used in the previous year.

1.2 Use of Estimates:-

Estimates and assumptions used in the preparation of the financial statements are based on management's evaluation of the relevant facts and circumstances as of date of the financial statements, which may differ from the actual results at a subsequent date.

1.3 Fixed Assets:-

Fixed assets are stated at original cost less accumulated depreciation. Cost comprises the purchase price and any other attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of qualifying fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use. Cenvat / other credits availed will be deducted from the cost of respective assets.

1.4 Depreciation and Amortisation:-

- a) Depreciation on the fixed assets is provided on straight line method over the remaining useful life of the asset.
- b) In respect of plant and machineries, depreciation is provided on straight line method over the remaining useful life of the asset.
- c) On all other fixed assets, depreciation is provided on straight line method in the manner and at the rates specified in Schedule-XIV to the Companies Act, 1956.

1.5 Investments:-

Investments will be recorded on readily realizable and intended to be held for not more than a year by classifying as Current Investments. All other investments will be classified as Long Term Investments.

- a) Current Investments are carried at lower of cost and fair value determined on an individual investment basis; and
- b) Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments

1.6 Inventories:-

- a) Raw Materials, Stores & Spares are valued at lower of Cost or Market Value whichever is less.
- b) Work in process and finished goods, are valued at lower of Cost or Market Value whichever is less. Cost is arrived at by absorption cost method.
- c) By-products, Self Generated Scrap and non reusable waste are valued at net realizable value.

1.7 Revenue Recognition:-

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the customer, which generally coincides with their delivery to customers. Sales are stated net of discounts rebates and returns.

1.8 Borrowing Costs:-

Borrowing costs are charged to Profit and Loss account, except in cases where the borrowings are directly attributable to the acquisition, construction or production of a qualifying asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use.

1.9 Excise Duty:-

Excise Duty in respect of goods manufactured by the Company is accounted on accrual basis.

1.10 Employee Benefits

The Company has not framed its policies of employees benefits with regard to gratuity and leave liabilities.

1.11 Research & Development Expenses

Revenue expenditure on the Research & Development is charged off as expense in the year in which it incurred. Capital expenditure is grouped with Fixed Assets under appropriate heads and Depreciation is provided as per the rates applicable.

B) NOTES FORMING PART OF ANNUAL ACCOUNTS :-

a) Contingent Liabilities not provided for:-

	Particulars	2009-10	2008-09
1	Estimated amount of contracts remaining to be executed on capital account and not provided for	Rs 275 lacs	Rs, 16 lacs
2	Contingent Liabilities not provided for in respect of:	NIL	
	a) Central Excise (Matter Subjudice)	NIL	NIL
	b) Sales Tax (under Appeal)	NIL	NIL
	c) Income Tax (MAT) (Matter Subjudice)	NIL	NIL
	d) Export Duty	NIL	NIL
	e) Electricity Tax (Interest)		NIL
	f) Labour Matters (Matter Subjudice), to the extent quantifiable.	NIL	NIL
	i) Aggregate value of the letter of credit outstanding	NIL	NIL
	ii) Aggregate Value of Guarantees outstanding	NIL	NIL

b) Balances of Sundry Debtors and Creditors are subject to confirmation.

c) During the year under review in addition to and in continuation of contribution of the fund provider, as per existing contract, additionally provided funds to the tune of Rs. 13078.24 lacs towards the company's rationalization process, and accordingly the management of the Company successfully negotiated with the fund provider and converted their entire contribution into equity shares of the Company. The Company has executed necessary contract based on which your company has agreed to allot 13,07,82,400 equity shares at par which at present will be treated as application money pending allotment and with due compliance of provisions of the Companies Act 1956 and terms and conditions of listing entered with Stock Exchanges. After allotment the said shares will have pari passu rights with other shares of the Company. The said equity shares when allotted will be treated as consideration received in cash as per Circular no.8/32/(75) 77-CL-V, dated 13th March 1978 issued by the Company Law Board Department

C) PARTICULARS AS PER PART II OF SCHEDULE VI OF THE COMPANIES ACT:-

a) Remuneration to Auditors (Excluding Service Tax):

Particulars	2009-10 (Rs in lacs)	2008-09 (Rs in lacs)
Statutory Auditors:		
a) Audit Fees	0.30	0.40
b) Tax Audit Fees	0.10	0.00
c) Certification & Other Services	Nil	Nil
d) Expenses reimbursed	Nil	Nil
Total	0.40	0.40

b) C.I.F. Value of Import and Expenditure in Foreign currencies:

Particulars	2009-10 (Rs in lacs)	2008-09 (Rs in lacs)
(a) C.I.F. value of imports		
Capital Goods	Nil	Nil
Raw Materials	Nil	Nil
Stores & Spares	Nil	Nil
(b) Expenditure in foreign currencies	Nil	Nil
Interest	Nil	Nil
Others	Nil	Nil

(c) Earnings in Foreign Exchange

Particulars	2009-10	2008-09
FOB Value of Exports	Nil	Nil

d) Details of raw material consumption:

(i) Raw Material Consumed:

Particulars	Unit	2009-10		2008-2009	
		Qty	Rs. (in lacs)	Qty	Rs. (in lacs)
Aromatics	MT	140.49	75.81	Nil	Nil
Acids	MT	184.91	12.67	Nil	Nil
Others	MT		6.54	Nil	Nil
Total		Nil	95.03	Nil	Nil

(ii) Imported and Indigenous Raw Material Consumption:

Particulars	2009-10		2008-09	
	Rs. (in lacs)	Percent	Rs. (in lacs)	Percent
(a) Imported	Nil	0	Nil	
(b) Indigenous	95.03	100	1.00	100
Total	95.03		1.00	

(iii) Imported and Indigenous Stores & Spares Consumption

Particulars	2009-10		2008-09	
	Rs. (in lacs)	Percent	Rs. (in lacs)	Percent
(a) Imported	Nil	0	Nil	
(b) Indigenous	1.00	100	1.00	100
Total	Nil		Nil	

e) Details of Licensed and Installed capacity and Production:

Licensed and installed capacity

Class of goods	Unit	Licensed Capacity	Installed Capacity	Manufacture Capacity
Nitro Chloro Benzene	MT	15750	15750	Nil
Chloro Benzene	MT	17400	17400	Nil

SRIMAN ORGANIC CHEMICAL INDUSTRIES LIMITED

The licensed capacity is the license issued for the Tarapur plant only.

f) Stock and Turnover of finished goods :

(Rs. In Lacs)

Class of Goods	Opening Stock				Closing Stock				Turnover			
	2009-10		2008-09		2009-10		2008-09		2009-10		2008-09	
	Qty MT	Value	Qty MT	Value	Qty MT	Value	Qty MT	Value	Qty MT	Value	Qty MT	Value
(a) Nitro Chloro Benzene	87.34	21.18	87.34	21.18	87.34	21.18	87.34	21.18	NIL	NIL	NIL	NIL
(b) Chloro Benzene	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	5.35	2.70	NIL	NIL
(c) By Products		0.82		1.41		0.82		0.82		0.86		NIL
(d) Organic Chemical (others)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Value (Rs.)		22.00		22.59		22.00		22.00		3.56		NIL

D) OTHERS:

- The Company has not received information from the creditors regarding their status under Micro, Small and Medium Enterprise Development Act, 2006 and hence disclosure relating to amount unpaid at the end of the year under this Act has not been given. There are no claims for interest on delayed payment.
- A. Related Party Disclosure under Accounting Standards 18**
 - List of Related Parties** NIL
 - Associate Companies**
Sriman Petrochemicals Limited
Key Management personnel
 - Other parties related to key personnel** NIL**B. Transaction with Related Parties** NIL
- The Company's business activity falls within a single primary segment, viz., Manufacture of Organic Chemicals. As such there is no reporting segment as per Accounting Standard 17
- The Company has not provided depreciation for the year under review in view of the fact that the plant and machinery including building and other assets of the Company are under rationalisation for obtaining quality production. Accordingly, based on the advise received by the Company (as per law laid down in Liquidator of Pursa Ltd v/s. C I T (25 ITR 265 SC)) no depreciation on any of the assets have been provided.
- Previous year's figures have been regrouped and rearranged wherever considered necessary to make them comparable with those of the current year.

Signature to Schedule A to N

As per our Report of even date,
FOR JAGIWALA AND ASSOCIATES,
CHARTERED ACCOUNTANTS.
(Reg. No. 131003W)

(YOGESH R. JAGIWALA)
PARTNER
Membership No. 016864

For and on behalf of the Board of Directors

Ashok G. Rajani
Chairman and Managing Director

V. S. Khurana
Director

CAMP: Tarapur, Dist - Thane
DATE: August 12, 2010

PLACE: Tarapur, Dist - Thane
DATE: August 12, 2010

Balance Sheet Abstract and Company's General Business Profile

i. Registration Details

Registration No.

		5	8	4	9	9
--	--	---	---	---	---	---

State Code :

1	1
---	---

(Refer Code List 1)

Balance Sheet Date

3	1	0	3	1	0
---	---	---	---	---	---

ii. Capital Raised during the year (Amount in Rs. in Thousands)

Public Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

Right Issue

N	I	L
---	---	---

Private Placement

N	I	L
---	---	---

iii. Position of Mobilisation and Deployment of Funds (Amount in Rs. in Thousands)

Total Liabilities

		1	8	1	6	9	8	3
--	--	---	---	---	---	---	---	---

Paid up Capital*

		1	4	1	7	8	2	4
--	--	---	---	---	---	---	---	---

Secured Loans

			N	I	L			
--	--	--	---	---	---	--	--	--

Net Fixed Assets

		5	9	6	2	6	1
--	--	---	---	---	---	---	---

Net Current Assets

		1	2	2	0	7	2	2
--	--	---	---	---	---	---	---	---

Accumulated Losses

			N	I	L			
--	--	--	---	---	---	--	--	--

*see Auditor's Report para 4(f)(iv)

Total Assets

		1	8	1	6	9	8	3
--	--	---	---	---	---	---	---	---

Reserves & Surplus

		3	4	6	1	4	0
--	--	---	---	---	---	---	---

Unsecured Loans

				5	3	0	1	9
--	--	--	--	---	---	---	---	---

Investments

			N	I	L			
--	--	--	---	---	---	--	--	--

Misc. Expenditure

			N	I	L			
--	--	--	---	---	---	--	--	--

--	--	--	--	--	--	--	--	--

iv. Performance of Company (Amount in Rs. in Thousands)

Turnover

								0
--	--	--	--	--	--	--	--	---

Total Expenditure

				3	0	4	8	0
--	--	--	--	---	---	---	---	---

SRIMAN ORGANIC CHEMICAL INDUSTRIES LIMITED

+ - Profit/Loss Before Tax
 N I L
 (Please tick Appropriate box + for Profit - for Loss)

+ - Profit/Loss After Tax
 N I L

Earning Per Share in Rs.
 N I L

Dividend Rate %
 N I L

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

Items Code No. (ITC Code)	Product Description
2 9 0 3 6 1 . 0 1	M O N O C H L O R O B E N Z E N E
2 9 0 4 9 0 . 0 4	O R T H O N I T R O C H L O R O B E N Z E N E
2 9 0 3 6 1 . 0 1	M O N O C H L O R O B E N Z E N E
2 9 0 4 9 0 . 0 5	P A R A N T R O C H L O R O B E N Z E N E

Signature to Schedules A to N

As per our Report of even date,
 FOR JAGIWALA AND ASSOCIATES,
 CHARTERED ACCOUNTANTS.
 (Reg. No. 131003W)

(YOGESH R. JAGIWALA)
 PARTNER
 Membership No. 016864

For and on behalf of the Board of Directors

Ashok G. Rajani
 Chairman and Managing Director

V. S. Khurana
 Director

CAMP: Tarapur, Dist - Thane
 DATE: August 12, 2010

PLACE: Tarapur, Dist - Thane
 DATE: August 12, 2010

CASH FLOW STATEMENT

	(Rs. in lacs)	
	2009-10	2008-09
A. Cash Flow From Operating Activities:		
Net profit/(loss) before tax and extra ordinary items	0.00	0.00
Adjustment for:		
Depreciation	0.00	0.00
Expenses written off	0.00	0.00
Interest	0.00	0.00
Interest on loans from Financial Institutions	0.00	0.00
Prior period adjustments	0.00	0.00
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	0.00	0.00
Adjustments for:		
Change in Inventory	(13.05)	15.59
Change in receivables	69.85	23.20
Change in other receivables	(3669.32)	(182.78)
Change in creditors	211.33	63.71
Change in provisions	(75.85)	0.00
Sub Total	(3477.04)	(80.28)
CASH GENERATED FROM OPERATIONS	(3477.04)	(80.28)
B. Cash Flow From Investing Activities :		
Capital Work in progress	(535.16)	375.88
Interest	0.00	0.00
Provision for Income Tax	0.00	0.00
NET CASH FLOW USED IN INVESTING ACTIVITIES	(535.16)	375.88
Sub-Total (A-B)	(4012.20)	(456.16)
C. Cash Flow From Financing Activities :		
Change in short/long term Borrowings	5.26	0.00
Share Application Money	4000.95	(460.25)
	4006.21	(460.25)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(5.99)	4.09
Cash and cash equivalents (Opening Balance)	8.56	4.47
Cash and cash equivalents (Closing Balance)	2.57	8.56

As per our report of even date attached,
FOR JAGIWALA AND ASSOCIATES,
CHARTERED ACCOUNTANTS.
 (Reg. No. 131003W)

(YOGESH R. JAGIWALA)
PARTNER
 Membership No. 016864

CAMP: Tarapur, Dist - Thane
 DATE: August 12, 2010

For and on behalf of the Board of Directors

Ashok G. Rajani
 Chairman and Managing Director

V. S. Khurana
 Director

PLACE: Tarapur, Dist - Thane
 DATE: August 12, 2010

SRIMAN ORGANIC CHEMICAL INDUSTRIES LIMITED

Registered Office: T-14, MIDC, Tarapur, Dist - Thane, Maharashtra

PROXY

Reg. Folio No. No. of Shares held

I/We

..... of

..... Being a Member/ Members of **SRIMAN ORGANIC CHEMICAL INDUSTRIES LIMITED**

hereby appoint of or

failing him of as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf, at the Twentieth Annual General Meeting of the Company, to be held at T-14, MIDC, Tarapur, Dist - Thane, Maharashtra on Wednesday, the 22nd September, 2010 at 9.00 a.m. and at any adjournment thereof.

Affix
Rupee. 1
Revenue
Stamp

As witness my/our hand(s) this day of, 2010

Signature

NOTE : The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the aforesaid Meeting.

SRIMAN ORGANIC CHEMICAL INDUSTRIES LIMITED

Registered Office: T-14, MIDC, Tarapur, Dist - Thane, Maharashtra

ATTENDANCE SLIP

(Shareholders attending the Meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall)

I, hereby record my presence at the TWENTIETH ANNUAL GENERAL MEETING of the Company at T-14, MIDC, Tarapur, Dist - Thane, Maharashtra on Wednesday, the 22nd September, 2010.

Full name of Member (IN BLOCK LETTERS)

Reg. Folio No./ Demat ID

No. of shares held

Full name of Proxy (IN BLOCK LETTERS)

.....

.....
SIGNATURE OF THE SHAREHOLDER OR PROXY

BOOK-POST

To.

If undelivered, please return to :

SRIMAN ORGANIC CHEMICAL INDUSTRIES LIMITED

Registered Office: T-14, MIDC,

Tarapur, Dist - Thane, Maharashtra