# ANNUAL REPORT

# OF

# GARODIA CHEMICALS LIMITED

# FOR THE YEAR

# 2011-2012

# NOTICE

**NOTICE IS HEREBY GIVEN THAT ANNUAL GENERAL MEETING OF THE MEMBERS OF GARODIA CHEMICALS LIMITED WILL BE HELD ON SATURDAY 29TH SEPTEMBER 2012 AT 11:00 A.M AT 149/156, GARODIA SHOPPING CENTRE, GARODIA NAGAR, GHATKOPAR (EAST), MUMBAI - 400077 TO TRANSACT THE FOLLOWING BUSINESS:**

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2012, the Profit And Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Mahesh Gordhandas Garodia, who retires by rotation and, being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Nishant Maheshkumar Garodia, who retires by rotation and, being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit to pass with or without modification(s), the following resolution as Ordinary Resolution:

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

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETINGS IS ENTITLED TO APPOINT A PROXY OR PORXIES TO ATTEND AND VOTE ON A POLL ONLY, INSTEAD OF HIMSELF AND A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.**
2. Members/proxies should bring duly attendance slip sent herewith to attend the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 26th September, 2012 to Friday, 28th September, 2012.
4. Members holding shares in physical form are requested to notify the change, if any, in their address and blank mandate details to the Registrar and Share Transfer Agent, Link Intime India Pvt Ltd, C-13, Pannalal Silk Mills Compound, Lbs Marg, Bhandup (West), Mumbai -400078.
5. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
6. Members seeking any information on the Accounts are requested to write to the Company, which should reach the Company at least one week before the date of the Annual General Meeting so as to enable the Management to keep the information ready. Replies will be provided only at the Annual General Meeting.

**Date: 30th May 2012**
**Place : Mumbai**

**By order of the Board of Directors**
**Sd/-**
**Nishant Garodia**
**Director**

**DIRECTORS REPORT**

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

Your Directors have pleasure in presenting their Annual Report along with Audited accounts for the year ended 31st March, 2012.

**1. PERFORMANCE:-**

| PARTICULARS | 2011-12 | 2010-11 |
|---|---|---|
| Sales & Other Income | 00.00 | 307,800.00 |
| Less : Expenditure | 3,314,453.00 | 2,088,161.00 |
| **Profit/(Loss) Before Extraordinary Items and Tax** | (3,314,453.00) | (1,780,361.00) |
| Less : Extra ordinary items | (10,513,090.00) | 0.00 |
| Less : Provision for Taxation | 0.00 | 0.00 |
| Add/Less : Deferred Tax Liabilities | 0.00 | 0.00 |
| Loss for the year | (13,827,543.00) | (1,780,361.00) |

**2. DIVIDEND:**
In view of losses, your Directors do not recommend any dividend.

**3. PERFORMANCE DURING THE CURRENT YEAR:**
In view of heavy losses accrued over the years & the Company's activities have come to a stand still.

**4. DEPOSIT FROM PUBLIC:**
The Company has not accepted any deposits from the members of the public as defined in section 58A of the Company's Act 1956.

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

**6. COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988:**
Considering Nature of business of your Company no comment is made on the energy consumption and technology absorption.

**7. FOREIGN EXCHANGE EARNINGS AND OUTGO**
There was no Foreign Currency earning & expenditure during the year.

**8. DIRECTORS RESPONSIBILITY STATEMENT:**
The Directors hereby confirm that:
**1)** In preparation of annual accounts, applicable Accounting Standards had been followed with proper explanation relating to material departures

**2)** That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;

**3)** That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

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

**9. DIRECTORS:**

There is no change in Board of Directors of Company.

**10. AUDITORS:**

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

**11. ACKNOWKDEGMENT:**

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

**Place: Mumbai.**
**Date: 30th May 2012**

**For and On Behalf of Board of Directors**
**Garodia Chemicals Limited**

**SD/-**
**Director**

**Addendum to Directors Report:**

Dear Members,

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

1) **Non - provision of Interest expenses on loans and borrowings taken from IDBI (now taken over by Aaskha Holdings Pvt Ltd) and Central Bank of India:**

**Clarification:** In view of the heavy accumulated losses and suspension of the manufacturing activities for long time, the Company has not made provision for interest expenses.

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

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

3) **Outstanding payments to Financial Institutions / Banks as on 31st March, 2012:**

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

**For and On Behalf of Board of Directors**

**SD/-**

**Director**

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**INDUSTRY STRUCTURE & DEVELOPMENTS:**

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

**OPPORTUNITIES & THREATS:**

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

**SEGMENT REPORTING:**

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

**OUTLOOK:**

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

**RISKS AND CONCERNS:**

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

There were many complaints received by us from the shareholders, but the Company has now complied with all the compliances and all complaints of shareholders were solved. The non compliance with the Listing Agreement with Bombay Stock Exchange (BSE) pending during the earlier years was resolved during last year. The Company has received a letter from BSE for revocation of suspension levied by the BSE on the trading of company's shares. Hence, the trading in the Company's shares has been started on BSE.

**INTERNAL CONTROL SYSTEM & ADEQUACY:**

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

**DISCUSSION ON FINANCIAL PERFORMANCE:**

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

**HUMAN RESOURCES / INDUSTRIAL RELATIONS:**

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

**CAUTIONARY STATEMENT:**

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

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY

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

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

### 2. BOARD OF DIRECTORS

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

During the financial year 5 Board meetings were held on May 14, 2011, July 29, 2011, September 2, 2011, November 14, 2011 and February 2, 2012.

The details of constitution of Board of Directors as on March 31, 2012 are as under:

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

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

**RESPONSIBILITIES OF THE BOARD**

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

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

## 3. AUDIT COMMITTEE

During the financial year, 5 Audit Committee meetings were held on May 14, 2011, July 29, 2011, September 2, 2011, November 14, 2011 and February 2, 2012.

**Constitution of Audit Committee & related information**

| Name of the Director | Category | No. of Meetings attended during the financial year ended 31st March, 2012 |
|---|---|---|
| Mr. Kunal Naik<br>*Chairman* | Non Executive & Independent Director | 5 |
| Mr. Nishant Garodia | Executive Director | 5 |
| Mr. Brian Fernandes | Non Executive & Independent Director | 5 |

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

## 4. REMUNERATION COMMITTEE

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

## 5. REMUNERATION OF DIRECTORS

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

## 6. SHAREHOLDERS / INVESTOR GRIEVANCES COMMITTEE

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

During the financial year, 1 Investor Grievance Committee meeting was held on 20 January, 2012.

## 7. GENERAL BODY MEETINGS

| AGM for the Financial Year | Location of holding AGM | Date and Time of AGM |
|---|---|---|
| 2010 – 2011 | Registered Office | 30th September,2011<br>at 11.00 a. m. |
| 2009 – 2010 | Registered Office | 30th September,2010<br>at 11.00 a. m. |
| 2008 – 2009 | Registered Office | 30th September,2009<br>at 11.00 a. m. |

## 8. DISCLOSURES

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

- During last three years, no penalties were imposed on the Company except the penalty levied by Bombay Stock Exchange (BSE) for revocation of suspension of trading of shares of the Company.
- The Company has been providing the Chairman of the Company with the resources required to implement his role.
- The Company has a Code of Conduct for its employees. The Board members and Senior Management personnel of the Company affirm that they have complied with this code.
- The Company has suspended its manufacturing activities and closed down its plant.
- The Company has received revocation letter from Bombay Stock Exchange. Thus, the Company's suspension has been revoked and normal trading has been started on Bombay Stock Exchange.

## 9. MEANS OF COMMUNICATION

The Company has approved the quarterly, half-yearly and annual results and same were published in the news papers.

## 10. GENERAL SHAREHOLDER INFORMATION

| | |
|---|---|
| AGM date, time and venue | 29th September, 2012 at 11:00 a.m. at 149/156, Garodia Shopping Centre, Garodia Nagar, Ghatkopar (East), Mumbai 400 077. |
| Financial Year | 1st April to 31st March |
| Date of Book closure | 26th September 2012 to 28th September 2012 (both days inclusive). |
| Dividend Payment Date | No Dividend declared |
| Listing on Stock Exchanges | Bombay Stock Exchange (BSE) |
| Stock Code | 530161 on BSE |
| Market Price Data | 48.49 per share |
| Registrar and Transfer Agents | Link Intime India Private Limited<br>C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078<br>Tel No.(022) 2596 3838<br>Fax No.(022) 2594 6969 |

**SHARE TRANSFER SYSTEM:**

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

**DISTRIBUTION OF SHAREHOLDING**

The distribution of shareholding as on March 31, 2012 was as under:

| Nominal value of Shareholding | No. of Shareholders | % of Shareholders | Share Amount | % of Share Amount |
|---|---|---|---|---|
| Upto 5000 | 7,120 | 91.990 | 10,494,000 | 14.5746 |
| 5001 to 10000 | 292 | 3.773 | 2,526,000 | 3.5082 |
| 10001 to 20000 | 118 | 1.525 | 1,890,000 | 2.6249 |
| 20001 to 30000 | 89 | 1.150 | 2,247,000 | 3.1207 |
| 30001 to 40000 | 18 | 0.233 | 654,000 | 0.9083 |
| 40001 to 50000 | 27 | 0.349 | 1,335,000 | 1.8541 |
| 50001 to 100000 | 31 | 0.401 | 2,435,000 | 3.3819 |
| 100001and above | 45 | 0.581 | 50,421,000 | 70.0272 |
| **Total:** | **7,740** | **100.00** | **72,002,000** | **100.00** |

**SHAREHOLDING PATTERN AS ON MARCH 31, 2012**

| Category | No. of shares held | Percentage of shareholding |
|---|---|---|
| A. Promoters' Holding | | |
| 1. Promoters | | |
| -- Indian Promoters | 3534400 | 49.09 |
| --- Foreign Promoters | - | - |
| 2. Person acting in Concert | - | - |
| **Sub - Total** | **3534400** | **49.09** |
| B. Non – Promoters' Holding | | |
| 3. Institutional Investors | | |
| a. Mutual Funds and UTI | - | - |
| b. Banks, Financial Institutions, Companies (Central/State Govt. Institutions/Non-Govt. Institutions) | 952700 | 13.23 |
| c. FIIs | - | - |
| **Sub - Total** | **952700** | **13.23** |
| 4. Others | | |
| a. Private Corporate Bodies | 188600 | 2.62 |
| b. Indian Public | 1880000 | 26.11 |
| c. NRIs/NRRs/ OCBs | 644500 | 8.95 |
| d. Any Other | - | - |
| **Sub – Total** | **2713100** | **37.68** |
| **Grand Total** | **7200200** | **100.00** |

**DEMATERIALISATION OF SHARES AND LIQUIDITY**

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

**Outstanding GDR/ADR/Warrants or any Convertible Instruments, conversion dates and likely impact on equity.**
Not Applicable

**Plant locations:** Not Applicable

**Address for Correspondence**
Mr. Nishant Garodia
149/156, Garodia Shopping Centre,
Garodia Nagar, Ghatkopar (East),
Mumbai 400 077
Tel No.67983683
Fax No.66716149
Email: gclshares@gmail.com

## 11. NON - MANDATORY REQUIREMENTS

**The Board**

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

**Shareholders' Rights**

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

**Training and Evaluation**

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

**Whistle Blower Policy**

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

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**Declaration**

I hereby declare that the Directors and Senior Management Personnel including all functional heads of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the year ended March 31, 2012.

**Place: Mumbai** **SD/-**

**Nishant Garodia**

**Date: 30th May, 2012** **Director**

# CEO/CFO CERTIFICATE

To,
The Board of Directors,
Garodia Chemicals Limited
Mumbai

We have reviewed financial statements and the cash flow statement for the year ending on 31st March, 2012 and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

3. There are, to the best of their knowledge and belief, no transactions entered into by the company during the year ending on 31st March, 2012 which are fraudulent, illegal or violative of the company's code of conduct.

4. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken necessary steps to rectify these deficiencies.

5. We have indicated to the auditors and the Audit committee that

(i) there are no significant changes in internal control over financial reporting during the year ending on 31st March, 2012;

(ii) there are no significant changes in accounting policies during the year ending on 31st March, 2012 and that the same have been disclosed in the notes to the financial statements; and

(iii) there have been no instances of significant fraud and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**SD/-**
**Nishant Garodia**
**Director**

**Date : 30th May, 2012**
**Place : Mumbai**

## CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of
Garodia Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by Garodia Chemicals Limited for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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

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

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Makarand M. Joshi & Co.**
**Company Secretaries**

**SD/-**

**Kumudini Paranjape**
**Partner**
**Membership No.: FCS 6667**
**C.P. No.: 6690**

**Place : Mumbai**
**Date : 30th May, 2012**

# MILIND K. MEHTA & CO.

22 VANIK NIVAS, GURUKUL LANE, TILAK ROAD, GHATKOPAR (E.), MUMBAI- 77
Tel. No. 25015302

## Auditors' Report

The Members of
**Garodia Chemicals Ltd.**

1) We have audited the attached Balance-Sheet of **Garodia Chemicals Ltd.** as at 31st Mach, 2012, the Statement of Profit and Loss and also Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3) The Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together "the Order") issued by the Central Government of India in terms of Sub section (4A) of Section 227 of the Companies Act, 1956("the Act") 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 para 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 our examination of those books except short provision of interest expense on loans and borrowings taken from Central Bank of India and Aashka Holdings Pvt. Ltd.(Originally borrowed from IDBI) as stated in Note No.2.24 & 2.25 respectively.

(c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account ;

(d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act..

(e) On the basis of written representations received from the directors as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

(f) Attention is also invited to the following notes:

i) Note No.2.21, relating to transfer of rights of IDBI to Aashka Holdings Pvt. Ltd ;

ii) Note No.2.22, non-maintenance of proper records relating to Fixed Assets and no physical verification of fixed assets :

iii) Note No.2.24, relating to shortfall of Rs.3,07,82,601/- in provision made for interest payable to Central Bank of India ;

iv) Note No.2.25, shortfall of Rs.10,96,17,086/- in provision made for interest payable to Aashka Holdings Pvt. Ltd, (Originally borrowed from IDBI);

v) Note No. 2.26, relating to rights of Central Bank of India takenover by Phoenix Arc Pvt. Ltd and disputed by the company before Debt Recovery Tribunal (DRT);

vi) Note No.2.28, regarding assumption of going concern. However, under the facts and in the circumstances, we are unable to express our opinion on the same.

(g) Subject to what is stated in para 4(b) & 4(f) above, in our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act, in a 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 March 31, 2012.

and

(ii) In the case of Statement of Profit and Loss, of the loss for the year ended on that date.

And

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

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

**Sd/-**

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

**PLACE: MUMBAI**
**DATE : 30 MAY 2012**

# MILIND K. MEHTA & CO.

22 VANIK NIVAS, GURUKUL LANE, TILAK ROAD, GHATKOPAR (E.), MUMBAI- 77
Tel. No. 25015302

## Annexure

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

i) a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) As per the information and explanation given to us, these fixed assets have not been physically verified by the management. In view of the same, we do not offer any comment on any material discrepancy which may be noticed on physical verification.

i) As per the information and explanation given to us, Company has not disposed off substantial part of fixed assets during the year.

ii) (a) to (c) As per the information and explanations given to us, the company has made full provision for the diminution in the value of inventory. Hence no further comments are given in relation to the same.

(iii)(a) to (d) The company has not granted loans to companies, firms or other parties covered in register maintained u/s. 301 of the Companies Act, 1956. Hence, sub-clauses (iii) (a), (iii) (b) and (iii) (d) are not applicable to the Company.

(e) The company has taken unsecured loans from one company, two directors and two other parties covered in the register maintained u/s. 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.1,56,17,863/- Such loans are interest free.

(f) In our opinion the terms and conditions on which loans have been taken are not prejudicial to the interest of the company.

(g) There is no stipulation for repayment of loans and hence, we do not offer further comments thereon.

(iv)The Company has not made any transactions relating to purchase of inventories, fixed assets and sale of goods and services during the year under reference. Hence, clause 4(iv) of the order is not applicable to the company.

(v) (a) According to the information and explanations given to us, the company has not entered in any contract and arrangement that need to be entered into the register maintained u/s. 301 of the Companies Act, 1956

during the year under reference. Hence, clause 4(v) (a) of the order is not applicable to the company.

(b) As per the information and explanations given to us, the company has not made any transactions in pursuance of contracts or arrangements entered in the register maintained u/s. 301 of the Companies Act, 1956 exceeding the valued of Rs.5 lakhs in respect of any party during the year and hence the clause 4(v) (b) of the Order is not applicable to the company.

(vi) The Company has not accepted and deposits from the public. Therefore, the clause 4(vi) of the Order is not applicable to the company.

(vii) As per the information and explanations given to us, the Company has suspended its manufacturing activities and in view of the same, the company does not have internal audit system commensurate with the size and nature of its business.

(viii) In view of the suspension of the manufacturing operations, the cost records and accounts prescribed by the Central Governments. u/s. 209(1) (d) of the Companies Act, 1956 have not been made and maintained by the company.

(ix) (a) In view of the suspension of the manufacturing operations for last so many years, according to the records of the Company, the Company is no liable to make any deposits of statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurances, Income-Tax, Sales-Tax, Wealth – Tax, Service-Tax, Customs Duty, Excise Duty, Cess and other statutory dues with appropriate whichever is applicable.

(b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2012 for a period more than six months from the ate they became payable.

(x) According to the information and explanations given to us, the accumulated losses as at 31st March, 2012 are exceeding the net worth of the company and it has incurred cash losses during the year covered by our audit and into the immediately preceding financial year.

(xi) As per the information and explanations given to us, the company has defaulted in repayment of dues to the financial institutions / banks. Attention is drawn to Note No. 2.24 & 2.25..

(xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a Chit fund or a Nidhi benefit mutual fund / society. Therefore, the clause 4(xiii) of the Order is not applicable to the company.

(xiv) In our opinion, the Company is not dealing in our trading in shares, securities, debentures & other investments. Accordingly, the clause 4 (xiv) of the Order is not applicable to the company.

(xv) As per the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions. Therefore, the clause 4(xv) of the Order is not applicable to the company.

(xvi) As per the information and explanations given to us, the company has not raised any short term funds during the year. Therefore, the clause 4 (xvii) of the Order is not applicable to the company.

(xvii) According to the information and explanations given to us, the company has not made preference share allotment of shares to parties and companies covered in the register maintained u/s. 301 of the Act.

(xviii) According to the information and explanations given to us, during the period covered under audit the company has not issued debentures. Hence, the clause 4(xix) of the Order is not applicable to the company. (According to the information and explanations given to us, the company has not raised money by public issues. Hence, the clause 4(xix) of the Order is not applicable to the company.

(xix) According to the information and explanations given to us, the company has not raised money by public issues. Hence, the clause 4(xx) of the Order is not applicable to the company.

(xx) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year covered by our audit report.

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

**Sd/-**
**(MILIND K MEHTA)**
**PROPRIETOR**
**MEMBERSHIP NO.47739**

**PLACE: MUMBAI**
**DATE : 30 MAY 2012**

**Garodia Chemicals Ltd.**
**Balance Sheet as at 31st March, 2012**

| Particulars | Note No. | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| **I. EQUITY AND LIABILITIES** | | | |
| **(1) Shareholders' funds** | | | |
| (a) Share capital | 2.1 | 72002000 | 72002000 |
| (b) Reserves and Surplus | 2.2 | -170676037 | -156848494 |
| **(2) Non-current liabilities** | | | |
| Long-term borrowings | 2.3 | 28800000 | 28800000 |
| **(3) Current liabilities** | | | |
| (a) Short-term borrowings | 2.4 | 30119672 | 27004672 |
| (b) Trade payables | 2.5 | 870252 | 870252 |
| (c) Other current liabilities | 2.6 | 61906820 | 61985766 |
| **TOTAL** | | 23022707 | 33814196 |
| | | | |
| **II. ASSETS** | | | |
| **(1) Non-current assets** | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 2.7 | 18310025 | 19536866 |
| (ii) Capital work-in-progress | | 11400 | 11400 |
| (b) Non-current investments | 2.8 | 0 | 155000 |
| (c) Long-term loans and advances | 2.9 | 4616817 | 8435308 |
| **(2) Current assets** | | | |
| (a) Inventories | 2.10 | 0 | 3933400 |
| (b) Trade receivables | 2.11 | 0 | 1654229 |
| (c) Cash and Bank Balances | 2.12 | 84465 | 49020 |
| (d) Other Current Assets | 2.13 | 0 | 38973 |
| **TOTAL** | | 23022707 | 33814196 |
| **Significant accounting policies and notes on accounts** | 1 & 2 | | |

**AS PER OUR REPORT OF EVEN DATE**
**CHARTERED ACCOUNTANTS**
**REGISTRATION NO.: 129664W**
**Sd/-**

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

**PLACE : MUMBAI**
**DATED : 30 MAY, 2012**

**FOR AND ON BEHALF OF THE**
**BOARD OF DIRECTORS**
**Sd/-**
**MAHESH GARODIA**
**(DIRECTOR)**
**Sd/-**
**NISHANT GARODIA**
**(DIRECTOR)**

**Garodia Chemicals Ltd.**

**Statement of Profit and Loss for the year ended 31st March, 2012**

| Particulars | Note No. | For the year ended 31/03/2012 | For the year ended 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| I. Revenue from operations | | | |
| Sale of Products (Gross) | 2.14 | 0 | 307800 |
| **III. Total Revenue (I + II)** | | 0 | 307800 |
| IV. Expenses: | | | |
| 1) Purchases of Stock-in-Trade | 2.15 | 0 | 283500 |
| 2) Changes in inventories of finished goods, work-in-process and Stock-in-Trade | 2.16 | 0 | 0 |
| 3) Employee benefits expense | 2.17 | 60000 | 60000 |
| 4) Finance costs | 2.18 | 1395 | 0 |
| 5) Depreciation and amortization expense | | 1226841 | 1245406 |
| 6) Other expenses | 2.19 | 2026217 | 499255 |
| **Total expenses** | | 3314453 | 2088161 |
| V. Loss before Exceptional and Extra ordinary items and tax (III-IV) | | -3314453 | -1780361 |
| VI. Profit before extra ordinary items and tax | | -3314453 | -1780361 |
| VII. Extra ordinary items | 2.20 | -10513090 | 0 |
| VIII Loss before tax (VI - VII) | | -13827543 | -1780361 |
| IX. Tax expense: | | | |
| (1) Current tax : | | 0 | 0 |
| (2) Deferred tax | | 0 | 0 |
| | | -13827543 | -1780361 |
| X. Loss for the period from continuing operation | | 0 | 0 |
| XI. Loss from discontinuing operations | | -13827543 | -1780361 |
| XII. Tax expense of discontinuing operations | | 0 | 0 |
| XIII. Loss from discontinuing operations(After tax) | | -13827543 | -1780361 |
| XIV. Loss for the period | | -13827543 | -1780361 |
| XV. Earnings per equity share: | | | |
| 1) Basic | | -1.92 | -0.25 |
| 2) Diluted | | -1.92 | -0.25 |
| **Significant accounting policies and notes on accounts** | 1, 2 | | |

**AS PER OUR REPORT OF EVEN DATE**
**FOR M.K. MEHTA & CO.**
**REGISTRATION NO.: 129664W**
**CHARTERED ACCOUNTANTS**

**Sd/-**
**( MILIND K. MEHTA )**
**PROPRIETOR**
**MEMBERSHIP NO. 47739**
**PLACE : MUMBAI**
**DATED : 30 MAY, 2012**

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

**Sd/-**
**MAHESH GARODIA**
**(DIRECTOR)**

**Sd/-**
**NISHANT GARODIA**
**(DIRECTOR)**

**Garodia Chemicals Ltd.**
**Cash flow statement for the year ended 31st March, 2012.**

| Particulars | Note No. | For the year ended 31/03/2012 | For the year ended 31/03/2011 |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Profit before tax | | -3314453 | -1780361 |
| Adjustments for : | | | |
| Depreciation expense | | 1226841 | 1245406 |
| Interest expenses | | 1395 | 0 |
| Changes in working capital : | | | |
| Decrease in Loans and Advances | | 0 | 80600 |
| Decrease in TDS receivables | | 38973 | |
| Increase in Trade Payables | | 0 | 45816 |
| Decrease in Tax deducted at source | | -14042 | 0 |
| Decrease in other liabilities | | -64904 | 0 |
| Cash generated from operations | | -2126190 | -408539 |
| Less :- Income taxes paid | | 0 | 0 |
| **Net Cash from Operating Activities** | | -2126190 | -408539 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Proceeds from sale of assets | | 0 | 0 |
| Interest and Dividend Income | | 0 | 0 |
| Purchase of Fixed Assets | | 0 | 0 |
| Cash outflow in respect of Capital Work in Progress | | 0 | 0 |
| | | 0 | 0 |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Equity Share Capital issued during the year | | 0 | 0 |
| Secured loans received during the year | | 0 | 0 |
| Unsecured Loans received during the year | | 3115000 | 385200 |
| Fees paid to BSE | | -951970 | 0 |
| Interest paid during the year | | -1395 | 0 |
| | | 2161635 | 385200 |
| **Net Increase in Cash & Cash equivalents** | | 35445 | -23339 |
| Cash & Cash equivalents at the beginning of the year | | 49020 | 72360 |
| Cash & Cash equivalents at the end of the year | 2.14 | 84465 | 49020 |
| **Significant accounting policies and notes on accounts** | 1 & 2 | | |

**AS PER OUR REPORT OF EVEN DATE**
**FOR M.K. MEHTA & CO.**
**REGISTRATION NO.: 129664W**
**CHARTERED ACCOUNTANTS**
**Sd/-**
**( MILIND K. MEHTA )**
**PROPRIETOR**
**MEMBERSHIP NO. 47739**
**PLACE : MUMBAI**
**DATED : 30 MAY 2012**

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**
**Sd/-**
**MAHESH GARODIA**
**(DIRECTOR)**
**Sd/-**
**NISHANT GARODIA**
**(DIRECTOR)**

**2 Notes on Accounts :**

| | | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| **2.1** | **Share capital** | | |
| | Authorised : | | |
| | 1,00,00,000 Equity Shares of Rs.10/- each (Previous year 1,00,00,000 Equity Shares of Rs. 10/- each) | 100000000 | 100000000 |
| | Issued, Subscribed and Paid up : | | |
| | 7200200 Equity Shares of Rs. 10/- each fully paid-up | 72002000 | 72002000 |
| | **TOTAL** | **72002000** | **72002000** |

**Details of shareholders holding more than 5% shares as on the Balance Sheet date.**

| Sr. No. | Name of the shareholder | No. of shares held | |
|---|---|---|---|
| | | As at 31/03/2012 | As at 31/03/2011 |
| 1 | Mahesh G. Garodia | 1250000 | 1250000 |
| 2 | Nishant M. Garodia | 1250000 | 1250000 |
| 3 | SICOM Ltd. | 750000 | 750000 |
| 4 | Garodia Sons Pvt. Ltd. | 611100 | 611100 |

| | | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| **2.2** | **Reserves and Surplus** | | |
| | Surplus i.e. balance in the statement of profit and loss | | |
| | Balance as per last Balance Sheet | -156848494 | -155068133 |
| | Add :- Balance in statement of profit & loss | -13827543 | -1780361 |
| | **TOTAL** | -170676037 | -156848494 |

| | | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| 2.3 | **Long Term Borrowings** | | |
| | Term Loan From IDBI Now Transferred to Aashka Holdings Pvt. Ltd.<br>( The term loan taken from IDBI and now transferred to Aaskha Holdings Pvt. Ltd. is secured by hypothecation & first legal mortage charge of immovable & movable properties.) | 28800000 | 28800000 |
| | **TOTAL** | 28800000 | 28800000 |

| | | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| 2.4 | **Short Term Borrowings**<br>**I) Loans repayable on demand from banks - Secured** | | |
| | Working Capital facilities from Central Bank of India (C.C. A/c) | 9969610 | 9969610 |
| | Overdraft with Central Bank of India (O.D. A/c) | 396000 | 396000 |
| | Overdraft with Central Bank of India | 1843 | 1843 |
| | Bill Discounting facilities from Central Bank of India | 2384356 | 2384356 |
| | **TOTAL (A)** | 12751809 | 12751809 |

The working capital facilities from the bank are secured against hypothecation of raw materials, finished products, book debts and personal guarantees of certain directors.

| | | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| | **II) Loans repayable on demand from others - Unsecured** | | |
| | From related Parties | 15617863 | 12502863 |
| | From others | 1750000 | 1750000 |
| | **TOTAL (B)** | 17367863 | 14252863 |
| | | | |
| | Short Term Borrowings Total (A) + (B) | 30119672 | 27004672 |

| | | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| 2.5 | **Trade Payables** | | |
| | Trade payables | 870252 | 870252 |
| | **TOTAL** | 870252 | 870252 |

**Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 :**

| | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|
| | Rs. | Rs. |
| The Principal amount and the interest due thereon remaining unpaid to any suppliers | | |
| a) Principal Amount | Nil | Nil |
| b) Interest | Nil | Nil |
| Payment of Principal amount beyond the appointed date and interest | | |
| a) Principal Amount | Nil | Nil |
| b) Interest | Nil | Nil |
| The amount of interest due and payable for the period of delay in making payments | Nil | Nil |
| The amount of interest accrued and remaining unpaid | Nil | Nil |
| Cumulative amount of interest remaining due and payable. | Nil | Nil |

| | | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| 2.6 | **Other Liabilities** | | |
| | (a) Interest accrued and due on borrowings | 57791999 | 57791999 |
| | (b) Creditors for capital expenditure | 1402125 | 1402126 |
| | (c) Sundry Creditors for expenses | 2505096 | 2569999 |
| | (d) Statutory dues payable | 207600 | 221642 |
| | **TOTAL** | 61906820 | 61985766 |

**2.7 Tangible Fixed Assets**

| | | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Sr. No.** | **Particulars** | **As at 01/04/2011** | **Additions during the year** | **Sales / Ded.n during the year** | **As at 31/03/2012** | **Upto 31/03/2011** | **Adjusted on w/back sale** | **Provided during the Year** | **Upto 31/03/2012** | **As At 31/03/2012** | **As At 31/03/2011** |
| | | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| 1 | Free Hold Land | 1091831 | | | 1091831 | | | 0 | | 1091831 | 1091831 |
| 2 | Building | 35378535 | | | 35378535 | 17006916 | | 1175462 | 18182378 | 17196157 | 18371619 |
| 3 | Plant & Machinery | 75351438 | | | 75351438 | 75351438 | | 0 | 75351438 | 0 | 0 |
| 4 | Office Equipment | 203870 | | | 203870 | 176550 | | 5283 | 181833 | 22037 | 27320 |
| 4 | Furniture, Fixture | 1021495 | | | 1021495 | 975399 | | 46096 | 1021495 | 0 | 46096 |
| 5 | Vehicles | 301000 | | | 301000 | 301000 | | 0 | 301000 | 0 | 0 |
| | **TOTAL :** | **113348169** | **0** | **0** | **113348169** | **93811303** | **0** | **1226841** | **95038144** | **18310025** | **19536866** |
| | **PREVIOUS YEAR :** | 113348169 | | | 113348169 | 92565897 | | 1245406 | 93811303 | 19536866 | |

| | | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| 2.8 | **Non Current Investments - At cost** | | |
| | Investments in Equity Shares- fully paid up (Other than trade investment) - | 155000 | 155000 |
| | Quoted investments : | | |
| | Aggregate Market Value Rs. NIL | | |
| | (Previous Year : Rs. NIL) | | |
| | | 155000 | 155000 |
| | Less : Provision for Dimunition in Value of investments | 155000 | 0 |
| | **TOTAL** | 0 | 155000 |

Note : In view of Dimunition in value of investments, provision has been made of the full amount. In absense of any documents of the record, no additional information is given relating to the investments.

| | | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| 2.9 | **Long Term Loans and Advances:** | | |
| | **Unsecured, considered good unless stated otherwise** | | |
| | **Capital Advances :** | | |
| | Considered Good | | 2108491 |
| | Considered Doubful | 2547271 | 438780 |
| | | 2547271 | 2547271 |
| | Less : Provision Made | 2547271 | 438780 |
| | | 0 | 2108491 |
| | Deposits | 5325000 | 5325000 |
| | Others(MAT Credit) | | |
| | Modvat Credit receivable (Input) | 3437 | 3437 |
| | Modvat Credit receivable (Capital Goods) | 998380 | 998380 |
| | | 6326817 | |
| | Less : Provision Made | 1710000 | |
| | **TOTAL** | 4616817 | 8435308 |

| | | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| **2.10** | **Inventories** | | |
| | (as taken, valued and certified by a director of the Company) | | |
| | Raw Materials | 365704 | 365704 |
| | Works in Process | 2067970 | 2067970 |
| | Finished goods | 1499726 | 1499726 |
| | | 3933400 | 3933400 |
| | Less : Provision for loss in value of inventories | 3933400 | 0 |
| | **TOTAL** | 0 | 3933400 |

| | | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| **2.11** | **Trade Receivables** | | |
| | Trade Receivables outstanding for a period exceeding six months from the date they became due for payments | | |
| | - Unsecured & Considered Good | | 1654229 |
| | - Unsecured & Considered Doubtful | 2360997 | 706768 |
| | | 2360997 | 2360997 |
| | Less : Provision made | 2360997 | 706768 |
| | **TOTAL** | 0 | 1654229 |

| | | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| **2.12** | **Cash and Bank Balances :** | | |
| | 2.14.1 <u>Cash and cash equivalents</u> | | |
| | Cash on hand | 73647 | 5796 |
| | With Bank in Current Accounts | 10818 | 43224 |
| | **TOTAL** | 84465 | 49020 |

| | | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| 2.13 | **Other Current Assets** | | |
| | TDS Receivable | | 38973 |
| | **TOTAL** | 0 | 38973 |

| | | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| 2.14 | **Sale of Products (Gross)** | | |
| | Traded Goods : | | |
| | Chemicals | | 307800 |
| | **TOTAL** | 0 | 307800 |

| | | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| 2.15 | **Purchases of Stock in Trade** | | |
| | Chemicals | | 283500 |
| | **TOTAL** | 0 | 283500 |

| | | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| 2.16 | **Changes in Inventory of Finished goods, work in progress and stock in trade.** | | |
| | a) Manufactured goods (Chemicals): | | |
| | Opening Stock | 1499726 | 1499726 |
| | Closing Stock | 1499726 | 1499726 |
| | **TOTAL (a)** | 0 | 0 |

| | | |
|---|---|---|
| b) Work in Process (Paper) : | | |
| OpeningStock | 2067970 | 2067970 |
| Closing Stock | 2067970 | 2067970 |
| **TOTAL (b)** | 0 | 0 |
| **TOTAL (a+b)** | 0 | 0 |

| | | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| **2.17** | **Employee Benefits Expenses** | | |
| | Salaries and wages | 60000 | 60000 |
| | **TOTAL** | 60000 | 60000 |

| | | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| **2.18** | **Finance Cost** | | |
| | Interest paid to Others<br>(On Late payment of TDS) | 1395 | |
| | **TOTAL** | 1395 | 0 |

| | | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| | | Rs. | Rs. |
| **2.19** | **Other Expenses** | | |
| | Bank charges | 1859 | 960 |
| | Advertisement expenses | 106934 | |
| | Filing fees | 100000 | |
| | Legal and Professional fees | 1549979 | 493295 |
| | MIDC Tax | 33300 | |
| | Fees to BSE Ltd. | 16545 | |
| | Payments to Auditors : | | |
| | Audit Fees | 10000 | 5000 |
| | Printing & Stationery | 3248 | |
| | Processing fees | 22060 | |
| | Postage, Courier & Internet charges | 54299 | |
| | Sundry expenses | 1600 | |
| | Sundry balances written off | 87420 | |
| | TDS receivable written off | 38973 | |
| | **TOTAL** | 2026217 | 499255 |

| | | As at 31/03/2012 | As at 31/03/2011 |
|---|---|---|---|
| **2.20** | **Extra ordinary items :** | | |
| | | Rs. | Rs. |
| | Fees to BSE Ltd. for earlier years | 951970 | |
| | Provision for loss in value of inventories | 3933400 | |
| | Provision for Dimunition in Value of investments | 155000 | |
| | Provision for Deposits not receivable | 1710000 | |
| | Provision for Trade Receivable | 1654229 | |
| | Provision for non recoverable Advances | 2108491 | |
| | **TOTAL** | 10513090 | 0 |

**2.21** As per the agreement for Assignment of Debt executed on 13th July, 2007 between IDBI (Assignor) and Aaskha Holding Pvt Ltd (Assignee). IDBI has transferred it's rights of the amount receivable from the company to the assignee, Consequently the amount payable as per Books of Accounts of the company to the IDBI, have been transferred in the name of the assignee i.e. Aaskha Holdings Pvt Ltd.

**2.22** The manufacturing activities have been suspended by the company and the plant is closed, In view of the same the Plant and Machinary, Office Equipments, furniture and Fixture have not been phycically verified. The relevant records are yet to be maintained.

**2.23** The company is accounting liability for excise duty on finished products as and when these are cleared as per consistent practice as also considering the accepted practice of the Excise Authorities. The liability in respect of Finished products lying in stock at the close of the year which is estimated at Rs.239556/- (Previous Year Rs. 239556) has not been provided for in the accounts and hence, not included in the valuation of inventory of such products.

**2.24** In view of heavy accumulated losses and suspension of the manufacturing activities no provision has been made for the interest payable on different credit facilities granted by Central Bank of India as reflected in Note No. 2.4 above, The estimated amount of interest Rs.3,07,82,601/- payable till 31st March 2012 (previous year Rs.2,54,15,443/-). The balances of loans and interest payable to Central Bank of India are subject to confirmation.

**2.25** In view of heavy accumulated losses and suspension of the manufacturing activities no provision has been made for the interest payable on term loan facilities granted by IDBI and now taken over by Aaskha Holdings Pvt Ltd as reflected in Note No. 2.3 above. The estimated amount of interest payable till 31st March, 2012 works out to Rs.10,96,17,086/- (previous year Rs.9,47,86,684/- ) The company is persuing the matter for waiver of interest. The balances of loans and interest payable are subject to confirmation

**2.26** The liabilities to Central Bank of India for the various credit facilities granted as shown in Note No. 2.4 have been taken over by Phoenix Arc Pvt. Ltd. as per the agreement entered into by and between Central Bank of India and Phoenix Arc Pvt. Ltd. Arc Pvt. Ltd. has served notice to company for recovery of dues of Rs.715.50 Lacs. The Company has disputed the agreement and has obtained stay of recovery from DRT. Phoenix Arc Pvt. Ltd. has taken the symbolic possession of mortgaged premises i.e. 2nd charge on factory and 1st charge on 1000 sq. ft. of office premise. The matter is pending with DRT for final hearing and disposal.

| | | | |
|---|---|---|---|
| **2.27** | Contingent liabilities and commitments to the extent not provided for | | |
| | | **As at 31/03/2012** | **As at 31/03/2011** |
| | | Rs. | Rs. |
| **2.27.1** | Contingent liabilities | | |
| | a) Claims against the company not acknowledged as debt : | NIL | 62730 |
| **2.27.2** | Commitments : | | |
| | a) Estimated amount of contracts remaining to be executed on capital account and not provided for. | NIL | 1125000 |
| | b) Uncalled liability on shares and other investments partly paid | 625000 | 625000 |

**2.28** Financial statements have been prepared in accordance with the fundamental accounting assumption that the company is a going concern.

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**2.29** The Unsecured loans from directors and from others as reflected in Note No. 2.4 under the head "Loans repayable on demand from others - Unsecured" are free of interest and hence, no provision is required to be made for the interest.

**2.30** Figures of the previous year have been regrouped or rearranged wherever necessary.

**AS PER OUR REPORT OF EVEN DATE**
**FOR M.K. MEHTA & CO.**
**REGISTRATION NO.: 129664W**
**CHARTERED ACCOUNTANTS**
**Sd/-**
**( MILIND K. MEHTA )**
**PROPRIETOR**
**MEMBERSHIP NO. 47739**
**PLACE : MUMBAI**
**DATED : 30 MAY, 2012**

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

**Sd/-**
**MAHESH GARODIA**
**(DIRECTOR)**
**Sd/-**
**NISHANT GARODIA**
**(DIRECTOR)**

**Garodia Chemicals Ltd.**

**Groupings :**

**Loans Repayable on demand from related parties :**

| Sr. No. | Name | | Amount Rs. | Amount Rs. |
|---|---|---|---|---|
| | | | **3/31/2012** | **3/31/2011** |
| 1 | Shri Mahesh Garodia (Director) | | 14669409 | 11554409 |
| 2 | Shri Nishant Garodia (Director) | | 719328 | 719328 |
| 3 | Garodia Sons Pvt. Ltd. | | 109126 | 109126 |
| 4 | Gordhandas Garodia | | 100000 | 100000 |
| 5 | P. G. Trust | | 20000 | 20000 |
| | | **Total** | **15617863** | **12502863** |

**Loans Repayable on demand from Others**

| Sr. No. | Name | | Amount Rs. | Amount Rs. |
|---|---|---|---|---|
| | | | **3/31/2012** | **3/31/2011** |
| 1 | Gautam M. Bhukhandwala (HUF) Gujarat | | 50000 | 50000 |
| 2 | Fiscon Ltd. | | 1200000 | 1200000 |
| 3 | Welplace Portfolio & Finance Consultant | | 500000 | 500000 |
| | | **Total** | **1750000** | **1750000** |

**Trade Payables :**

| Sr. No. | Name | Amount Rs. | Amount Rs. |
|---|---|---|---|
| | | **3/31/2012** | **3/31/2011** |
| 1 | B. R. Corporation | 58747 | 58747 |
| 2 | Maruti Sales Udyog | 95352 | 95352 |
| 3 | Nav Gases and Chemicals | 181444 | 181444 |
| 4 | Orbit International | 161150 | 161150 |
| 5 | Samriti Chemicals Ltd. | 52000 | 52000 |
| 6 | Sea-Lane International | 179798 | 179798 |
| 7 | Serling Petrochemicals P. Ltd. | 28018 | 28018 |
| 8 | Suhas Petro-chem | 85500 | 85500 |
| 9 | Viraj Chemicals | 28243 | 28243 |
| | **Total** | **870252** | **870252** |

| Sr. No. | Name | Amount Rs. | Amount Rs. |
|---|---|---|---|
| | | 3/31/2012 | 3/31/2011 |
| I | **Interest accured and due on borrowings :** | | |
| | i) To I.D.B.I. Now payable to Aaskha Holdings Pvt. Ltd. | 51606114 | 51606114 |
| | ii) Central Bank of India | 6185885 | 6185885 |
| | **Total** | **57791999** | **57791999** |
| II | **Creditors for Capital expenditure :** | | |
| 1 | Arihant Steel | 105835 | |
| 2 | B. Patel & Co. | 9682 | |
| 3 | Central Hardware & Tools | 20976 | |
| 4 | Chem-pha Eng. Co. | 275337 | |
| 5 | Elastomer Lining Works | 10371 | |
| 6 | Fit Well Engg. Co. | 19319 | |
| 7 | Industrial Engg. Services | 211950 | |
| 8 | Mahavir Agencies | 9848 | |
| 9 | Mg Engineers | 13142 | |
| 10 | New Bombay Trading | 7359 | |
| 11 | Newkem Engg. P. Ltd. | 57285 | |
| 12 | Numech Eng. Co. | 101168 | |
| 13 | Paharpur Cooling Towers Ltd. | 21280 | |
| 14 | Phils Engineering co. | 217140 | |
| 15 | Psk Technpwell Linings | 67417 | |
| 16 | Raju Enterprises | 3750 | |
| 17 | Ram Milan Sharma | 6331 | |
| 18 | Sadhna Forge | 97097 | |
| 19 | Samarth Engg. Works | 17099 | |
| 20 | ShreenathEnterprises | 30576 | |
| 21 | Unique Grils | 5090 | |
| 22 | Unique Sales Agency | 6037 | |
| 23 | Vapor Engg. P. Ltd. | 81260 | |
| 24 | Vasu Enterprises | 6776 | |
| | **Total** | **1402125** | **0** |
| | | | |
| III | **Sundry Creditors for Expenses :** | | |
| | | **3/31/2012** | **3/31/2011** |
| 1 | Ajay Transport Services | 4540 | |
| 2 | Anand Automotive India | 63580 | |
| 3 | A.P. Doshi & Co. | 21750 | |
| 4 | Bombay Waterproof Company Glitter Aircondition Engineers | 29386 | |

| | | | | | |
|---|---|---|---|---|---|
| | 5 | Glitter Aircondition Engineers | | 12300 | |
| | 6 | Kamal Mehta | | 95000 | |
| | 7 | Klean Environmental Consultant P. Ltd. | | 27500 | |
| | 8 | Link Intime India Pvt. Ltd. | | 5956 | |
| | 9 | Milind K. Mehta & Co. | | 11700 | |
| | 10 | Naren Shroff & Ass. | | 36600 | |
| | 11 | Om Enterprises | | 28000 | |
| | 12 | Orient Press Limited | | 10402 | |
| | 13 | Power Control | | 23050 | |
| | 14 | Professional Tax (Employee) | | 20454 | |
| | 15 | Ramnik Doshi | | 17000 | |
| | 16 | Sai Shradha Engg. Works | | 23600 | |
| | 17 | San Systems | | 10625 | |
| | 18 | Value Added Tax Payable | | 10198 | |
| | 19 | Vivek Automobiles. | | 89717 | |
| | 20 | Electricity Payable | | 1610698 | |
| | 21 | Pollution Control Exp. Payable | | 508 | |
| | 22 | Rent Payable | | 12000 | |
| | 23 | Salary Payable | | 123119 | |
| | 24 | Telephone Exp. Payable | | 15912 | |
| | 25 | Water charges payable (M.I.D.C.) | | 201501 | |
| | | | **Total** | **2505096** | |
| IV | **Statutory Dues Payable :** | | | | |
| | 1 | Profession Tax (Directors) | | 840 | |
| | 2 | Profession Tax (Employees) | | 14620 | |
| | 3 | Professional Tax Payable | | 945 | |
| | 4 | Sales Tax Payable | | 189233 | |
| | 5 | T.D.S. Payable | | 1962 | |
| | | | **Total** | **207600** | |

# GARODIA CHEMICALS LTD.

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

### 1) SIGNIFICANT ACCOUNTING POLICIES:

**a) Basis of Accounting:**

**i)** The Company follows the accrual system of accounting except gratuity and leave encashment benefits to employees.

**ii)** The financial statements are based on historical cost convention.

**b) Fixed Assets :**

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

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

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

**c) Depreciation**

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

**d) Inventories :**

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

**i) Raw Materials - at cost-( FIFO basis.)**

**ii)** Finished Products and Stock-in-process - at Raw Material cost adding proportionate 'conversion cost.

**iii) Traded goods at cost-( FIFO basis).**

**e) INVESTMENTS:**

**Investments are stated at cost.**

**f) SALES:**

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

**g) FOREIGN CURRENCY TRANSACTIONS :**

**i)** Foreign currency transactions are recorded at the exchange rate prevailing at the time of transactions.

**ii) Current assets and Current liabilites are converted at the prevailing year end rate**

**iii)** Exchange Flutuation on account of acquisition of Fixed Assets is adjusted to carrying cost of Fixed Assets. Other fluctuation difference is adjusted In the profit and loss account.

**h) Provision for Taxation :**

Provision for tax is made on both current and deferred taxed. Current tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax liabilities arising on account of timing difference and which are capable of reversals in subsequent period are provided using tax rates and tax laws tha have been enacted or subsequently enacted.

# Garodia Chemicals Ltd.

149/156, Garodia Shopping Centre, Garodia Nagar,
Ghatkopar (East), Mumbai – 400 077.
Phone : 5148229, 5156080, 5169565
Fax : 91-22-5151417

**ATTENDANCE SLIP**

(To be handed over at the entrance of the meeting hall)

Annual General Meeting on Saturday, 29th September, 2012

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the Annual General Meeting of the Company on Saturday, 29th September, 2012 at 11.00 AM. At 149/156, Garodia Shopping Centre, Garodia Nagar, Ghatkopar (East), Mumbai – 400 077,

Full name of the Member : _____
(In BLOCK LETTERS)

Regd. Folio No. :_____

No. of shares held : _____

Full Name of the Proxy : _____
(In BLOCK LETTERS)

Signature of the shareholder/
Proxy : _____

Note: Members/Proxies are requested to bring the attendance slip with them.

# Garodia Chemicals Ltd.

149/156, Garodia Shopping Centre, Garodia Nagar,
Ghatkopar (East), Mumbai – 400 077.
Phone : 5148229, 5156080, 5169565
Fax : 91-22-5151417

**PROXY FORM**

Regd.Folio No. _____ No. of Shares held _____

I/We_____ of _____being a member / members of **GARODIA CHEMICALS LIMITED** hereby appoint _____ of_____ or failing him/her_____ of _____ as my/our proxy to attend and vote for me/ us on my/our behalf at the Annual General Meeting of the Company to be held on Saturday, 29th September, 2012 at 11:00 a.m at the Registered Office of the Company at 149/156, Garodia Shopping Centre, Garodia Nagar, Ghatkopar (East), Mumbai – 400 077 and at any adjournment thereof.

Signed this _____ day of _____12

Affix Re. 1/-
Revenue
Stamp

Signature _____

Notes: The form duly completed and signed must be deposited at the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting.