



ANNUAL REPORT

OF

GARODIA CHEMICALS LIMITED

FOR THE YEAR

2012-2013

NOTICE

NOTICE IS HEREBY GIVEN THAT ANNUAL GENERAL MEETING OF THE MEMBERS OF GARODIA CHEMICALS LIMITED WILL BE HELD ON MONDAY, 30TH SEPTEMBER 2013 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, 2013, 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. Kunal Nalin Naik, who retires by rotation and being eligible offers himself for re-appointment.
3. 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 is 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 PROXIES 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 Thursday, 26th September, 2013 to Monday, 30th September, 2013 (both days inclusive).

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: 31st August 2013

Place : Mumbai

For and on behalf of the Board of Directors

**Sd/-
Nishant Garodia
Director**

Details of Directors Seeking Re-appointment at the Annual General Meeting

Particulars of Mr. Kunal Naik who is being re-appointed at the AGM	
Date of Birth	20 th January, 1970
Date of Appointment	14 th July, 1994
Qualifications	Diploma in Electronic & Tele-communication
Expertise in specific functional area	Expertise in Electronic & Tele-communication field
Other Directorships	Beehive Education Private Limited
Memberships/Chairmanships of Committees of other public companies (includes only Audit Committee and Shareholders/Investors Grievance Committee)	No
Number of shares held in the Company	1,100 Shares

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, 2013.

1. PERFORMANCE:-

PARTICULARS	2012-13	2011-12
Sales & Other Income	0.00	00.00
Less : Expenditure	1,609,205.00	3,314,453.00
Profit/(Loss) Before Extraordinary Items and Tax	(1,609,205.00)	(3,314,453.00)
Less : Extra ordinary items	0.00	(10,513,090.00)
Less : Provision for Taxation	0.00	0.00
Add/Less : Deferred Tax Liabilities	0.00	0.00
Loss for the year	(1,609,205.00)	(13,827,543.00)

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:

Companies (Disclosure of Particulars In The Report Of Board Of Directors) Rules, 1988 has been attached as an Addendum to Directors Report.

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. Material Changes:

The Company has established demat connectivity with Central Depository Securities (India) Limited (CDSL) and the Company has been allotted with ISIN - INE236PO1010.

10. MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis forms part of the Directors' Report is annexed hereto.

11. DIRECTORS:

There is no change in Board of Directors of Company. Pursuant to section 256 of the Companies Act, 1956 Mr. Kunal Naik who retire by rotation and being eligible for reappointment, offer himself for reappointment at the ensuing Annual General Meeting.

The above appointments/re-appointments forms part of the notice convening Annual General Meeting. The profile of these Directors as required under Clause 49 of the Listing Agreement entered with the Stock Exchange(s), are given in the notice convening Annual General Meeting.

12. 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. ACKNOWLEDGEMENT:

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.

For and On Behalf of Board of Directors

SD/-

SD/-

Mahesh Garodia Nishant Garodia
Director Director

Date: 29th May 2013

Place: Mumbai

Annexure to Director's Report

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

Form A – Form for Disclosure of Particulars with respect to Conservation of Energy

A. Power & Fuel Consumption

1.	Electricity:	31.03.2013	31.03.2012
	a) Purchased Units		
	Unit	NA	NA
	Total Amount	NA	NA
	Rate / unit	NA	NA
	b) Own generation –		
	(i) <i>Through Diesel Generator</i>	NA	NA
	Unit	NA	NA
	Units per ltr of diesel oil	NA	NA
	Rate/ unit	NA	NA
	(ii) <i>Through Steam turbine/generator</i>		
	Units	NA	NA
	Units per ltr of fuel oil/gas	NA	NA
	Cost/ units		
2.	Coal (specify quality and where used)		
	Quantity (tonnes)	NA	NA
	Total cost	NA	NA
	Average rate	NA	NA
3.	Furnace oil		
	Quantity (k. ltrs.)	NA	NA
	Total cost	NA	NA
	Average rate	NA	NA

4. Others/internal generation (please give details)		
Quantity	NA	NA
Total cost	NA	NA
Rate/unit	NA	NA
B. Consumption per unit of production (Standards if any)	31.03.2013	31.03.2012
	1	2
Products (with details) unit	NA	NA
Electricity	NA	NA
Furnace oil	NA	NA
Coal (specify quality)	NA	NA
Others (specify)	NA	NA

Form B : Form for disclosure of particulars with respect to absorption

31.03.2013 31.03.2012

Research & development (R & D)

The Company has not carried out any Research and Development in 2011-12 and 2012-13, Hence this Section is Not Applicable

1. Specific areas in which R & D carried out by the Company:

2. Benefits derived as a result of the R & D:

3. Future plan of Action

4. Expenditure on R & D:

a) Capital

b) Recurring

c) Total

d) Total R & D Expenditure as a percentage of Total turnover

NA

Technology, absorption, adaption and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.

NA

2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development,

import substitution, etc.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :

- (a) Technology imported.
- (b) Year of import.
- (c) Has technology been fully absorbed
- (d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action.

NA

C. Foreign Exchange Earnings & Outgo

31.03.2013

31.03.2012

1. Foreign Exchange Earnings	Nil	Nil
2. Foreign Exchange Outgo	Nil	Nil
3. Activities relating to exports; initiatives taken to increase exports	Nil	Nil
4. Development of new markets for products & services & export plans	Nil	Nil

For and On Behalf of Board of Directors

SD/-

SD/-

**Mahesh Garodia
Director**

**Nishant Garodia
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) Point 6.1, 6.2 & 6.3 in Auditors Report: 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 (now taken over by Phoenix Arc Pvt. Ltd.):

Clarification: In view of the heavy accumulated losses and suspension of the manufacturing activities for long time due to hefty competition from global markets, the Company has defaulted in the interest payments. However the Company is seeking options to revive its operations and to make it globally competitive

2) Point (i) (a),(b) & (c) in Annexure to Auditors' Report: Maintenance of proper records showing full particulars including qualitative details and situation of Fixed Assets:

Clarification: The documents got misplaced due to unforeseen reasons. However the Company has taken efforts for receiving Duplicate documents.

3) Outstanding payments to Financial Institutions / Banks as on 31st March, 2013:

Clarification: The Company could not make the payments due to some financial crisis. However, the Company shall arrange to make the payments at the earliest.

For and On Behalf of Board of Directors

SD/-

SD/-

Mahesh Garodia Nishant Garodia
Director Director

Date: 29th May 2013

Place: Mumbai

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.

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.

For and On Behalf of Board of Directors

SD/-

SD/-

Mahesh Garodia Nishant Garodia
Director Director

Date: 29th May 2013

Place: Mumbai

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 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.

None of the Directors on the Board is Member of more than ten committees or Chairman of more than five committees across all the public companies in which he is a Director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2013 have been made by the Directors.

During the financial year 4 Board meetings were held on 30th May, 2012, 13th August, 2012, 06th November, 2012 and 8th February, 2013.

The details of constitution of Board of Directors as on March 31, 2013 are as under:

Name of the Director	Category	No. of Board Meeting Attended	Attendance at Last AGM	No. of Directorship in other public limited Companies	Committee positions in other Companies*	
					Chairman	Member
Mr. Mahesh Garodia <i>Chairman</i>	Executive & Non-Independent	4	Yes	Nil	Nil	Nil

	Director					
Mr. Nishant Garodia	Executive Director & Non-Independent Director	4	Yes	Nil	Nil	Nil
Mr. Kunal Naik	Non-Executive & Independent Director	4	Yes	Nil	Nil	Nil
Mr. Brian Fernandes	Non-Executive & Independent Director	4	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, 4 Audit Committee meetings were held on 30th May, 2012, 13th August, 2012, 06th November, 2012 and 8th February, 2013.

Constitution of Audit Committee & related information

Name of the Director	Category	No. of Meetings attended during the financial year ended 31st March, 2013
Mr. Kunal Naik <i>Chairman</i>	Non Executive & Independent Director	4
Mr. Nishant Garodia	Executive Director	4
Mr. Brian Fernandes	Non Executive & Independent Director	4

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.

The Chairman of the Audit Committee Mr. Kunal Naik, was present at the Annual General Meeting, and replied to the shareholder's queries.

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 Directors have 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.

Complaints / request received from Shareholders during the period 1st April 2012 to 31st March 2013 and its status:

Opening Balance	Received during the year	Resolved during the year	Closing balance(*)
Nil	Nil	Nil	Nil

Name and designation of Compliance Officer:

Mr. Nishant Garodia has been appointed as Compliance Officer and can be contacted on the following address:

149/156, Garodia Shopping Centre,
Garodia Nagar, Ghatkopar (East),
Mumbai 400 077
Tel No.67983683
Fax No.66716149

7. GENERAL BODY MEETINGS

AGM for the Financial	Location of holding AGM	Date and Time of AGM
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Year		
2011 – 2012	Registered Office	29th September, 2012 at 11.00 a.m
2010 – 2011	Registered Office	30 th September,2011 at 11.00 a. m.
2009 – 2010	Registered Office	30 th September,2010 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.

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	<p>30th September, 2013 at 11:00 a.m. at 149/156, Garodia Shopping Centre, Garodia Nagar, Ghatkopar (East), Mumbai 400 077.</p> <p>As required under Clause 49(IV)(G)(i) of the Listing Agreements entered into with the Stock Exchanges, particulars of Directors seeking appointment/re-appointment at the forthcoming AGM are given in the</p>
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	Annexure to the Notice of the AGM to be held on 30 th September, 2013
Financial Year	1 st April ,2012 to 31 st March, 2013
Date of Book closure	26 th September 2013 to 30 th September 2013 (both days inclusive).
Dividend Payment Date	No Dividend declared
Listing on Stock Exchanges	Bombay Stock Exchange (BSE) Ahmedabad Stock Exchange (ASEL)
Stock Code	530161 on BSE
Market Price Data	46.12 (As on March 31, 2013)
Registrar and Transfer Agents	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078 Tel No.(022) 2596 3838 Fax No.(022) 2594 6969
Dematerialization of shares and liquidity	The Company has established demat connectivity with Central Depository Securities (India) Limited (CDSL) and the Company has been allotted with ISIN - INE236PO1010. The Company is in process of establishing connectivity with NSDL

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, 2013 was as under:

Nominal value of Shareholding	No. of Shareholders	% of Shareholders	Share Amount	% of Share Amount
Upto 5000	7,088	91.9206	10,461,000	14.5288
5001 to 10000	292	3.7868	2,523,000	3.5041
10001 to 20000	121	1.5692	1,926,000	2.6749
20001 to 30000	89	1.1542	2,247,000	3.1207
30001 to 40000	18	0.2334	654,000	0.9083
40001 to 50000	27	0.3501	1,335,000	1.8541
50001 to 100000	31	0.4020	2,435,000	3.3819
100001 and above	45	0.5836	50,421,000	70.0272
Total:	7,711	100.00	72,002,000	100.00

SHAREHOLDING PATTERN AS ON MARCH 31, 2013

Category	No. of shares held	Percentage of shareholding
A. Promoters' Holding		
1. Promoters		
-- Indian Promoters	3,534,400	49.09
--- Foreign Promoters	-	-
2. Person acting in Concert		-
Sub - Total	3,534,400	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)	952,700	13.23
c. FIIs	-	-
Sub - Total	952,700	13.23
4. Non – Institutions Investors		
a. Bodies Corporate	188,600	2.62
b. Individuals	1,791,800	24.89
c. NRIs/NRRs/ OCBs	644,500	8.95
d. Any Other (Directors & their Relatives & Friends)	88,200	1.22
Sub – Total	2,713,100	37.68
Grand Total	7,200,200	100

DEMATERIALISATION OF SHARES AND LIQUIDITY

The Company has established demat connectivity with Central Depository Securities (India) Limited (CDSL) and the Company has been allotted with ISIN - INE236PO1010.

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

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, 2013.

Place: Mumbai

Date: 29th May 2013

**SD/-
Nishant Garodia
Director & CEO**

CEO/CFO CERTIFICATION TO THE BOARD

To,
The Board of Directors
Garodia Chemicals Ltd
Mumbai

I Certify that --

- a. I have reviewed the financial statements and the cash flow statement for the year 2012-13 and that to the best of our knowledge and belief:
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - These statements together present a true and fair view of the Company affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2012-13 which are fraudulent, illegal or violative of the Company code of conduct;
- c. I accept responsibility for establishing and maintaining internal controls and that I have evaluated the effectiveness of the internal control systems of the Company and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which I am aware of and the steps we have taken or propose to take to rectify these deficiencies.
- d. I have indicated to the Auditors and the Audit Committee –
 - There are no significant changes in internal control over the financial reporting during the year 2012-13;
 - There are no significant changes in accounting policies during the year 2012-13; and that the same have been disclosed in the notes to the financial statements; and
 - There have been no instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.

Date : May 29, 2013
Place: Mumbai

Sd/-
Nishant Garodia
Director, CEO & Head of Finance

**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, 2013, 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 : May 29, 2013**

MILIND.K.MEHTA & CO.

22, VANIK NIWAS, GURUKUL LANE, TILAK ROAD, GHATKOPAR (E), MUMBAI – 400077
TEL NO: 25015302

AUDITORS' REPORT

**To,
The Members of
Garodia Chemicals Limited.**

Report on the Financial Statements:

1. We have audited the accompanying financial statements of Garodia Chemicals Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements:

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (“the Act”). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility:

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion:

- 6.1 *Attention is drawn to Note No. 21 of Notes on Financial Statements which is reproduced :
In view of heavy accumulated losses and suspension of the manufacturing activities, no provision has been made for the interest payable on different credit facilities granted by Central Bank of India as reflected in Note No. 5 of Notes on Accounts. The estimated amount of interest ` 3,69,54,833/- payable till 31st March 2013 (previous year Rs.3,07,82,601/-). The balances of loans and interest payable to Central Bank of India are subject to confirmation.*

The non-provision of interest of ` 3,69,54,883/- payable to Central Bank of India, the loss for the year is understated by ` 3,69,54,833/- and similarly the liability is understated by ` 3,69,54,833/- .

6.2 Attention is drawn to Note No. 22 of Notes on Financial Statements which is reproduced:

In view of heavy accumulated losses and suspension of the manufacturing activities, no provision has been made for the interest payable on term loan facilities granted by IDBI and now taken over by Aaskha Holdings Pvt Ltd as reflected in Note No. 4 of Notes on Financial Statements. The estimated amount of interest payable till 31st March, 2013 works out to ` 12,62,27,136/- (previous year Rs.10,96,17,086/-). The company is pursuing the matter for waiver of interest. The balances of loans and interest payable are subject to confirmation.

The non-provision of interest of ` 12,62,27,136/- payable to IDBI and now taken over by Aaskha Holdings Pvt Ltd, the loss for the year is understated by ` 12,62,27,136/- and similarly the liability is understated by ` 12,62,27,136/- .

6.3 Attention is drawn to Note No. 23 of Notes on Financial Statements which is reproduced :

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

In view of the above, the impact on the financial statements cannot be quantified.

6.4 Attention is drawn to Note No. 25 of Notes on Financial Statements which is reproduced :

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

The above being intention of the management for continuation of the business and the technicalities involved therein, we are unable to express any opinion on the above.

Opinion:

7 In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matters described in para 6- the basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of Statement of Profit and Loss, of the loss for the year ended on that date; and,

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

Report on Other Legal and Regulatory Requirements:

- 8 The Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 9 As required by section 227(3) of the Act, 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;
 - 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. except for the effects/possible effects of the matters described in para 6- the basis for Qualified Opinion paragraph , in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
 - f. since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Act nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Sd/-

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

PLACE OF SIGNATURE: MUMBAI

DATE: 29th May, 2013

Reg. : Garodia Chemicals Limited

Annexure to the Independent Auditors' Report

(Referred to in Paragraph 8 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. Attention is drawn to note no. 19 of the Notes on Financial Statements.
- (b) As per the information and explanations given to us, these fixed assets have not been physically verified by the management. In view of the same, we do not offer any comment on any material discrepancy which may be noticed on physical verification.
- (c) As per the information and explanations given to us, the Company has not disposed off substantial part of fixed assets during the year.
- (ii) (a)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), (iii)(c) and (iii)(d) are not applicable to the company.
- (e) The company has taken unsecured loans from one company, two directors and two other parties covered in the register maintained u/s. 301 of the Companies Act, 1956. The maximum amount involved during the year was ` 1,81,04,863/-. Such loans are interest free loans.
- (f) In our opinion the terms and conditions on which loans have been taken are not prejudicial to the interest of the company.
- (g) There is no stipulation for repayment of loans and hence, we do not offer further comments thereon.
- (iv) The Company has not made any transactions relating to purchase of inventories, fixed assets and sale of goods and services during the year under reference. Hence, clause 4(iv) of the order is not applicable to the company.

- (v) (a) According to the information and explanations given to us, the company has not entered in any contract and arrangement that need to be entered into the register maintained u/s.301 of the Companies Act, 1956 during the year under reference. Hence, clause 4(v)(a) of the order is not applicable to the company.
- (b) As per the information and explanations given to us, the company has not made any transactions in pursuance of contracts or arrangements entered in the register maintained u/s.301 of the Companies Act, 1956 exceeding the value of Rs.5 lakhs in respect of any party during the year and hence the clause 4(v)(b) of the Order is not applicable to the company.
- (vi) The Company has not accepted any deposits from the public. Therefore, the clause 4(vi) of the Order is not applicable to the company.
- (vii) As per the information and explanations given to us, the Company has suspended its manufacturing activities and in view of the same, the company does not have Internal Audit system commensurate with the size and nature of its business.
- (viii) In view of the suspension of the manufacturing operations, the cost records and accounts prescribed by the Central govt. u/s.209(1)(d) of the Companies Act, 1956 have not been made and maintained by the company.
- (ix)(a) In view of the suspension of the manufacturing operations for last number of years, according to the records of the Company, the Company is not liable to make any deposits of statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service-tax, Customs Duty, Excise Duty, Cess and other statutory dues with appropriate authorities whichever is applicable.
- (b) According to the information and explanations given to us, there are no disputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service-tax, Customs Duty, Excise Duty, Cess and other statutory dues which have remained outstanding as at 31st March, 2013;
- (x) According to the information and explanations given to us, the accumulated losses as at 31st March, 2013 are exceeding the net worth of the company and it has incurred cash losses during the year under reference and in 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. 21 & 22 of Notes on Financial Statements.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a Chit fund or a Nidhi benefit mutual fund / society. Therefore, the clause 4(xiii) of the Order is not applicable to the company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures & other investments. Accordingly, the clause 4(xiv) of the Order is not applicable to the company.

- (xv) As per the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions. Therefore, the clause 4(xv) of the Order is not applicable to the company.
- (xvi) As per the information and explanations given to us, the company has not raised any term loans during the year. Hence, the clause 4(xvi) of the Order is not applicable to the company.
- (xvii) The company has not used funds raised on short term basis for long term investment.
- (xviii) According to the information and explanations given to us, the company has not made preference share allotment of shares to parties and companies covered in the register maintained u/s.301 of the Act.
- (xix) According to the information and explanations given to us, during the year under reference, the company has not issued debentures. Hence, the clause 4(xix) of the Order is not applicable to the company.
- (xx) According to the information and explanations given to us, the company has not raised money by public issues during the year under reference. Hence, the clause 4(xx) of the Order is not applicable to the company.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year under reference.

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

Sd/-

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

PLACE OF SIGNATURE: MUMBAI.

DATE: 29th May, 2013

Garodia Chemicals Ltd.**Balance Sheet as at 31st March, 2013**

Particulars	Note	As at 31/03/2013	As at 31/03/2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	2	72002000	72002000
(b) Reserves and Surplus	3	-172285242	-170676037
(2) Non-current liabilities			
Long-term borrowings	4	28800000	28800000
(3) Current liabilities			
(a) Short-term borrowings	5	30836672	30119672
(b) Trade payables	6	870252	870252
(c) Other current liabilities	7	61674028	61906820
TOTAL		21897710	23022707
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8	17129282	18310025
(ii) Capital work-in-progress		11400	11400
(b) Non-current investments	9	0	0
(c) Long-term loans and advances	10	4616817	4616817
(2) Current assets			
(a) Inventories	11	0	0
(b) Trade receivables	12	0	0
(c) Cash and Bank Balances	13	140211	84465
(d) Other Current Assets		0	0
TOTAL		21897710	23022707
Significant accounting policies	1		
Accompanying Notes are an integral part of Financial Statements			

AS PER OUR REPORT OF EVEN DATE

FOR M.K.MEHTA & CO.
 CHARTERED ACCOUNTANTS
 REGISTRATION NO.: 129664W
 Sd/-
 (MILIND K. MEHTA)
 PROPRIETOR
 MEMBERSHIP NO. 47739

PLACE : MUMBAI
 DATED : 29TH MAY, 2013

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, 2013

Particulars	Note No.	For the year ended 31/03/2013	For the year ended 31/03/2012
I. Revenue from operations			
Sale of Products (Gross)		0	0
Other Incomes			
III. Total Revenue (I + II)		0	0
IV. Expenses:			
1) Purchases of Stock-in-Trade		0	0
2) Changes in inventories of finished goods, work-in-process and Stock-in-Trade	14	0	0
3) Employee benefits expense	15	35000	60000
4) Finance costs		0	0
5) Depreciation and amortization expense		1180743	1226841
6) Other expenses	16	393462	2027612
Total expenses		1609205	3314453
V. Loss before Exceptional and Extra ordinary items and tax (III-IV)		-1609205	-3314453
VI. Profit before extra ordinary items and tax		-1609205	-3314453
VII. Extra ordinary items	17	0	-10513090
VIII. Loss before tax (VI - VII)		-1609205	-13827543
IX. Tax expense:			
(1) Current tax :		0	0
(2) Deferred tax		0	0
		-1609205	-13827543
X. Loss for the period from continuing operation		0	0
XI. Loss from discontinuing operations		-1609205	-13827543
XII. Tax expense of discontinuing operations		0	0
XIII. Loss from discontinuing operations(After tax)		-1609205	-13827543
XIV. Loss for the period		-1609205	-13827543
XV. Earnings per equity share:			
1) Basic		-0.22	-1.92
2) Diluted		-0.22	-1.92
Significant accounting policies	1		
Accompanying Notes are an integral part of Financial Statements			

AS PER OUR REPORT OF EVEN DATE

FOR M.K. MEHTA & CO.

CHARTERED ACCOUNTANTS

REGISTRATION NO.: 129664W

Sd/-

(MILIND K. MEHTA)

PROPRIETOR

MEMBERSHIP NO. 47739

PLACE : MUMBAI

DATED : 29TH MAY, 2013

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, 2013.

Particulars	For the year ended 31/03/2013	For the year ended 31/03/2012
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before extra ordinary items and tax	-1609205	-3314453
Less : Fees paid to BSE considered as extra ordinary items		-951970
Profit after Fees paid to BSE and before tax	-1609205	-4266423
Add : Adjustments for :		
Depreciation expense	1180743	1226841
Changes in working capital :		
Decrease in TDS receivables	0	38973
Increase in Trade Payables	4598	0
Decrease in Tax deducted at source	-1100	-14042
Decrease in other liabilities	-236290	-64904
Cash generated from operations	-661254	-3079555
Less :- Income taxes paid	0	0
Net Cash from Operating Activities	-661254	-3079555
CASH FLOW FROM INVESTING ACTIVITIES	0	0
Net Cash from Investing Activities	0	0
CASH FLOW FROM FINANCING ACTIVITIES		
Unsecured Loans received during the year	717000	3115000
Net Cash from Financing Activities	717000	3115000
Net Increase in Cash & Cash equivalents	55746	35445
Cash & Cash equivalents at the beginning of the year	84465	49020
Cash & Cash equivalents at the end of the year	140211	84465

AS PER OUR REPORT OF EVEN DATE

FOR M.K. MEHTA & CO.

CHARTERED ACCOUNTANTS

REGISTRATION NO.: 129664W

Sd/-

(MILIND K. MEHTA)

PROPRIETOR

MEMBERSHIP NO. 47739

PLACE : MUMBAI

DATED : 29TH MAY, 2013

FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS

Sd/-

MAHESH GARODIA

(DIRECTOR)

Sd/-

NISHANT GARODIA

(DIRECTOR)

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.

e) Investments :

Investments are stated at cost.

f) Revenue Recognition:

- i) Revenue from sale of goods and steam is recognized when the substantial risk and rewards of ownership are transferred to the buyer under the terms of the contract.
- ii) Interest income is accrued at applicable rate.
- iii) Other items of income are accounted as and when right to receive arises.

g) Foreign Currency Transactions :

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

h) Provision for Taxation :

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

	As at 31/03/2013	As at 31/03/2012
2 Share capital :		
<u>Authorised:</u>		
1,00,00,000 Equity Shares of ` 10/- each (Previous year 1,00,00,000 Equity Shares of Rs. 10/- each)	100000000	100000000
<u>Issued, Subscribed and Paid up :</u>		
72,00,200 Equity Shares of ` 10/- each fully paid-up	72002000	72002000
TOTAL	72002000	72002000

There is no change in value and number of shares at the beginning and at the end of the reporting period.

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	As at
		31/03/2013	31/03/2012
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 31/03/2013	As at 31/03/2012
3 Reserves and Surplus :		
<u>Surplus i.e. balance in the statement of profit and loss</u>		
Balance as per last Balance Sheet	-170676037	-156848494
Add :- Balance in statement of profit & loss	-1609205	-13827543
TOTAL	-172285242	-170676037

	As at 31/03/2013	As at 31/03/2012
4 Long Term Borrowings :		
Term Loan From Aashka Holdings Pvt. Ltd.	28800000	28800000
(The term loan was originally taken from IDBI and subsequently taken over by Aashka Holdings Pvt. Ltd., is secured by hypothecation & first legal mortgage charge of immovable & movable properties.)		
TOTAL	28800000	28800000

		As at 31/03/2013	As at 31/03/2012
5	Short Term Borrowings :		
	I) Loans repayable on demand from banks- Secured		
	(a) Working Capital facilities from Central Bank of India (C.C. A/c)	9969610	9969610
	(b) Overdraft with Central Bank of India (O.D. A/c)	396000	396000
	(c) Overdraft with Central Bank of India	1843	1843
	(d) 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 31/03/2013	As at 31/03/2012
	II) Loans repayable on demand from others - Unsecured (Free of Interest)		
	(a) From related Parties	16334863	15617863
	(b) From others	1750000	1750000
	TOTAL (B)	18084863	17367863
	Short Term Borrowings		
	Total (A) + (B)	30836672	30119672

		As at 31/03/2013	As at 31/03/2012
6	Trade Payables :		
	Trade payables	870252	870252
	TOTAL	870252	870252

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

The Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Enterprises Development Act 2006, have been identified on the basis of information available with the Company. There are no dues owing by the Company to the Micro, Small and Medium Enterprises at the year end (at the end of the previous year Nil.)

		As at 31/03/2013	As at 31/03/2012
7	Other Current Liabilities :		
	(a) Interest accrued and due on borrowings	57791999	57791999
	(b) Creditors for capital expenditure	1402125	1402125
	(c) Sundry Creditors for expenses	2479042	2505096
	(d) Statutory dues payable	862	207600
	TOTAL	61674028	61906820

8 Tangible Fixed Assets

Sr. No.	Particulars	As at 01/04/2012	GROSS BLOCK		As at 3/31/2013	Upto 3/31/2012	DEPRECIATION		Upto 3/31/2013	NET BLOCK	
			Additions during the year	Sales / Deduction during the year			Adjusted on w/back sale	Provided during the Year		As At 3/31/2013	As At 3/31/2012
1	Free Hold Land	1091831			1091831			0		1091831	1091831
2	Building	35378535			35378535	18182378		1175460	19357838	16020697	17196157
3	Plant & Machinery	75351438			75351438	75351438			75351438	0	0
4	Office Equipment	203870			203870	181833		5283	187116	16754	22037
5	Furniture, Fixture	1021495			1021495	1021495			1021495	0	0
6	Vehicles	301000			301000	301000			301000	0	0
TOTAL :		113348169	0	0	113348169	95038144	0	1180743	96218887	17129282	18310025
PREVIOUS YEAR		113348169			113348169	93811303		1226841	95038144	18310025	19536866

		As at 31/03/2013	As at 31/03/2012
9	Non Current Investments - At cost		
(a)	Investments in Equity Shares- fully paid up(Other than trade investment)	155000	155000
(b)	Quoted investments : Aggregate Market Value Rs. NIL (Previous Year : Rs. NIL)		
		155000	155000
	Less : Provision for Dimunition in Value of investments	155000	155000
	TOTAL	0	0

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 31/03/2013	As at 31/03/2012
10	Long Term Loans and Advances : (Unsecured, considered good unless stated otherwise)		
(a)	Capital Advances (Considered Doubful)	2547271	2547271
(b)	Deposits (including ` 17,10,000/- considered doubtful)	5325000	5325000
(c)	Modvat Credit receivable (Input)	3437	3437
(d)	Modvat Credit receivable (Capital Goods)	998380	998380
		8874088	8874088
	Less : Provision Made	4257271	4257271
	TOTAL	4616817	4616817

		As at 31/03/2013	As at 31/03/2012
11	Inventories : (as taken, valued and certified by a director of the Company)		
(a)	Raw Materials	365704	365704
(b)	Works in Process	2067970	2067970
(c)	Finished goods	1499726	1499726
		3933400	3933400
	Less : Provision for loss in value of inventories	3933400	3933400
	TOTAL	0	0

		As at 31/03/2013	As at 31/03/2012
12 Trade Receivables :			
	Trade Receivables outstanding for a period exceeding six months (Unsecured & Considered Doubtful)	2360997	2360997
	Less : Provision made	2360997	2360997
	TOTAL	0	0

		As at 31/03/2013	As at 31/03/2012
13 Cash and Bank Balances :			
	<u>Cash and cash equivalents</u>		
	(a) Cash on hand	63646	73647
	(b) With Bank in Current Accounts	76565	10818
	TOTAL	140211	84465

		For the year ended 31/03/13	For the year ended 31/03/12
14 Changes in Inventory of Finished goods, work in progress and stock in trade :			
	(a) <u>Manufactured goods (Chemicals) :</u>		
	Opening Stock	1499726	1499726
	Closing Stock	1499726	1499726
	TOTAL (a)	0	0
	(b) <u>Work in Process (Paper) :</u>		
	Opening Stock	2067970	2067970
	Closing Stock	2067970	2067970
	TOTAL (b)	0	0
	TOTAL (a+b)	0	0

		For the year ended 31/03/13	For the year ended 31/03/12
15 Employee Benefits Expenses :			
	Salaries and wages	35000	60000
	TOTAL	35000	60000

		For the year ended 31/03/13	For the year ended 31/03/12
16	Other Expenses :		
	Bank charges	574	1859
	Interest on late payment of TDS	2097	1395
	Advertisement expenses	88437	106934
	Filing fees		100000
	Legal and Professional fees	470554	1549979
	MIDC Tax		33300
	Fees to BSE Ltd.	28090	16545
	Payments to Auditors :		
	Audit Fees	10000	10000
	Printing & Stationery		3248
	Processing fees		22060
	Postage, Courier & Internet charges	30000	54299
	Sundry expenses		1600
	Sundry balances written off		87420
	TDS receivable written off		38973
		629752	2027612
	Less: Credit Balances written back	236290	
	TOTAL	393462	2027612

		For the year ended 31/03/13	For the year ended 31/03/12
17	Extra ordinary items :		
	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	0	10513090

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

19 The manufacturing activities have been suspended by the company and the plant is closed. In view of the same the Plant and Machinery, Office Equipments, Furniture and Fixture have not been physically verified. The relevant records are yet to be maintained.

20 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. 2,39,556/- (Previous Year Rs. 2,39,556/-) has not been provided for in the accounts and hence, not included in the valuation of inventory of such products.

- 21 In view of heavy accumulated losses and suspension of the manufacturing activities, no provision has been made for the interest payable on different credit facilities granted by Central Bank of India as reflected in Note No. 5 above. The estimated amount of interest Rs.3,69,54,833/- payable till 31st March 2013 (previous year Rs.3,07,82,601/-). The balances of loans and interest payable to Central Bank of India are subject to confirmation.
- 22 In view of heavy accumulated losses and suspension of the manufacturing activities, no provision has been made for the interest payable on term loan facilities granted by IDBI and now taken over by Aaskha Holdings Pvt Ltd as reflected in Note No. 4 above. The estimated amount of interest payable till 31st March, 2013 works out to Rs.12,62,27,136/- (previous year Rs.10,96,17,086/-) The company is pursuing the matter for waiver of interest. The balances of loans and interest payable are subject to confirmation.
- 23 The liabilities to Central Bank of India for the various credit facilities granted as shown in Note No. 5 have been taken over by Phoenix Arc Pvt. Ltd. as per the agreement entered into by and between Central Bank of India and Phoenix Arc Pvt. Ltd. Phoenix Arc Pvt. Ltd. has served notice to company for recovery of dues of Rs.715.50 Lacs. The Company has not accepted the liability and has disputed the agreement and has obtained a stay of recovery from DRT. Phoenix Arc Pvt. Ltd. has taken the symbolic possession of mortgaged premises i.e. 2nd charge on factory and 1st charge on 1000 sq. ft. of office premise owned by a Director. The matter is pending with DRT for final hearing and disposal.
- 24 Contingent liabilities and commitments to the extent not provided for :**
- Necessary disclosures have been made in Note No. 20 to 23.
- 25 Financial statements have been prepared in accordance with the fundamental accounting assumption that the company is a going concern.
- 26 Figures of the previous year have been regrouped or rearranged wherever necessary.

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

**PLACE : MUMBAI
DATED : 29TH MAY, 2013**

**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 :

<u>Sr. No.</u>	<u>Name</u>	<u>Amount Rs. 3/31/2013</u>	<u>Amount Rs. 3/31/2012</u>
1	Shri Mahesh Garodia (Director)	15386409	14669409
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	<u>16334863</u>	<u>15617863</u>

Loans Repayable on demand from Others

<u>Sr. No.</u>	<u>Name</u>	<u>Amount Rs. 3/31/2013</u>	<u>Amount Rs. 3/31/2012</u>
1	Gautam M. Bhukhandwala (HUF)	50000	50000
2	Gujarat Fiscon Ltd.	1200000	1200000
3	Welplace Portfolio & Finance Consultant	500000	500000
	Total	<u>1750000</u>	<u>1750000</u>

Trade Payables :

<u>Sr. No.</u>	<u>Name</u>	<u>Amount Rs. 3/31/2013</u>	<u>Amount Rs. 3/31/2012</u>
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	<u>870252</u>	<u>870252</u>

Other Current Liabilities :

Sr. No.	Name	Amount	
		Rs.	
		3/31/2013	3/31/2012

I Interest accrued and due on borrowings :

i) To I.D.B.I. Now payable to Aaskha Holdings Pvt. 51606114 51606114

ii) Central Bank of India 6185885 6185885

Total 57791999 57791999

II Creditors for Capital expenditure :

1	Arihant Steel	105835	105835
2	B. Patel & Co.	9682	9682
3	Central Hardware & Tools	20976	20976
4	Chem-pha Eng. Co.	275337	275337
5	Elastomer Lining Works	10371	10371
6	Fit Well Engg. Co.	19319	19319
7	Industrial Engg. Services	211950	211950
8	Mahavir Agencies	9848	9848
9	Mg Engineers	13142	13142
10	New Bombay Trading	7359	7359
11	Newkem Engg. P. Ltd.	57285	57285
12	Numech Eng. Co.	101168	101168
13	Paharpur Cooling Towers Ltd.	21280	21280
14	Phils Engineering co.	217140	217140
15	Psk Technpwell Linings	67417	67417
16	Raju Enterprises	3750	3750
17	Ram Milan Sharma	6331	6331
18	Sadhna Forge	97097	97097
19	Samarth Engg. Works	17099	17099
20	ShreenathEnterprises	30576	30576
21	Unique Grils	5090	5090
22	Unique Sales Agency	6037	6037
23	Vapor Engg. P. Ltd.	81260	81260
24	Vasu Enterprises	6776	6776

Total 1402125 1402125

III Sundry Creditors for Expenses :

	<u>3/31/2013</u>	<u>3/31/2012</u>
1 Ajay Transport Services	4540	4540
2 Anand Automotive India	63580	63580
3 A.P. Doshi & Co.	21750	21750
4 Bombay Waterproof Company Glitter Aircondition	29386	29386
5 Glitter Aircondition Engineers	12300	12300
6 Kamal Mehta	95000	95000
7 Klean Environmental Consultant P. Ltd.	27500	27500
8 Link Intime India Pvt. Ltd.	7754	5956
9 Milind K. Mehta & Co.	14500	11700
10 Naren Shroff & Ass.	36600	36600
11 Om Enterprises	28000	28000
12 Orient Press Limited	10402	10402
13 Power Control	23050	23050
14 Professional Tax (Employee)		20454
15 Ramnik Doshi	17000	17000
16 Sai Shradha Engg. Works	23600	23600
17 San Systems	10625	10625
18 Value Added Tax Payable		10198
19 Vivek Automobiles.	89717	89717
20 Electricity Payable	1610698	1610698
21 Pollution Control Exp. Payable	508	508
22 Rent Payable	12000	12000
23 Salary Payable	123119	123119
24 Telephone Exp. Payable	15912	15912
25 Water charges payable (M.I.D.C.)	201501	201501
Total	<u>2479042</u>	<u>2505096</u>

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	862	1962
Total	<u>862</u>	<u>207600</u>

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 Monday, 30th September, 2013 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 _____ 13

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.

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 Monday, 30th September, 2013

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 Monday, 30th September, 2013 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 : _____

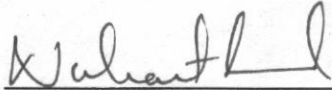

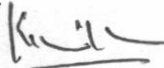
Full Name of the Proxy : _____
(In BLOCK LETTERS)

Signature of the shareholder/
Proxy : _____

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

Form B

Format of covering letter of the annual audit report to be filed with the stock exchange

1.	Name of the Company	Garodia Chemicals Limited
2.	Annual financial statement for the year ended	31 st March, 2013
3.	Type of Audit Qualification	Matter of Emphasis
4.	Frequency of Qualification	Appeared repetitive.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report	Please refer to Note No 6.1, 6.2 & 6.3 of Auditors Report and Note No: 21, 22, 23 of Notes on Financial Statements; Note No (i)(a) of Annexure to Auditors Report and Note No: 19 Notes on Financial Statements. Please also refer Addendum to Directors Report for management response to the said qualifications.
6.	Additional Comments from the board/audit committee chair:	The Company is in process of reviving its operations
5.	To be signed by-	
	• CEO/Managing Director	 Nishant Garodia CEO
	• CFO	The Company has not appointed any CFO.
	• Auditor of the Company	 For M/s M.K.Mehta & Co (Milind K. Mehta) Chartered Accountants
	• Audit Committee Chairman	 Kunal Naik Chairman of Audit Committee

Date: 29th May 2013