

# **NOTICE**

## **OCEAN AGRO (INDIA) LIMITED**

NOTICE is hereby given that the 21<sup>ST</sup> Annual General Meeting of the members of M/s OCEAN AGRO (INDIA) LIMITED will be held on Saturday the 24<sup>th</sup> September 2011 at the 22, Dolly Complex, Stadium Circle, Navrangpura, Ahmedabad - 380 006 at 12.30 p.m. to transact the following business:-

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### **ORDINARY BUSINESS**

1. To consider and adopt the Audited Balance Sheet as on 31st March 2011 and Profit and Loss Account for the year ended on 31st March 2011 together with Directors' and Auditors' Report
2. To appoint a Director in place of Manharbhai D. Patel who retires by rotation and is eligible for reappointment.
3. To appoint the Auditor to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### **SPECIAL BUSINESS**

**To Consider and, If thought fit, to pass with or without modification(s) the Following resolutions as Special Resolutions:**

#### **Item No. 4**

**“RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 ,311 and other applicable provisions if any of the Companies Act, 1956 and subject to the approval of members, the Company hereby accords its approval to appoint Shri Kaushik.B.Parikh as the Managing Director of the Company for a period of 3 Years w.e.f 1<sup>st</sup> June, 2011 on an aggregate remuneration of not exceeding Rs. 18.00 Lacs p. a in addition he shall be entitled such commission as may be decided by the Board from time to time subject to the limit specified in Schedule XIII of the Companies Act, 1956.”

#### **Item No. 5**

**“RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 ,311 and other applicable provisions if any of the Companies Act, 1956 and subject to the approval of members, the Company hereby accords its approval to appoint Shri Manharbhai Patel as the Joint Managing Director of the Company for a period of 3 Years w.e.f 1<sup>st</sup> June, 2011 on an aggregate remuneration of not exceeding Rs. 18.00 Lacs p. a in addition he shall be entitled such commission as may be decided by the Board from time to time subject to the limit specified in Schedule XIII of the Companies Act, 1956.”

#### **Item No. 6:**

**“RESOLVED THAT** pursuant to the Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, [including any statutory modification(s) or re-enactment thereof, for the time being in force], the Articles of Associations of the company be and are hereby altered by inserting the following new clause to existing Article 2 and new Articles 181(a) to 181(b) after the existing Articles 181 and new Articles 183(a)(i) to 183(a)(iii) after the existing Articles 183”.

**New Clause in Article 2 after the clause “Document”:**

“Electronic mode means video conference facility i.e. audio-visual electronic communication facility employed which enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting”.

**Article 181(a)**

The notice of the meeting shall inform directors regarding availability of participation through video conference, and provide necessary information to enable director to access the available facility of videoconferencing.

**Article 181(b)**

The notice of the meeting shall also seek confirmation from the directors as to whether he will attend the meeting physically or through electronic mode and shall also contain the contact number(s) / e-mail addresses of the Secretary / designated officer to whom the director shall confirm in this regard. In the absence of any confirmation from the Directors, it will be presumed that he will physically attend the Board meeting.

**Article 183(a) (i)**

Director participating in a meeting through use of video conference shall be counted for the purpose of quorum.

**Article 183(a) (ii)**

The place where the Chairman or Secretary is sitting during the Board meeting shall be taken a place of meeting in terms of section 288 of the Act, and all recordings will be made at this place.

**Article 183(a) (iii)**

Video recording of the meeting will be preserved by the company for the prescribed time from the conclusion of the meeting.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (“the Board”, which expression shall also include a Committee thereof) be and they are hereby authorised to do any acts and things as may necessary to give effect to the aforesaid resolution.”

By Order of the Board

Place: Vadodara  
Date: 30<sup>th</sup> May 2011

**Registered Office**  
A – 207, Oxford Avenue,  
Opp. C. U. Shah College  
Ashram Road  
Ahmedabad 380 014

Shri K. B. Parikh  
Managing Director

## NOTES

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself on a poll and that a proxy need not be a member. Proxies, in order to be effective, forms must be received at the Company's Registered Office not less than 48 hours before the commencement of the Meeting.
2. Additional information pursuant to Clause 49 of the Listing Agreement with stock exchanges, on directors recommended for reappointment at the Annual General Meeting, is given in this notice.
3. The Register of Beneficial Owners, Register of Members and Share Transfer Book of the Company shall remain closed from 19<sup>th</sup> September 2011 to 23<sup>rd</sup> September 2011 both days inclusive.
4. Members / proxies should bring their copy of the Annual Reports and Accounts along with Attendance Slip (duly completed) when attending the Meeting.
5. Members are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
6. Details of Directors seeking re-appointment and appointment as per Item No. 2, 4 and 5 of the Ordinary Business in ensuing Annual General Meeting to be held on 24<sup>th</sup> September 2011 are as under:

Name of Directors	Kaushik B. Parikh
Date of Birth	10.11.1949
Date of Appointment	01.06.2011
Education	B.Sc.
Expertise in specific functional areas	Mr. K.B. Parikh, who is Managing Director of the Company, has been very successful entrepreneur with high vision and has to his credit several path breaking achievements. He holds a Bachelor of Science degree from Gujarat University. Prior to starting our Company, since 1973, he was managing manufacturing and commercial activities of Pesticides, Industrial Plastics and Innovative System. He has more than 37 years experience in the agrochemicals industry and more than 28 years of experience in the polymer processing industry. He is Chairman and Managing Director. He currently oversees the corporate affairs and Finance of our Company and is responsible for all the major policy decisions.
List of outside Directorship Held	8
Chairman / Member of the Committee of the Board of Directors of the Company	YES
Chairman / Member of the Committee of the Board of Directors of the other Public Limited Company	NIL
Share Holding	29,83,826 Shares (44.24%)
Relationship with other directors	NIL

Name of Directors	Manharhai D. Patel
Date of Birth	27.04.1947
Date of Appointment	01.06.2011
Education	M.Sc.
Expertise in specific functional areas	Mr. M.D. Patel, is an eminent scientist and is an expert in the Agrochemicals field. He has also introduced, by his personal innovation, several new products which have proved highly successful in actual trials. He is the Joint Managing Director of our Company since incorporation of our Company in 1990. He holds a Masters of Science degree from Sardar Patel University, Gujarat. Since 1971, he is managing manufacturing and commercial activities of Agrochemicals. He has more than 37 years of experience in the agro chemicals industry and more than 30 years experience in the organic agro products. He currently oversees the technical development and manufacturing functions of the company, as well as marketing of the agro products.
List of outside Directorship Held	5
Chairman / Member of the Committee of the Board of Directors of the Company	
Chairman / Member of the Committee of the Board of Directors of the other Public Limited Company	Nil
Share Holding	86578 Shares (1.28%)
Relationship with other directors	Nil

By Order of the Board

Place: Vadodara  
Date: **30<sup>th</sup> May 2011**

**Registered Office**  
A – 207, Oxford Avenue,  
Opp. C. U. Shah College  
Ashram Road  
Ahmedabad 380 014

Shri K. B. Parikh  
Managing Director

## **Explanatory Statement under section 173(2) of the Companies Act, 1956**

### **Item No. 4**

Shri K. B. Parikh has contributed a lot in the progress of the Company in all areas of business during his term of office. He is deeply involved in the day-to-day management of the company and takes keen interest in various on going activities of the Company. It is in the interest of the Company to appoint him for further period of 3 years. In the meeting of Board of Directors held on 30<sup>th</sup> May 2011 he is appointed as Managing Director for 3 years from 01/06/2011 to 31/05/2014 subject to the approval of members.

The Board commends the resolution at item No. 4 for approval of members. No Directors other than Shri Kaushik Parikh is in any manner concerned or interested in the said resolution.

### **Item No. 5**

Shri M. D. Patel has contributed a lot in the progress of the Company in all areas of business during his term of office. He is deeply involved in the day-to-day management of the company at operation level and takes keen interest in various on going activities of the Company. It is in the interest of the Company to appoint him for further period of 3 years. In the meeting of Board of Directors held on 30<sup>th</sup> May 2011 he is appointed as Joint Managing Director for 3 years from 01/06/2011 to 31/05/2014 subject to the approval of members.

The Board commends the resolution at item No. 5 for approval of members. No Directors other than Shri M. D. Patel is in any manner concerned or interested in the said resolution.

### **Item No. 6**

The Ministry of Corporate Affairs (MCA) has taken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by the Companies Act and the Information Technology Act, 2000 for legal validity of compliances under Companies Act, 1956 through electronic mode.

In the light of the above provisions and circumstances, the MCA clarified by its General Circular No. 28/2011 dated May 22, 2011 that directors of a company may participate in a in the meeting of Board / Committee of directors meeting under the provision of Companies Act, 1956 through electronic mode. For this purpose, the company shall also comply with certain requirements and procedures, in addition to the normal procedures required under the Companies Act, 1956 for holding meetings of Board / Committee of directors. Hence, it is felt necessary to amend the Articles of Association so as to incorporate these new provisions into the Articles of Association of the Company.

With issuance of said General Circular of MCA, certain provisions of Companies Act pertaining to the meetings of directors have implications with a view to facilitating the operation of the said provisions in the meeting of Board / Committee of directors. In view of this, consequent changes are required to be incorporated in the Articles of Association of the company.

The Board of Directors recommends the resolution for your approval.

A copy of the Memorandum and Articles of Association of the company together the proposed alterations would be available for inspection by the directors at the Registered Office of the company during the business hours on any working day.

None of the Directors of the company is, in any way concerned or interested in the Resolution.

## **The Statement as per Clause (iv) of B of the Part II of Schedule XIII of Companies Act, 1956**

**(A)**

### **I GENERAL INFORMATION:**

1. Nature of Industry: The Company is operating in the Bio fertilizers Industry.
2. Date of Commencement of commercial production: 12-04-1994
3. Financial Performance:
  - (i) Turnover – Rs. 147,607,826.70
  - (ii) Profit (Before Tax) – Rs. 2,180,165.58
  - (iii) EPS – 0.03
4. Export Performance and net foreign exchange collaborations: N.A.
5. Foreign Investments or collaborations: N.A.

### **II INFORMATION ABOUT THE APPOINTEE:**

#### 1. Background Details:

i	Name	:	Kaushik B. Parikh
ii	Date of Birth	:	10th November, 1949
iii	Qualification	:	B.Sc.
iv	Occupation	:	Business

#### 2. Past Remuneration:

Rs. 10,02,959 Per Annum

#### 3. Recognition, Job Profile and his Suitability :

Mr. K.B. Parikh, who is Managing Director of the Company, has been very successful entrepreneur with high vision and has to his credit several path breaking achievements. He holds a Bachelor of Science degree from Gujarat University. Prior to starting our Company, since 1973, he was managing manufacturing and commercial activities of Pesticides, Industrial Plastics and Innovative System. He has more than 37 years experience in the agrochemicals industry and more than 28 years of experience in the polymer processing industry. He is Chairman and Managing Director. He currently oversees the corporate affairs and Finance of our Company and is responsible for all the major policy decisions.

#### 4. Remuneration proposed:

Not exceeding Rs. 18.00 Lacs Per Annum

5. Comparative Remuneration Profile: The Company is engaged in manufacturing of bio fertilizers in the organized sector. Other manufactures in the unorganized sector. To this therefore not possible to give comparison of peer group.
6. Pecuniary Relationship with company or managerial personnel: No

### III OTHER INFORMATION:

1. Reason of loss or Inadequate Profits:  
The steep increase in cost of inputs, transport charges for raw material and finished goods has reduced the profit. The inflationary pressure has compelled to increase the wage payments. Moreover, due to cheap imports of inferior products from china and unhealthy competitions are important factors for reduced profit.
2. Steps taken or proposed to be taken for improvement:  
Company is implementing SAP ERP. Product mix is being changes to make liquid product more volume which will generate more revenue and bigger market. Company is trying to approach end users(Farmers) through call centre.
3. Expected increase in productivity and profits in measurable terms:  
Company is excepting 10 percent rise in sales by direct approach method. Company is putting two more new products which will enhance profitability.

### IV DISCLOSURE:

The remuneration of Rs. 18,00,000 paid to Managing Director includes Salary, Dearness Allowance, Perquisites and other allowances. It does not include contribution to provident fund, superannuation fund or annuity fund, gratuity or leave encashment.

### (B)

#### I GENERAL INFORMATION:

1. Nature of Industry: The Company is operating in the Bio fertilizers Industry.
2. Date of Commencement of commercial production: 12-04-1994
3. Financial Performance:
  - i. Turnover – Rs. 147,607,826.70
  - ii. Profit (Before Tax) – Rs. 2,180,165.58
  - iii. EPS – 0.03
4. Export Performance and net foreign exchange collaborations: N.A.
5. Foreign Investments or collaborations: N.A.

#### II INFORMATION ABOUT THE APPOINTEE:

1. Background Details:

i	Name	:	Manharbhai D. Patel
ii	Date of Birth	:	27th April, 1947
iii	Qualification	:	M.Sc.
iv	Occupation	:	Business

2. Past Remuneration:

Rs. 10,02,959 Per Annum

3. Recognition, Job Profile and his Suitability :

Mr. M.D. Patel, is an eminent scientist and is an expert in the Agrochemicals field. He has also introduced, by his personal innovation, several new products which have proved highly successful in actual trials. He is the Joint Managing Director of our Company since incorporation of our Company in 1990. He holds a Masters of Science degree from Sardar Patel University, Gujarat. Since 1971, he is managing manufacturing and commercial activities of Agrochemicals. He has more than 37 years of experience in the agro chemicals industry and more than 30 years experience in the organic agro products. He currently oversees the technical development and manufacturing functions of the company, as well as marketing of the agro products, Job Profile and his Suitability:

4. Remuneration proposed:

Not exceeding Rs. 18.00 Lacs Per Annum

5. Comparative Remuneration Profile: The Company is engaged in manufacturing of bio fertilizers in the organized sector. Other manufactures in the unorganized sector. To this therefore not possible to give to give comparison of peer group.

6. Pecuniary Relationship with company or managerial personnel: No

### III OTHER INFORMATION:

1. Reason of loss or Inadequate Profits: N.A.

The steep increase in cost of inputs, transport charges for raw material and finished goods has reduced the profit. The inflationary pressure has compelled to increase the wage payments. Moreover, due to cheap imports of inferior products from china and unhealthy competitions are important factors for reduced profit.

2. Steps taken or proposed to be taken for improvement: N.A.

Company is implementing SAP ERP. Product mix is being changes to make liquid product more volume which will generate more revenue and bigger market. Company is trying to approach end users(Farmers) through call centre.

3. Expected increase in productivity and profits in measurable terms:

Company is excepting 10 percent rise in sales by direct approach method. Company is putting two more new products which will enhance profitability.

### IV DISCLOSURE:

The remuneration of Rs. 18,00,000 paid to Joint Managing Director includes Salary, Dearness Allowance, Perquisites and other allowances. It does not include contribution to provident fund, superannuation fund or annuity fund, gratuity or leave encashment.



## DIRECTOR'S REPORT

To,  
The Members,  
Your Directors have pleasure in presenting the 21<sup>st</sup> Annual Report together with the Audited Accounts of the company for the year ended 31<sup>st</sup> March 2011.

### 1. FINANCIAL PERFORMANCE :- (Rs. In lacs)

	Year ended 31/03/2011 Rs	Year ended 31/03/2010 Rs
Income for the year was	147607826	128418945
The year's working shows a Gross Profit of	8701024	8924286
Out of which, Provisions have been made for :- Depreciation	6520859	6577064
Provision for Taxation :		
(i) Current Income Tax	2000000	800000
(ii) Deferred Tax	0	0
Provision for doubtful debts	0	0
Previous year expenses	0	0
Profit after Income Tax	180165.58	1547221

### 2. DIVIDEND :-

In view of inadequate profit during the financial year under review, the Directors are unable to declare dividend.

### 3. OPERATIONS & FUTURE PROJECTS :-

During the year under report turnover has increased from Rs. 1390.11 lacs to Rs. 1500.21 lacs but the profit after tax has gone down from Rs. 15.47 lacs to Rs. 1.80 lacs. The Directors are endeavoring to improve the performance of the Company in the coming years. For the project of creating data base as discussed last year for above three million farmers across the country is in progress and will start on pilot scale this year. This will enable the Company to have direct communication with the end user to provide customized solution and create huge market for the company's product.

#### **Future Prospects:**

Indian farmers are unfortunate sufferers from fertilizer shortage. Major cause is poor logistics and distribution network as well as delay in procurement of imported fertilizers by various agencies. Even with the best government efforts, majority of the farmers are not fortunate to have required type and quantity of fertilizers at right time.

Government of India has started ADHAR Scheme to give unique ID to all citizens of the country. One benefit of the same will be distribution of Fertilizers Subsidy directly to the end users. i.e. farmers. This will lead to commercial rate of fertilizer which will be much higher than prevailing subsidized rate. Our products will be more in demand as it will be cheaper or competitive.

Your Company has identified a unique opportunity in this scenario, where in identification and interaction with progressive farmers for testing BIO FERTILIZERS (organic fertilizer produced by us). Once these products are tested and accepted by the farmers, it will create sustainable

demand. This will lead to their adopting our products and acting as ambassadors to the small and marginal farmers.

Your company is modifying the Bio Fertilizer (DELTA) to make it more competitive. The liquid products mainly Amrutsanjivani has been tried and has performed to the satisfaction of farmers for soil application (giving while irrigation). This has opened up new avenues for new market.

Your Company is looking into the possibility of starting a hi-tech manufacturing plant to produce bio technology based organic fertilizers on economical scale.

The trials for bio technology based bio fertilizers is under progress and it is expected to get ready for field trials next year.

Project of collecting and creating a database of farmers throughout Gujarat has been started in four districts. This database will make direct-communication via call-centers a real possibility for the firm and help the company cater directly to the needs of the final consumers and also help motivate progressive farmers. Your company is planning to develop individually crop specific sustainable organic farming using bio technology based products, with these farmers, on whose success, Your Company will gain opportunity for organic growth.

As mentioned last year the farmer's data has been collected for four districts and several meetings with farmers have been conducted. The contact centre (Call Centre) for providing customized solutions for increasing yield will start on trial basis in October 2011. This will create platform for developing a system and procedure to provide training to selected farmers. Moreover the performance of your company's product on farmers field will be well documented and results will be conveyed to other farmers for adopting company's product in short time.

#### **4. INDUSTRIAL RELATIONS :-**

Industrial relations remained cordial throughout the year. Your Directors place on record their deep appreciation of the contribution made by the employees at all levels. Measures have been taken for Human Resources Development.

#### **5. DIRECTORS :-**

Shri Manhar Patel retires from the Board by rotation and being eligible, offer himself for re-appointment.

#### **6. INSURANCE :-**

The Assets of the company have been adequately insured.

#### **7. PUBLIC DEPOSIT :-**

During the period under review the company has not mobilized resources by way of deposit from the public.

#### **8. CORPORATE GOVERNANCE REPORT :-**

Pursuant to clause 49 of the Listing Agreement of the company with the Stock Exchanges, the Management Discussion & Analysis Report, Report on Corporate Governance, and certification by the Managing Director (CEO) confirming compliance by all the Board Members and Senior Management personnel with Company's Code of Conduct are made a part of the Annual Report. A certificate regarding compliance of conditions of Corporate Governance as stipulated under the aforesaid clause 49 is attached to this report.

#### **9. DIRECTOR'S RESPONSIBILITY STATEMENT :-**

Pursuant to requirement under section 217(2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed :

1. that in the preparation of the Account for the financial year ended 31<sup>st</sup>  
March, 2011 the applicable standards have been followed along with proper explanation relating to material departures ;

2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the, state of affairs of the company as at 31<sup>st</sup> March 2011 and of the profit of the company for the year ending on that date ;
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other Irregularities :
4. that the Directors have prepared the accounts for the financial year ended on 31<sup>st</sup> March, 2011 on a going concern basis.

#### **10. AUDITOR AND ITS OBSERVATION**

M/s Ambalal M Shah & Co. Chartered Accountants, retire as Auditor of the company and being eligible, offer themselves for re-appointment. A certificate is obtained from them that their re-appointment, if made, will be within the limit prescribed under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of Section 226 of the said Act.

The observations of the Auditors are duly explained in Schedule P 2 to the Annual Accounts.

#### **11. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.**

As required under section 217 (1) (e) of the Companies Act,1956 and the rules made therein, the concerned particulars relating to Energy conservation, Technology Absorption, Foreign Exchange Earning and outgo are not applicable to the Company.

#### **12. PARTICULARS OF EMPLOYEES**

Particulars of employees in accordance with the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules, 1975 as amended are not given as none of the employees qualify for such disclosure.

#### **13. ACKNOWLEDGEMENT**

The directors extend their sincere thanks to the Bankers, Financial Institutions, Central Government and State Government Authorities and all associated with the company for the co-operation.

The directors also place on record the efforts made by the employees, workers and all other associated with the company for making their organisation successful.

**For and on behalf of the Board**

Place : Vadodara  
Date : 30<sup>th</sup> May 2010  
Managing Director

Kaushik Parikh                      M. D. Patel  
Managing Director                      Joint

## **IMPORTANT COMMUNICATION**

### **Green Initiative in Corporate Governance**

The Ministry of Corporate Affairs ('MCA') has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode vide circular no. 18/2011 dated 29.04.2011, permitting the companies to send various notices / documents (including notice calling Annual General Meeting, Audited Financial Statements, Directors Report, Auditors' Report etc) to their shareholders through electronic mode, to the registered e-mail addresses of the shareholders.

To support the 'Green Initiative, members holding shares in demat form are requested to provide their email id to the depository through their concerned depository participant and members holding shares in physical form are requested to provide email id to the company's RTA, M/s Sharepro Services (India) Pvt. Limited by filling the form available on their website at [www.shareproservices.com](http://www.shareproservices.com) and also update the email address as and when there is any change.

**CERTIFICATE  
on Corporate Governance**

To,  
The members of  
Ocean Agro (India) Limited

We have examined the compliance of Corporate Governance by Ocean Agro (India) Limited (“the Company”) for the year ended on 31<sup>st</sup> March 2011 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 procedures and implementations thereof adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

Ahmedabad  
May 30, 2011

CS Ashwin Shah  
Company Secretary  
C. P. No. 1640

# CEO / CFO CERTIFICATE

## TO WHOMSOEVER IT MAY CONCERN

We Certified to the Board that:

- (a) We have reviewed financial statement and the cash flow statement for the year and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) 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.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:-
  - (i) significant changes in internal control during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which they 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.

For Ocean Agro (India) Limited

Date: 30th May 2011  
Place: Vadodara

Shri K. B. Parikh  
Managing Director

# MANAGEMENT DISCUSSION

## Sustainable Agriculture v/s Conventional Agriculture

Today world over farmer uses chemical fertilizers weedicides, Pesticides and Growth regulators for higher yield. The Green revolution's toolkit probably saved more than a billion people from starvation. For 30 years it was feted as a great success. However, the way it was implemented in some countries caused not only considerable environmental damage but also social upheaval.

Farmer gets more yield, but at higher input cost and also at cost of eco system and human health.

Because of higher input cost there is not much profit and same time it is loss making. Some time farmer makes heavy loss and become bankrupt and suicide.

Guntur area in Andhra Pradesh and Vidarabh and Marathawad in Maharashtra is cotton growing area, where farmer use tones of chemical Pesticides and make heavy loss in Agriculture and come under heavy debt and suicide. In these area more than Five Thousand farmers have suicided till date.

To come out from this pity situation of farmers **Sustainable Agriculture** is more batter alternative.

## Sustainable Agriculture

Sustainable Agriculture in broad sense it means sustain it self, without out side spending or external efforts. For examples Applying chemical fertilizer derived from petroleum products it not sustainable because it is not produced within the agriculture cycle. While organic fertilizer produced from plant and animal waste it is from within agriculture cycle and it is not from out side, So it is called sustainable fertilizer. Sustainable agriculture is an important element of the overall effort to make human activities compatible with the demands of the earth's ecosystem. Thus, an understanding of the different approaches to ecological agriculture is necessary if we want to utilize the planet's resources wisely.

While sustainable agriculture is based on long-term goals and not a specific set of farming practices, it usually accompanied by a reduction of purchased inputs in favor of managing on farm resources. A good example is reliance of biologically fixed nitrogen from legumes as versus manufactured nitrogen fertilizers. Low input agriculture is one of several alternative farming systems whose methods are adaptable to sustainable agriculture.

Low input farming is based on a reduction but not necessarily elimination of chemical fertilizers, insecticides, and herbicides. Farmers are adopting these practices primarily to reduce costs, but also because they want to minimize impact on the environment or because they perceive future pesticide regulations.

In a search for information on how to farm with fewer chemicals, it is helpful to examine alternative farming systems in existence that largely exclude chemicals in favor of biological farming practices. Experiences of producers who've successfully practiced these methods are valuable to farmers considering a transition to low input sustainable agriculture.

In short, farmer reaching goal of producing adequate yield and good profit by production practice that minimize negative shortfall or loss and side effect on the environment and well being of the community. In short we can say it is a farming system that are environment friendly, profitable, productive and compatible with ecology and socio economic condition.

## **Basic Feature of Sustainable Agriculture System :-**

- To improve soil quality and fertility, increase organic matter content of soil and reducing soil erosion.
- To increase efficient utilization of natural resources to make cost effective agriculture.
- To create internal nutrient cycle on the farm to reduce external dependence.
- To improve biodiversity to reduce maintenance cost plant ( Pest and environment stress).
- To develop efficient and low cost farm management system.
- To develop more powerful alternative marketing system.
- To minimize environment damage.
- To minimize utilization of non renewable natural resource.
- To improve food quality for healthy human growth.
- To minimize damage to wild life, flora and fauna.
- To utilize organism natural substance
  - ( a ) earth worm – For soil conditioning
  - ( b ) Azoto-rhizo bacteria – For Nitrogen Fixation / Bio Fertilizer.
  - ( c ) Blue green alge – For Arial Nitrogen Fixation.
  - ( d ) PSB – For Phosphorus and Mineral utilization.
  - ( e ) Legumes crops – For Soil Micro organism and soil fertility.
  - ( f ) Trichoderma - For Bio fungicide.
  - ( g ) Beauveria Bassiana – For Pest control.
  - ( h ) Paecilomyces Lilacinus – For Nematode control.
  - ( i ) Pseudomonas Fluorescens – For Mineral Fixation.



- ( j ) Aspergillus Niger - For Citric acid production and micronutrient chelation.
- ( k ) Humus – For Silica Fixation and soil condition.
- ( l ) Neem Oil – For Pest control.
- ( m ) Bone Meal & Fly Ash & De Oil Cake, Cow dung & Agriculture Waste Compost  
– For soil Fertility.

In Short Sustainable Agriculture means farm practice for adequate production at low cost without disturbing ecosystem by utilizing renewable natural source.

**OCEAN AGRO** is manufacturing range of organic produces to support Sustainable Agriculture. Sustainable organic farming is a future of agriculture. Since last 25 year your company is working to produce eco-friendly, cost effective range of product like **DELTA, AMRUT MEAL, AMRUT SANJIVANI, OVIS, OVIS-G, NEEM OIL.**

## FINANCIAL PERFORMANCE

	Year ended 31/03/2011 Rs.	Year ended 31/03/2010 Rs.
<b>Income for the year was</b>	<b>147607826</b>	<b>128418945</b>
<b>The year's working shows a Gross Profit of :-</b>	<b>8701024</b>	<b>8924286</b>
<b>Out of Which, Provisions have been made for :-</b>		
<b>Depreciation</b>	<b>6520859</b>	<b>65777064</b>
<b>Provision for Taxation :-</b>		
<b>( i ) Current Income Tax</b>	<b>2000000</b>	<b>800000</b>
<b>( ii ) Deferred Tax</b>	<b>0</b>	<b>0</b>
<b>Provision for doubtful debts</b>	<b>0</b>	<b>0</b>
<b>Previous year expenses</b>	<b>0</b>	<b>0</b>
<b>Profit after Income Tax</b>	<b>180166</b>	<b>1547222</b>

### INTERNAL CONTROL SYSTEM

The company has adequate internal control systems and procedure with regard to purchase, stores and raw materials including components, plant and machinery, other assets and for sale of goods.

The company has an adequate internal audit system commensurate with size and nature of its business. The company has engaged a firm of Chartered Accountants for its internal audit function. Reports of Internal Auditors are reviewed in the meetings of the Audit Committee of the Board.

### INDUSTRIAL RELATIONS & HUMAN RESOURCE DEVELOPMENT

Industrial relations continued to be harmonious and cordial through out the year. The Company has always valued its human resources and believes in unlimited potential of the each employee. The company employed 71 number of employees as on 31.03.2011.

### CAUTIONARY STATEMENT

Statement in this report on Management's Discussion and Analysis describing the company's objectives, projections, estimates, exceptions or predictions may be forward looking statements and are based on certain assumptions and exception of future events. Actual result could however differ materially from those expressed or implied. Important factors that could make a difference to the company's operations including global and domestic demand-supply conditions, finished goods prices, raw material cost and availability, Changes in government regulations and tax structure, economic developments within India and the countries with which the company has business contracts and other factors such as litigation and industries relations.

The company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information and events.

# **REPORT ON CORPORATE GOVERNANCE**

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

At Company the core set of values of transparency, accountability and integrity, guide the principles and policies of Corporate Governance. Since its inception, Company remained committed to the highest standards of Corporate Governance which could not be possible without the emotional conviction of walking the right path. This has formed the foundation of our Corporate Governance. The Company complied with the Corporate Governance code enshrined in Clause 49 of the Listing Agreement.

## **2. BOARD OF DIRECTORS**

The Board represents an optimum combination of executive and non executive directors and is in conformity with the provisions of Listing Agreements of Corporate Governance. The Board of Directors of your Company comprises four directors composition of the Board and the category of the Directors as well as details of their directorship/membership in other companies/committees as on 31st March, 2011 is given below:

Sr. No.	Name of the Directors	Category	No. of Directorship in other companies	No. of chairmanship/ membership in Board Committees.
1.	<i>Mr. Kaushikbhai Parikh</i>	Chairman & Managing Director	NIL	2
2.	Mr. Manharbhai Patel	Joint Managing Director	NIL	NIL
3.	<i>Mr. Girishbhai G Shah</i>	Independent, Non-executive Director	NIL	2
4	Dr. Ramanbhai Patel	Independent & Non-executive Director	NIL	2

None of above directors is a member in any Committees or acts as Chairman in any committees across all Companies in which he is a director

Number of other Directorships held by the Directors, as mentioned above, do not include alternate directorships and directorships held in foreign companies, Section 25 Companies and Indian private limited companies and are based on the latest declarations received from the Directors.

The Company has a system to circulate and provide adequate information to the Board including as required under Annexure IA of Clause 49 of the Listing Agreements to enable the Board to take informed decisions.

The Compliance report of all laws applicable to the Company as prepared and compiled by the Compliance Officer is circulated to all the Directors along with the agenda and placed/reviewed in each Board Meeting.

The Board laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company and the process has been initiated to post it on the website of the Company.

### **Certificate of Code of Conduct for the year 2010-11**

The Company is committed to conduct its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. The Company has adopted a "Code of Conduct" which is applicable to all directors, officers and employees.

I hereby certify that all the Board Members and Senior Management have affirmed the compliance with the Code of Conduct under a certificate of Code of Conduct for the year 2010-11.

(sd)

Ahmedabad  
April 11, 2011

Mr. K. B. Parikh  
Managing Director

A brief resume and the profile of directors retiring by rotation/ Managing Director eligible for appointment or re-appointment at the ensuing Annual General Meeting of the Company are given in the notice of Annual General Meeting, annexed to this Annual Report

Resolutions have been proposed for the reappointment of Mr. Manharbhai Patel at ensuing Annual General Meeting as director and appointment as Joint Managing Director. Mr. Manhar Patel is not related to any of the Directors of the Company.

Resolutions have been proposed for the appointment of Mr. Kaushik Parikh as Managing Director at ensuing Annual General Meeting. Mr. Kaushik Parikh is not related to any of the Directors of the Company

### **3. Board Procedure**

During the financial year 2010-11, six meetings of Board of Directors were held, the information to be made available to the Board as per Annexure IA forming part of Clause 49 has been complied with. The Board Meetings are generally held at the Corporate Office of the Company in Vadodara. Calendar of the Board Meeting is fixed in advance for each year. The Board meets at least once a quarter with the gap between two meetings not exceeding four months. The Directors also have access to all the information about the company and are free to recommended inclusion of any matter in the agenda for discussion.

**Details of the Board Meeting held during the year are as follows:**

Sr.No.	Date of Board Meeting	Chairman
1	28 <sup>th</sup> May 2010	Shri Kaushik B Parikh
2	6 <sup>th</sup> July 2010	Shri Kaushik B Parikh
3	3 <sup>rd</sup> August 2010	Shri Kaushik B Parikh
4	30 <sup>th</sup> October 2010	Shri Kaushik B Parikh
5	5 <sup>th</sup> February 2011	Shri Kaushik B Parikh
6	14 <sup>th</sup> March 2011	Shri Kaushik B Parikh

**Details of Attendance of the directors at the Board Meetings held during the year 2010-11 and at the last Annual General Meeting are given below:**

Sr. No.	Name of Directors	No. of Board Meeting held while holding the office	No. of Board Meeting attended while holding the office	Attendance at last AGM
1.	<i>Shri Girishbhai Shah</i>	5	5	Yes
2.	Shri Kaushikbhai Parikh	5	5	Yes
3.	Shri Manharbhai Patel	5	5	Yes
4.	Dr. Ramanbhai Patel	5	5	No

**The Details of Share holding of Directors**

Name of the Director	No. of shares held as on 31.03.2011
<i>Shri Girishbhai Shah</i> *	500
Shri Kaushikbhai Parikh	29,83,826
Shri Manharbhai Patel	86,578
Dr. Ramanbhai Patel *	Nil

\* Non executive Directors

**4. Audit Committee:**

The Audit Committee has been entrusted to overview the accounting systems, financial reporting and internal controls of the Company. The power and role of audit committee is as set out in Listing Agreements.

As on date, the Audit Committee of the Board, after duly reconstituted consists of the two independent Non Executive Director and Managing Director, as specified below:-

<b>Sr. No.</b>	<b>Name</b>	<b>Designation</b>
1.	Shri Girishbhai Shah	Chairman
2.	Dr. Ramanbhai Patel	Member
3.	Shri Kaushikbhai Parikh	Member

All the members of committee are financially literate and have expert knowledge of finance and accounting.

Quorum of committee is two members, including both the independent directors. Calendar of the meeting is fixed in advance for each year. The committee met 4 times during the year under review. The committee also met prior to finalization of accounts for the period ended on 31<sup>st</sup> March, 2011.

Meetings of Audit Committee and attendance.

<b>Sr. No.</b>	<b>Date of Meetings</b>	<b>No. of Members</b>	<b>Attendance</b>
1.	28 <sup>th</sup> May 2010	3	3
2.	3 <sup>rd</sup> August 2010	3	3
3	30 <sup>th</sup> October 2010	3	3
4	5 <sup>th</sup> February 2011	3	3

The Internal Auditors, Head of Finance and representative of Statutory Auditors are permanent invitees at the meetings.

Audit Committee's terms of reference:

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c) Reviewing with management the half yearly and annual financial statements before submission to the board, focusing primarily on
  - i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause(2AA) of section 217 of the Companies Act, 1956
  - ii) any changes in accounting policies and practices
  - iii) major accounting entries based on exercise of judgment by management
  - iv) qualification in draft audit report
  - v) significant adjustments arising out of audit
  - vi) the going concern assumption
  - vii) compliance with accounting standards
  - viii) compliance with stock exchange and legal requirements concerning financial statements
  - ix) any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of Company at large.
- d) Reviewing with the management the quarterly financial statements before submission to the board for approval
- e) Reviewing with the management, external and internal auditors, the adequacy of internal control systems and ensuing compliance therewith.

- f) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- g) Discussing with internal auditors any significant finding and follow up thereon.
- h) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- i) Discussing with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- j) Reviewing the Company's financial and risk management policies.
- k) To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- l) Any other function(s)/responsibilities as may be delegated by the Board from time to time.
- m) To review mandatorily the following information
  1. Management discussion and analysis of financial condition and results of operations;
  2. Statement of significant related party transactions (as defined by the audit committee) submitted by management
  3. Management letters/ letters of internal control weaknesses issued by the statutory auditors;
  4. Internal audit reports relating to internal control weaknesses; and
  5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

## 5. Remuneration Committee:

As on 31<sup>st</sup> March 2011, the Remuneration Committee of the Board consists of the two independent Non Executive Director and one Executive Director as specified below:-

Sr. No.	Name	Designation
1.	Shri Girishbhai Shah	Chairman
2.	Shri Ramanbhai Patel	Member
3.	Shri Kaushik B Parikh	Member

During the year under review there was no necessity to convene any meeting of the Remuneration Committee.

The Remuneration Committee is responsible for determining and reviewing all matters in respect of remuneration of Directors.

The Company has credible and transparent policy in determining and accounting for the remuneration of Executive Directors. Their remuneration is governed by external competitive environment, track record, potential, individual performance, and performance of the Company as well as industrial standard. The remuneration determined for the Executive Directors is subject to the approval of Remuneration Committee of Board of Directors.

At present the Company does not have the policy of payment of remuneration to non executive directors. In view of the stringent financial position of the Company, the non – executive directors have forgone to receive sitting fees for attending the Board/ Committee meetings.

## Details of the Remuneration paid to the Executive Directors

The aggregate salary, value of perquisites and contribution of PF paid to the Executive Directors is as under:

Sr. No	Name of Directors	Remuneration Rs.
1	Shri K. B. Parikh	1002959
2	Shri M. D. Patel	1002959

There were no other pecuniary relationships or transactions of the Non Executive Directors vis a vis the Company.

## 6. Shareholders Grievances Committee

The committee looks into the redressal of shareholders and investor complains. The function and power of this committee include review and redressal of shareholders' and investors grievances and to give approval to transfer, transmission or dematerialisation of shares. This committee look into complaint of non receipt of Balance Sheet, non receipt of declared dividend and matter relating to Duplicate share certificate, deletion of name, splitting and consolidation of shares etc.

As on 31<sup>st</sup> March 2011 committee consists of following directors.

1. Shri Girishbhai Shah -- Chairman
2. Dr. Ramanbhai Patel -- Member
3. Shri Kaushik Parikh -- Member

The total number of complains / correspondence / queries received and replied to the satisfaction of shareholders during the year under review are as follows.

Sr.	Particulars	Nos recd	Nos Replied
1)	Share Transfer Requests	88	88

In General, all correspondence / queries are replied to the satisfaction of share holders.

## 7. General Body Meeting:

The last three Annual General Meeting of the Company were held as under:

Sr. no.	Year	Location	Date	Time	Special approval	Resolution
1.	2009-10	22, Dolly Complex, Stadium Circle, Navrangpura Ahmedabad	02.08.10	12.30 p.m	Re-issue/Re-allotment of Forfeited Shares	Special
2.	2008-09	22, Dolly Complex, Stadium Circle,	10.08.09	12.30 p.m	Nil	Nil



		Navrangpura Ahmedabad				
3.	2007-08	22, Dolly Complex, Stadium Circle, Navrangpura Ahmedabad	25.09.08	10.00 a.m	Voluntary delisting of equity shares of the Company listed on Ahmedabad Stock Exchange.	Special

No Extra Ordinary General Meeting of the Company was held during last 3 years.

## 8. Disclosures

- a. There have been no materially significant related party transactions and pecuniary transactions that may have potential conflict with the interest of the Company at large. Audit Committee reviews periodically significant related party transactions i.e. transactions of the company, which are of material nature, with it's directors, or relatives or the management that may have potential conflict with the interest of the Company at large. Details are provided in Note 14 to the Notes forming part of the Accounts in accordance with the provisions of Accounting Standard 18
- b. There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority.
- c. In the preparation of the financial statements, the Company has followed the Accounting Standards issued by the ICAI. The significant accounting policies applied in preparation and presentation of financial statements has been set out in Schedule P 1 forming part of the financial statements.
- d. The Company has laid down procedure to inform the Board Members about the risk assessment and minimization procedure covering the entire gamut of business operations of the company and the same have been reviewed by the Board during the year.
- e. The CEO (Managing Director) and the CFO have furnished a Certificate to the Board for the year ended on 31<sup>st</sup> March 2011 in compliance with Clause 49 V of the Listing Agreements as amended.
- f. The designated Senior Management Personnel of the company have disclosed to the Board that no material, financial and commercial transactions have been made during the year under review in which they have personal interest, which may have a potential conflict with the interest of the Company at large.

## 9. Means of Communications:

### a. Quarterly Results:

Quarterly results are taken on record by the Board of Directors and submitted to the Stock Exchanges as per requirement of the Listing Agreements. At present Half yearly report is not sent to each household of shareholders.

### b. Any Website where displayed: [www.oceanagro.com](http://www.oceanagro.com)

## 10. Management Discussion & Analysis Report:

The Management Discussion & Analysis Report is part of Annual Report.

## 11. Persons constitution group coming within the definition of “group” as defined in the Monopolies and Restrictive Trade Practices Act, 1969 for the purpose of Regulation 3 (1) (e) (i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation 1997, include the following:

1.	Shri Kaushik B Parikh
2.	Shri Manhar Patel
3.	Shri Babubhai Parikh
4.	Smt Anandiben Parikh
5.	Smt. Ushaben Parikh
6.	Shri Rameshchandra J Patel
7.	Smt. Kailashben D Patel
8.	Smt. Sarlaben R Patel
9.	Ms. Rashmika B Parikh
10.	Smt. Shantaben M Patel
11.	Rameshchandra J Patel (HUF)
12.	Babubhai J Parikh (HUF)
13.	Dhanshree Agro Chemicals Private Limited
14.	Om Pesticides (Nandesari) Private Limited
15.	Nandesari Agro Chemicals Private Limited
16.	Associated Manufacturers (Rania) Private Limited

## 12. General Shareholders Information:

### (a) Annual General Meeting

Date	Time	Venue
24 <sup>th</sup> September 2011	12.30 p.m	22, Dolly Complex, Stadium Circle, Navrangpura, Ahmedabad – 380 009

### (b) Financial Calendar (2011-12) (tentative)

Annual General Meeting	:	24 <sup>th</sup> September 2011
Quarterly Results		
Quarter ending on June 30 2011	:	Second week of August 2011
Quarter ending September 30 2011	:	Second week of November 2011
Quarter ending December 2011	:	Second week of February 2012
Annual Result of 2011-12	:	Last week of May 2012

**(c) Book Closure Date:** 19<sup>th</sup> September 2011 to 23<sup>rd</sup> September 2011

**(d) Listing on Stock Exchanges:** Bombay Stock Exchange.  
Listing fees have been paid for the year 2010-11 as per the Listing Agreement with the respective Stock Exchanges.

**(e) Stock Code:** BSE, Mumbai 519491

**(f) Demate ISIN Number for NSDL & CDSL :** INE049J01010

**Registrar and Transfer Agents :** M/s Sharepro Services (India) Private Limited  
416-420, 4<sup>th</sup> Floor, Devnandan Mall, Opp.  
Sanyash Ashram, Ashram Road, Ellishbridge,  
Ahmedabad – 380 009

Contact Person : Mr. Nitin Joshi  
Contact Nos : (079) 265 82 381 to 84  
Fax No : (079) 265 82 385

**(g) Share Transfer System:**

M/s Sharepro Services (India) Private Limited has been acting as the Depository Registrar for establishing connectivity with NSDL and CDSL for Demat Segment and for physical segment as well. M/s Sharepro Services (India) Private Limited uses Computerized share transfer system for processing transfer of shares. On the basis of periodic report on various requests received from the shareholders, share transfer and other requests are placed for approval of Shareholders' Grievances Committee. The Company's representatives visit the office of the Registrar and Share Transfer Agents from time to time to monitor, supervise and ensure that there are no delays or lapse in the system.

**(h) Distribution of Shareholding:**

- Distribution of shareholding as on 31.03.2011 is given below:

No. of Equity Shares held	Number of Shareholders	% of Shareholders	No. of shares held	% of Shareholding
1 - 500	3158	92.610	524300	7.773
501 - 1000	157	4.604	125143	1.855
1001 – 2000	45	1.320	66600	0.987
2001 -- 3000	7	0.205	17500	0.259
3001 - 4000	14	0.411	46900	0.695

4001- 5000	9	0.264	43100	0.639
5001 - 10000	3	0.088	19300	0.286
10000 & above	17	0.499	5902057	87.504
<b>GRAND TOTAL</b>	<b>3410</b>	<b>100</b>	<b>6744900</b>	<b>100</b>

- **Category of shareholders as on 31<sup>st</sup> March 2011:**

<b>Category</b>	<b>No. of Shares Held</b>	<b>Percentage Held</b>
Promoter Holding		
a Indian Promoters: Individuals / HUF	37,89,065	56.18
Bodies Corporate	20,37,635	30.21
b Foreign Promoters:	0	0
Financial Institutions/ Banks/ Mutual Funds	0	0
Resident Individuals & Corporates	9,18,200	13.61
NRI's / OCB	0	0
<b>Grand Total</b>	<b>67,44,900</b>	<b>100</b>

**(i) Dematerialization of Shares and Liquidity:**

47,60,203 equity shares of the Company are held in a dematerialised form with National Securities Depository Limited (NSDL) and Central Depositories Services (India) Limited (CDSL) as on 31<sup>st</sup> March 2011.

The Secretarial Audit Report from Mr. Ashwin Shah, Company Secretary in practice confirming that the total issued capital of the Company is in aggregate with the total

number of equity shares in physical form and the total number of dematerialized equity shares held with NSDL and CDSL is placed before the Board on a quarterly basis. A copy of the Audit Report is submitted to the stock exchanges where the equity shares of the Company are listed.

**(j) Outstanding GDRs/ ADRs/ Warrants and Convertible instruments, conversion date and likely impact on equity :** Not Applicable.

**(k) Plant Location :**

66, Industrial Estate, GIDC  
Nandesari, Dist Vadodara.

**(n) Correspondence with the Company:**

Address for correspondence with the Company is:

Mr. Anup Shah

5, Alkapuri, Opp. Express Alkapuri Hotel,  
R. C. Dutt Road, Vadodara – 390007  
Tel: 0265 2351223  
Fax: 0265 2313690  
Email Id: oailmail@yahoo.co.in

**AUDITORS' REPORT**

To  
The Members of  
OCEAN AGRO (INDIA) LIMITED

- 1 We have audited the attached Balance Sheet of OCEAN AGRO (INDIA) LIMITED as at 31 March 2011 and also the Profit & loss a/c of the company for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the companies (Auditor's Report) order 2003 issued by the Central Government of India in terms of sub section (4A) of section 227 of the companies Act, 1956, we enclose in the Annexure hereto a statement on the matter specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that: -
  - i) 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.
  - ii) In our opinion, the company has kept proper books of account as required by law, so far as it appears from our examination of the books of the company;
  - iii) The Balance sheet and Profit and Loss Account dealt with by the report are in agreement with the books of accounts of the company;
  - iv) In our opinion, the Balance Sheet and Profit and loss Account comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, except AS-15 'Employee Benefits'.
5. On the basis of the written representations received from the directors, and taken on record by the Board of Directors we report that none of the directors is disqualified as on 31 March 2011 from being appointed as a director in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956.
6. Subject to the foregoing, and - 1) The Company has not made any provision for long outstanding debtors during the year but has writtenoff Rs. 33.04 lacs during the year to profit & loss a/c, leaving a total provision as on date to credit is 50 lacs (referer schedule "P" note 2 ), 2) Debtors / Credit balances are subject to balance conformation, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956 in the manner so required and present 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 31 March 2011; and
  - ii) In the case of Profit & Loss A/c of the profit of the company for the year ended on 31 March 2011.

For Ambalal M. Shah & Co.  
Chartered Accountants

Place : Vadodara  
Date : 5/30/2011

CA. Ashok A. Jain  
Partner  
**M. No. 30389**

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in Paragraph (1) of our report of even date)

- I In respect of its fixed assets -
- a) The Company has maintained records that show full particulars including quantitative details and situation of fixed assets which needs to be updated more regularly.
  - b) As explained to us, the fixed assets have been physically verified by the management periodically. No material discrepancies were noticed on such physical verification.
  - c) In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- II a) As explained to us, the inventories have been physically verified at reasonable intervals by the management during the year. In respect of substantial portion of the stock lying with agents, Certificates containing details of the stock have been received.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate as regards the size of the company and the nature of its business.
  - c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.
- III a) In respect of loans, secured or unsecured the company has granted advances for business to a company, firms and other parties covered in the register maintained under section 301 of the companies act, 1956 . The total of the year end balance was Rs.7856466.47 Credit.
- b) According to the information and explanation given to us, no interest has been charged on loans taken from / granted to parties listed in register maintained U/s 301 of the companies act , 1956. The said policy seems to be prima facie not prejudicial to the interest of the company.
  - c) In respect of the loans granted and taken by the company, the amount is repayable on demand.
  - d) On the basis of policy stated above, the question of overdue amount does not arise.
- IV In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of fixed assets. Some of the items purchased are of proprietary nature and suitable alternative sources do not exist for obtaining comparable quotation. There is adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchases of inventories and fixed assets and with regards to the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
- V In respect of transactions covered under section 301 of the Companies Act, 1956 -
- a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - b) In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs.5,00,000 in respect of any party during the year except the purchases from M/s. Industrial Additives aggregating to an amount of Rs.96,53,002 for the purchase of proprietary nature items for which no suitable alternative source exist for obtaining comparable quotations.
- VI In our opinion and according to information and explanation given to us the Company has not accepted any deposits from the public.
- VII Company has in-house internal audit system which is examined by us and found adequate with respect to the size of the company and nature of its business however it is required to be strengthened.
- VIII The maintenance of cost records under section 209 (1) (d) of the companies Act, 1956 has not been prescribed by the Central Government.

Contd...

**Ambalal M. Shah & Co.**  
Chartered Accountants

**ANNEXURE TO THE AUDITORS' REPORT (contd...)**

IX In respect of statutory dues:

- a) The company is generally regular in depositing with appropriate authorities, undisputed Income tax and other statutory dues applicable to it.
- b) According to information and explanation given to us, no undisputed amount payable in respect of statutory dues were in arrears as at 31 March, 2011 for a period of more than 6 months from the date they became payable.
- c) In respect of disputed statutory dues, the following matter are pending with various appellate authorities.

Sr. No.	Year	Liability	Amount Rs.	Status
1	A.Y 2000 - 2001	Income Tax	719,311	Appeal pending with High Court. Ahmedabad

- X The accumulated losses of the company are not more than 50% of its net worth and has not incurred cash losses during the year covered by our audit and the immediately preceding financial year.
- XI According to the information and explanation given to us, the company has not defaulted in payment of dues to financial institutions, banks keeping in view mutual arrangement with IDBI for restructuring the schedule of repayment of term loan.
- XII In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- XIII The Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XIV In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- XV In our opinion and according to the information and explanation given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- XVI In our opinion and according to the information and explanation given to us, the Company has not raised any new term loans during the year.
- XVII According to the information and explanation given to us and on an overall examination of Balance Sheet, we report that no funds raised on short term basis have been used for long term investment. No long term funds have been used to finance short term assets.
- XVIII According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Act
- XIX No funds have been raised through the issue of Debentures by the company.
- XX The company has not made any public issue during the year.
- XXI According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the Course of our audit.

For Ambalal M. Shah & Co.  
Chartered Accountants

Place : Vadodara  
Date : 5/30/2011

CA. Ashok A. Jain  
Partner  
**M. No. 30389**



**OCEAN AGRO (INDIA) LIMITED, VADODARA**

**BALANCE SHEET AS AT  
31st March 2011**

Particulars	SCH.	As at 31-03-2011		As at 31-03-2010
		Rupees	Rupees	Rupees
<b>I. SOURCES OF FUNDS :</b>				
<b>Shareholder's Funds :</b>				
(a) Capital	A	75,871,545.00		75,871,545.00
(b) Reserve & Surplus	B	<u>153,638,029.14</u>		<u>153,457,863.57</u>
			229,509,574.14	<u>229,329,408.57</u>
<b>Loan Funds :</b>				
(a) Secured Loans	C	28,691,346.87		38,689,601.30
(b) Unsecured Loans	D	<u>5,674,319.73</u>		<u>6,743,818.73</u>
			34,365,666.60	<u>45,433,420.03</u>
			<b><u>263,875,240.74</u></b>	<b><u>274,762,828.60</u></b>
<b>II. APPLICATION OF FUNDS :</b>				
<b>Fixed Assets :</b>				
(a) Gross Block	E	201,693,291.09		200,051,476.01
(b) Less : Depreciation		<u>134,991,923.82</u>		<u>128,670,363.21</u>
(c) Net Block			<b>66,701,367.27</b>	<b>71,381,112.80</b>
<b>Current Assets, Loans and Advances :</b>				
(a) Inventories	F	56,436,463.00		57,353,801.00
(b) Sundry Debtors		134,802,452.74		138,404,636.84
(c) Cash & Bank Balances		12,122,349.29		11,864,840.04
(d) Loans & Advances		<u>3,762,907.56</u>		<u>4,680,250.38</u>
		207,124,172.59		212,303,528.26
<b>Less : Current Liabilities &amp; Provisions</b>				
(a) Liabilities	G	534,586.62		1,656,068.96
(b) Provisions		<u>9,415,712.50</u>		<u>7,265,743.50</u>
		<u>9,950,299.12</u>		<u>8,921,812.46</u>
<b>NET CURRENT ASSET</b>			<b>197173873.47</b>	<b>203,381,715.80</b>
<b>Deferred Revenue Expenses not written off</b>			<b>0.00</b>	<b>0.00</b>
			<b><u>263,875,240.74</u></b>	<b><u>274,762,828.60</u></b>
<b>NOTES ON ACCOUNTS</b>	P			

As per our Report of even date  
**Ambalal M. Shah & Co.**  
Chartered Accountants

For **Ocean Agro (India) Limited**

**CA. Ashok A. Jain**  
Partner  
**M. No. 30389**  
Place : Vadodara  
Date : 5/30/2011

**K.B. Parikh**  
Managing Director

**M.D. Patel**  
Jt. Managing Director

Place : Vadodara  
Date : 5/30/2011

**OCEAN AGRO (INDIA) LIMITED, VADODARA**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED**  
**31st March 2011**

Particulars	SCH.	As at		As at
		31-03-2011		31-03-2010
		Rupees	Rupees	Rupees
<b>INCOME :</b>				
Sales	H	150,021,416.70		139,011,431.16
Other Income	I	18,777.00		52,004.00
Incr./(Decr.) in Finished Goods		(2,432,367.00)		(10,644,490.00)
	<b>TOTAL</b>		147,607,826.70	<b>128,418,945.16</b>
<b>EXPENDITURE :</b>				
Raw Material Consumed	J	33,022,289.89		28,625,848.10
Manufacturing/Trading Expenses	K	22,794,202.49		14,771,261.94
	<b>TOTAL</b>		55,816,492.38	<b>43,397,110.04</b>
			<b>91,791,334.32</b>	<b>85,021,835.12</b>
Administration Expenses	L	13,588,096.61		10,269,816.48
Selling & Distribution Expenses	M	60,657,116.22		56,930,001.48
Financial Expenses	N	5,540,596.57		6,512,618.33
Other Expenses	O	3,304,500.00		2,385,112.73
	<b>TOTAL</b>		83,090,309.40	<b>76,097,549.02</b>
			<b>8,701,024.92</b>	<b>8,924,286.10</b>
<b>PROFIT BEFORE DEPRECIATION</b>				
Less : Depreciation			6,520,859.34	6,577,064.36
			<b>2,180,165.58</b>	<b>2,347,221.74</b>
<b>PROFIT AFTER DEPRECIATION</b>				
Less : Provision for Tax - Income Tax / FBT			2,000,000.00	800,000.00
Less : Excess Provision Written off - Income Tax / FBT			0.00	0.00
Net Provision for Tax			2,000,000.00	800,000.00
Deferred Tax reversal			0.00	0.00
Provision for doubtful debts			0.00	0.00
Previous year expenses			0.00	0.00
			<b>180,165.58</b>	<b>1,547,221.74</b>
<b>NET PROFIT(LOSS) AFTER TAX TRANSFERRED TO B/SHEET</b>				
<b>NOTES ON ACCOUNTS</b>	P			

As per our Report of even date  
**Ambalal M. Shah & Co.**  
Chartered Accountants

For **Ocean Agro (India) Limited**

**CA. Ashok A. Jain**  
Partner  
**M. No. 30389**  
Place : Vadodara  
Date : 5/30/2011

**K.B. Parikh**  
Managing Director

**M.D. Patel**  
Jt. Managing Director

Place : Vadodara  
Date : 5/30/2011

**OCEAN AGRO (INDIA) LIMITED, VADODARA**

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT  
31st March 2011**

**SCHEDULE "A" - SHARE CAPITAL :**

Particulars	As at 31-03-2011		As at 31-03-2010
	Rupees	Rupees	Rupees
<b>AUTHORISED :</b>			
2,99,70,000 Equity Shares of Rs. 10/- each		299,700,000.00	299,700,000.00
30,000 Non-cumulative 10% Redeemable Preference Shares of Rs.10/- each		300,000.00	300,000.00
		<u>300,000,000.00</u>	<u>300,000,000.00</u>
<b>ISSUED, SUBSCRIBED AND PAID UP :</b>			
<b>ISSUED &amp; SUBSCRIBED :</b>			
84,37,900 Equity Shares of Rs.10/- each		84,379,000.00	84,379,000.00
		<u>84,379,000.00</u>	<u>84,379,000.00</u>
<b>PAID UP SHARE CAPITAL :</b>			
67,44,900 Equity Shares of Rs.10/- each Fully paid up	67,449,000.00		67,449,000.00
Paid-up amount on Shares Forfeited	8,384,500.00		8,384,500.00
Excess Paid-up amount on Forfeited Shares	38,045.00		38,045.00
		<u>75,871,545.00</u>	<u>75,871,545.00</u>

**SCHEDULE "B" - RESERVE & SURPLUS :**

Particulars	SCH.	As at 31-03-2011		As at 31-03-2010
		Rupees	Rupees	Rupees
<b>PROFIT &amp; LOSS ACCOUNT :</b>				
Opening Balance		(6,946,507.44)		(8,493,729.18)
Add : Profit/(Loss) during the Year		<u>180,165.58</u>		<u>1,547,221.74</u>
			(6,766,341.86)	<u>(6,946,507.44)</u>
<b>GENERAL RESERVE :</b>				
Opening Balance		11,916,837.01		11,916,837.01
Additions during the Year		<u>0.00</u>		<u>0.00</u>
			11,916,837.01	<u>11,916,837.01</u>
<b>SHARE PREMIUM ACCOUNT</b>				
Share Premium on Shares		148,487,534.00		114,796,000.00
Share Premium on Forfeited Shares		0.00		33,538,000.00
Excess Premium received on Shares		<u>0.00</u>		<u>153,534.00</u>
			148,487,534.00	<u>148,487,534.00</u>
			<u>153,638,029.14</u>	<u>153,457,863.57</u>

**SCHEDULE "C" - SECURED LOAN :**

Particulars	As at 31-03-2011	As at 31-03-2010
	Rupees	Rupees
W.C. Term Loan from I.D.B.I. (Secured against Pari Pasu charge of current and fixed assets and pledge of directors share holding in the company.)	0.00	4,834,403.00
Cash Credit from Bank of Baroda (Secured against Pari Pasu charge of Inventories, Book Debts, Advances, Plot of leasehold Land and Personal Guarantee of K.B. Parikh, M.D. Patel, B.J. Parikh & U.K. Parikh.)	27,773,407.30	32,551,188.30
Loan from H.D.F.C. Bank (Against Vehicles)	917,939.57	1,304,010.00
	<u>28,691,346.87</u>	<u>38,689,601.30</u>

**OCEAN AGRO (INDIA) LIMITED, VADODARA**

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT  
31st March 2011**

**SCHEDULE "D" - UNSECURED LOAN :**

Particulars	As at 31-03-2011	As at 31-03-2010
	Rupees	Rupees
Dealers' Deposits	5,674,319.73	6,743,818.73
	<b><u>5,674,319.73</u></b>	<b><u>6,743,818.73</u></b>

**SCHEDULE "E" - FIXED ASSETS :**

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	Op. Balance as on 31-03-2010 Rs.	Adtn./ (Dedn.) during the Year Rs.	Total as on 31-03-2011 Rs.	Op. Balance as on 31-03-2010 Rs.	Ddn/Adjst during the Year Rs.	Provided during the Year Rs.	Total as on 31-03-2011 Rs.	Cl. Balance as on 31-03-2011 Rs.	Cl. Balance as on 31-03-2010 Rs.
Leasehold Land	6741913.00	0.00	6741913.00	0.00	0	0.00	0.00	6741913.00	6741913.00
Buildings	37443570.51	0.00	37443570.51	18079822.92	0	1250615.26	19330438.18	18113132.33	19363747.59
Plant & Machinery	136314397.36	1393168.33	137707565.69	95079000.32	0	4744882.79	99823883.11	37883682.58	41235397.04
Furniture & Fixtures	4574182.29	9800.00	4583982.29	4288236.22	0	289700.06	4577936.28	6046.01	285946.07
Vehicles	12356423.36	-362048.00	11994375.36	10531443.78	199300	153612.91	10485756.69	1508618.67	1824979.58
Office Equipment	1462789.49	600894.75	2063684.24	691861.63	0	82048.33	773909.96	1289774.28	770927.86
Eq. under Testing	1158200.00	0.00	1158200.00	0.00	0	0.00	0.00	1158200.00	1158200.00
<b>TOTAL</b>	<b>200051476.01</b>	<b>1641815.08</b>	<b>201693291.09</b>	<b>128670364.87</b>	<b>199300</b>	<b>6520859.34</b>	<b>134991924.22</b>	<b>66701366.87</b>	<b>71381111.14</b>
Previous Year's Total	197841114.97	2210361.04	200051476.01	122093300.51	0	6577064.36	128670364.87	71381111.14	

**OCEAN AGRO (INDIA) LIMITED, VADODARA**

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT  
31st March 2011**

**SCHEDULE "F" - CURRENT ASSETS :**

Particulars	As at 31-03-2011		As at 31-03-2010
	Rupees	Rupees	Rupees
<b>INVENTORY :</b> (as taken, valued & certified by the management)			
Closing Stock of Finished Goods (at cost)	46,644,369.00		49,076,736.00
Closing Stock of Raw Material (at cost)	5,610,158.00		5,258,595.00
Closing Stock of Packing Material (at cost)	4,181,936.00		3,018,470.00
		56,436,463.00	57,353,801.00
<b>SUNDRY DEBTORS :</b> (Unsecured, considered good)			
Over Six Months Old	120,626,205.74		120,010,871.84
Others	14,176,247.00		18,393,765.00
		134,802,452.74	138,404,636.84
<b>CASH &amp; BANK BALANCES :</b>			
Cash on Hand	580,804.90		534,667.90
Balances with Scheduled Banks	11,541,544.39		11,330,172.14
Fixed Deposits	0.00		0.00
		12,122,349.29	11,864,840.04
<b>LOANS &amp; ADVANCES AND OTHER DEBIT BALANCES</b> (Unsecured, considered good)			
Loans & Advances	1,937,591.55		2,854,934.37
Deposits	0.00		1,825,316.01
		3,762,907.56	4,680,250.38
		<b>207,124,172.59</b>	<b>212,303,528.26</b>

**SCHEDULE "G" - CURRENT LIABILITIES & PROVISION :**

Particulars	As at 31-03-2011		As at 31-03-2010
	Rupees	Rupees	Rupees
<b>CURRENT LIABILITIES</b>			
Creditors for Goods	845,356.30		1,481,722.30
Creditors for Expenses	(766,711.28)		(74,294.28)
		78,645.02	1,407,428.02
<b>LOANS, ADVANCES &amp; OTHER CREDIT BALANCE:</b>			
Loans & Advances Received		455,941.60	248,640.94
<b>PROVISIONS :</b>			
Provision for doubtful debts	5,000,000.00		5,000,000.00
Other Provisions	2,415,712.50		1,115,743.50
Provision for Income-tax	2,000,000.00		1,150,000.00
		9,415,712.50	7,265,743.50
		<b>9,950,299.12</b>	<b>8,921,812.46</b>

**OCEAN AGRO (INDIA) LIMITED, VADODARA**

**SCHEDULES FORMING PART OF PROFIT & LOSS A/C FOR THE YEAR ENDED  
31st March 2011**

**SCHEDULE "H" - SALES :**

Particulars	As at	As at
	31-03-2011	31-03-2010
	Rupees	Rupees
Sales	150,021,416.70	139,011,431.16
	<b><u>150,021,416.70</u></b>	<b><u>139,011,431.16</u></b>

**SCHEDULE "I" - OTHER INCOME :**

Particulars	As at	As at
	31-03-2011	31-03-2010
	Rupees	Rupees
Profit/Loss on Sales Assets	(64,748.00)	0.00
Misc. Income	83,525.00	52,004.00
	<b><u>18,777.00</u></b>	<b><u>52,004.00</u></b>

**SCHEDULE "J" - RAW, PACKING & OTHER MATERIALS CONSUMED :**

Particulars	As at		As at
	31-03-2011		31-03-2010
	Rupees	Rupees	Rupees
<b>RAW MATERIAL :</b>			
Opening Stock	5,258,595.00		5,259,107.00
Add : Purchases	27,672,496.77		23,407,883.57
Add : Purchase Tax	0.00		0.00
	<u>32,931,091.77</u>		<u>28,666,990.57</u>
Less : Closing Stock	<u>5,610,158.00</u>	27,320,933.77	<u>5,258,595.00</u>
			<u>23,408,395.57</u>
<b>PACKING MATERIALS :</b>			
Opening Stock	2,972,809.00		2,916,898.00
Add : Purchases	6,731,698.12		5,167,747.25
	<u>9,704,507.12</u>		<u>8,084,645.25</u>
Less : Closing Stock	<u>4,138,657.00</u>	5,565,850.12	<u>2,972,809.00</u>
			<u>5,111,836.25</u>
<b>PRINTING INK :</b>			
Opening Stock	45,661.00		39,308.00
Add : Purchases	133,124.00		111,969.28
	<u>178,785.00</u>		<u>151,277.28</u>
Less : Closing Stock	<u>43,279.00</u>	135,506.00	<u>45,661.00</u>
			<u>105,616.28</u>
		<b><u>33,022,289.89</u></b>	<b><u>28,625,848.10</u></b>

**OCEAN AGRO (INDIA) LIMITED, VADODARA**

**SCHEDULES FORMING PART OF PROFIT & LOSS A/C FOR THE YEAR ENDED  
31st March 2011**

**SCHEDULE "K" - MANUFACTURING EXPENSES :**

Particulars	As at 31-03-2011	As at 31-03-2010
	Rupees	Rupees
Repairs & Maint. to Plant & Machinery	282,196.00	228,160.00
Processing Charges	212,500.00	235,500.00
Consumable Stores	324,227.00	405,932.00
Stores & Spares	43,600.00	44,866.00
Hardware & Electricals	543,970.00	400,823.00
Electricity	2,072,776.00	2,162,669.00
Water	49,429.00	67,117.00
Payment to Workers	8,087,080.74	3,948,574.12
Labour Charges	239,760.00	241,280.00
Design / Art work	48,991.00	60,148.00
Freight	2,764,695.00	2,262,847.00
Octroi	0.00	0.00
Laboratory Expenses	94,309.75	125,966.32
Bonus	327,534.00	92,908.00
Excise Duty	7,703,134.00	4,494,471.50
	<b><u>22,794,202.49</u></b>	<b><u>14,771,261.94</u></b>

**SCHEDULE "L" - ADMINISTRATIVE EXPENSES :**

Particulars	As at 31-03-2011	As at 31-03-2010
	Rupees	Rupees
Payment to Staff	5,121,037.04	2,995,646.38
Directors' Remuneration	1,982,940.00	1,141,440.00
Conveyance Allowance / Expenses	264,739.41	186,415.13
Travelling	73,710.00	298,147.00
Consultation Charges	1,625,629.00	1,243,781.00
Consultation Charges - Excise	19,250.00	89,080.00
Rates & Taxes	344,903.43	635,665.00
Legal Charges	22,794.00	16,250.00
Licence Fees	5,556.00	2,100.00
Audit Fees	176,480.00	176,480.00
Repairs to Building	273,113.00	353,134.00
Repairs to Others	72,420.00	82,043.00
Repairs to Vehicle	918,733.00	708,444.00
FBT Expenses	0.00	0.00
Stationery & Printing + Typing & Duplicating	440,580.00	301,276.00
Subscription and Periodicals + Membership fees	124,139.00	149,269.00
Insurance	434,966.00	446,936.00
Telephone/Trunkcall/Postage	394,236.00	358,469.46
Rent Expenses	57,720.00	59,115.00
Office Expenses	336,982.00	238,761.00
General Expenses	217,549.73	123,309.51
Service Tax	223,914.00	196,416.00
Internet charges / Web Charges	7,826.00	2,081.00
Food & Beverages	443,879.00	363,558.00
Donation	5,000.00	102,000.00
	<b><u>13,588,096.61</u></b>	<b><u>10,269,816.48</u></b>

**OCEAN AGRO (INDIA) LIMITED, VADODARA**

**SCHEDULES FORMING PART OF PROFIT & LOSS A/C FOR THE YEAR ENDED  
31st March 2011**

**SCHEDULE "M" - SELLING & DISTRIBUTION EXPENSES :**

Particulars	As at 31-03-2011	As at 31-03-2010
	Rupees	Rupees
Marketing Expenses	11,625,867.80	9,626,197.30
Sales Distribution Expenses	21,678,220.12	22,452,753.09
Forwarding Expenses	9,852,031.88	8,429,442.74
Advertising Expenses	220,849.00	387,790.00
Deferred Revenue Exp. Written off	0.00	715,000.00
Commission	2,942,298.00	2,696,456.00
Sales Discount	14,337,849.42	12,622,362.35
	<b>60,657,116.22</b>	<b>56,930,001.48</b>

**SCHEDULE "N" - FINANCIAL EXPENSES :**

Particulars	As at 31-03-2011	As at 31-03-2010
	Rupees	Rupees
Bank Interest	4,989,745.00	5,906,671.00
Bank Charges	337,622.00	438,535.75
Interest to Others	213,229.57	167,411.58
	<b>5,540,596.57</b>	<b>6,512,618.33</b>

**SCHEDULE "O" - OTHER EXPENSES :**

Particulars	As at 31-03-2011	As at 31-03-2010
	Rupees	Rupees
Bad Debts written off	3,304,500.00	2,385,112.73
	<b>3,304,500.00</b>	<b>2,385,112.73</b>

**SCHEDULE "P" - NOTES FORMING PART OF ACCOUNTS**

**1. Significant Accounting Policies:**

**1.1 System of Accounting:**

- Financial Statements are based on historical cost. These costs are not adjusted to reflect the impact of the changing value in the Purchasing Power of money.
- The Company follows the merchantile system of accounting and recognises income and expenditure on an accrual basis, except interest on margin money deposit with Bank of Baroda, and Gratuity.

**1.2 Revenue Recognition:**

Sales are inclusive of Excise Duty and are net of Trade Discounts and sales returns.

**1.3 Fixed Assets:**

Fixed Assets are carried at cost of acquisition/installation. Fixed Assets are shown net of accumulated depreciation and amortised amount (except on Leasehold Land). Cost includes related taxes, duties, freight, insurance etc. attributable to acquisition and installation of assets and borrowing cost incurred upto the date of commencing operations, but excludes duties and taxes that are recoverable subsequently from taxing authorities.

**1.4 Depreciation:**

Depreciation on all the assets is being provided on "Straight Line Method" in accordance with the provisions of Section 205(2)(a) of the Companies Act, 1956 at the rate specified in Schedule XIV to the said Act. Depreciation on additions during the year is being provided on pro-rata as required by Schedule XIV to the Companies Act, 1956. Plant & Machinery which were not put to use during the year were not considered for the purpose of depreciation. The same would be considered for depreciation as and when the said machinery would be put to use again. During the year no depreciation has been provided on slow moving items.

**1.5 Investment:** There are no investments.

**1.6 Inventories:**

- Raw Materials & Packing Materials are valued at cost. Cost is arrived at on FIFO basis. However, as per AS-2 issued by ICAI, stock should be valued at cost or net realisable value whichever is lower. According to the management, there are no items having realisable value less than the cost.



**SCHEDULE "P" - NOTES FORMING PART OF ACCOUNTS (contd...)**

- b) Materials in Process are not valued.
- c) Finished goods are valued at cost. Cost is arrived at considering direct material, direct labour and direct factory overheads. Finished goods estimated at MRP less estimate cost workout to make it at cost. Finished stocks lying in the factory are valued exclusive of excise duty except the stocks lying in Duty Paid Godowns and Company's C & F distributors which are valued inclusive of excise duty.
- d) At present Stores, Machinery Spares are charged to revenue as and when purchased.

**1.7 Retirement Benefits:**

Company's contribution to Provident Fund and ESIC are charged to Profit & Loss Account. Gratuity is charged to P&L a/c on actual payment basis and not on actuarial valuation as at year end as against AS-15 "Accounting for retirement Benefits".

**1.8 Borrowing Cost:**

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as required by AS-16 "Borrowing Costs".

During the year, there are no borrowing cost attributable to the acquisition of qualifying assets that are required to be capitalized. Hence all borrowing cost have been charged to revenue.

**1.9 Taxation:**

Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws. Provision for deferred tax is made for timing differences arising between the taxable income and accounting income computed using the tax rates and the tax laws that have been enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized only if there is a virtual certainty that they will be realized and reviewed for the appropriateness of their carrying values at each Balance Sheet date.

- 2. During the year under consideration Rs. 33.05 Lacs has been written off as bad debt, being the amount in recoverable for debtors outstanding. During year the under consideration no additional amount has been provided for doubtful debt. and Provision of Rs. 50 lacs has been carried forward to next year. The management is confident that had from the current year onwards the company will able to recover a substantial amount of its long outstanding.  
Moreover, the Company has allowed credit to various debtors in lieu of interest free advance for Godown deposits given by them which is mainly used to store the goods of the Company. The debtors include amount for such facilities which is recoverable and would be useful for future expansion. Company feels that the debtors are good for recovery and do not need any provision for doubtful debts.
- 3. Cost of material is not netted by cenvate credit. Payment of net excise debited to excised expenses.
- 4. In the opinion of directors, the net realizable value of current assets sold in ordinary course of business is not less than the market value.
- 5. Some debtors, creditors, loans & advances, bank deposits are subject to confirmation and reconciliation.
- 6. Previous year's figures have been rearranged and regrouped, wherever necessary.

**7. Contingent Liabilities:**

There are no contingent liabilities as certified by the Directors.

**8. Claims against the Company not acknowledged as debts (estimated):**

	2010-11	2009-10
i) In respect of Labour matters	nil	nil
ii) Other claims	nil	nil

**9. a) The company has identified the suppliers who are covered under the Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993. The liability under the said Act on account of interest is not ascertained as at 31 March 2011. However, no claims have been received for interest from suppliers with reference to the above Act.**

b) There are no small scale industrial undertakings to whom the company owes a sum which is outstanding as per terms of contract agreed for more than 30 days as at Balance Sheet date.

**10. Auditors Remuneration:**

	As at 31-03-2011	As at 31-03-2010
i) As audit fees	137,875	137,875
ii) As Tax audit fees	38,605	38,605
Total	176,480	176,480

**SCHEDULE "P" - NOTES FORMING PART OF ACCOUNTS (contd...)**

11. Remuneration to Managing Director & Jt. Managing Director - half & equal to each (exclusive of contribution to Gratuity Fund on Actual valuation)

	2010-11	2009-10
Salaries	2,005,918	1,100,418
Contribution to Provident & Superannuation funds	0	26,400
	2,005,918	1,126,818

Notes:

- i) Remuneration paid to Managing Director and Joint Managing Director is computed as per the provisions of Section 198 of the Companies Act, 1956 read alongwith the provisions of Schedule XIII thereto.
- ii) As per the terms of appointment applicable during the year, no amount is payable to the Managing Director and Joint Managing Director as Commission

**12. Provision for Deferred Tax:**

In accordance with As-22 on 'Accounting for tax on income' issued by ICAI, the net deferred tax as on 31.03.2011 is as follows :

<u>Particulars</u>	As at 31-03-2011		As at 31-03-2010	
	Assets	Liabilities	Assets	Liabilities
Depreciation	1,285,634	-	1,418,737	-
Deferred Revenue expenditure	0	-	174,585	-
Provision for bad & doubtful	Nil	-	Nil	-
Total	1,285,634	-	1,593,322	-

**13. Segment Reporting:**

Considering the organization structure, nature of Products and risk and return profile based on geographical distribution, the agro chemicals business is considered as a single segment in accordance with AS-17 "Segment Reporting".

**14. Related Party Disclosure:**

a) Related Parties:

- i) Subsidiaries of the Company Nil
- ii) Other related parties Industrial Additives
- iii) Key Management Personnel Mr. Kaushik B. Parikh (MD)  
Mr. Manhar D. Patel (Jt. MD)

b) The following transactions were carried out during the year with the related parties in the ordinary course of business:

<u>Transactions</u>	Other related parties ( Industrial Additives )	
	2010-11	2009-10
Material purchased	9,653,002	8,337,064
<u>Amount due to / from related parties</u>		
Advances due	(7,856,466.47)	(7,988,464)

The remuneration of key management personnel is shown in Note no. 12.

**15. Expenditure in foreign currency:**

	2010-11	2009-10
Interest	nil	nil
Travel	nil	nil
Other	nil	nil

**16. Disclosure as required under clause 32 of listing agreement**

- i) Loans and Advances in the nature of loans to Firms/Companies in which Directors are interested - Rs. Nil (Previous Year - Rs. Nil)
- ii) Investment by the loanee in the shares of the Company as on 31 March 2011 is nil (Previous Year - nil)

**17. Earning per share:**

	2010-11	2009-10
a) Weighted average number of shares at the beginning and end of the year	6,744,900	6,744,900
b) Net Profit/(loss) after tax available for equity shareholders (Rs. Lacs)	180,166	1,547,222
c) Face value per share (Rs.)	10.00	10
d) Basic Earnings per share (Rs.)	0.03	0.23

**SCHEDULE "P" - NOTES FORMING PART OF ACCOUNTS (contd...)**

**18. Production, Sales and Stocks of each class of manufactured goods / traded goods :**

Class of goods	Licensed / Inst. Cap.	Opening Stock	Production	Purchases	Closing Stock	Gross Sales	Sales Value
	MT	MT	MT	MT	MT	MT	(Rs. In lacs)
<b>Plastic Division:</b>							
Valve Type Bags	800.00	0.00	0.00	0.00	0.00	0.00	0.00
Guesseted Bags	120.00	0.00	0.00	0.00	0.00	0.00	0.00
Blow Moulding Items	150.00	0.00	38.38	0.00	0.00	38.38	0.00
Injection Moulding Items	90.00	0.00	18.90	0.00	0.00	18.90	0.00
Other Products	600.00	0.00	0.00	0.00	0.00	0.00	0.00
							0.00
<b>Irrigation Division:</b>							
Irrigation Division	1,300.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Bio-Stimulants:</b>							
Liquid	600.00	148.51	278.41	0.00	167.20	259.72	766.85
Solid	1,200.00	148.83	761.68	0.00	146.77	763.74	188.33
Bio Fertilizers	3,600.00	193.70	2,269.97	0.00	202.01	2,261.66	545.03
Fertilizer(modif.Fly Ashbase)	2,500.00	6.95	0.00	0.00	6.95	0.00	0.00
Other							
							1,500.21
<b>Grand Total</b>							<b>1,500.21</b>

**19. Raw Materials Consumed**

Particulars	2010-11		2009-10	
	Qty. MT	Value Rs.	Qty. MT	Value Rs.
Granules	2,090.930	3,094,165.00	1,965.836	2,994,633.00
Neem Oil	1.660	104,580.00	2.000	126,000.00
Ferrous Sulphate	71.440	375,060.00	66.385	348,521.00
D-oil Cake	253.405	1,047,830.00	234.730	788,693.00
Others		22,699,298.77		19,150,548.57
<b>Total</b>		<b>27,320,933.77</b>		<b>23,408,395.57</b>

**20. Value of Imported / Indigenous Raw Materials/Stores and spares consumed**

Particulars	2010-11		2009-10	
	%	Value (Rs.)	%	Value (Rs.)
<b>Raw Materials</b>				
Imported	Nil	Nil	Nil	Nil
Indigenous	100%	27,320,933.77	100%	23,408,395.57
	100%	27,320,933.77	100%	23,408,395.57
<b>Stores and Spares</b>				
Imported	Nil	nil	Nil	nil
Indigenous	100%	43,600.00	0%	44,866.00
	100%	43,600.00	0%	44,866.00

**SCHEDULE "P" - NOTES FORMING PART OF ACCOUNTS (Contd...)****22. Balance Sheet Abstract and Company's General Business Profile****I. Registration Details**

Registration No.	13922	State Code	04
Balance Sheet Date	31st March 2011		

**II. Capital raised during the year**

(Amount Rs. Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

**III. Position of Mobilisation and Deployment of Funds**

Total Liabilities	263,875,240.74	Total Assets	263,875,240.74
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**Source of Funds**

Paid up Capital	75,871,545.00	Reserves and Surplus	153,638,029.14
Secured Loans	28,691,346.87	Unsecured Loans	5,674,319.73
		Deferred Tax Liability	0.00

**Application of Funds**

Net Fixed Assets	66,701,367.27	Investments	0.00
Net Current Assets	197,173,873.47	Misc. Expenditure	0.00
Accumulated Losses	NIL		

**IV. Performance of Company**

Turnover	147,607,826.70	Total Expenditure	138,906,801.78
Profit / (loss) before Tax	2,180,165.58	Profit / (Loss) after Tax	180,165.58
Earning per Share Rs.	0.03	Dividend %	0%

**V. Generic Name of Principal Product of Company**

(As per monetary terms)

Item Code No.	3921900	Bags
(ITC Code)	---	
Product Description	380830	Plant Growth Regulators
	380890	Others

As per our Report of even date

**Ambalal M. Shah & Co.**

Chartered Accountants

For **Ocean Agro (India) Limited****CA. Ashok A. Jain**

Partner

M. No. 30389

Place : Vadodara

Date : 5/30/2011

**K.B. Parikh**

Managing Director

Place : Vadodara

Date : 5/30/2011

**M.D. Patel**

Jt. Managing Director

**Cash Flow Statement for the year ended on  
31st March 2011**

	Rupees	Rupees
<b>A Cash Flow from Operating Activities :</b>		
Net Profit before Tax & extra ordinary items		180,166
Adjustments for :		
Depreciation	6,321,559	
Provision for Direct Tax	2,000,000	
Deferred Revenue Expenses written-off	0	
Interest Income	0	
Interest charged	4,989,745	
	13,311,304	13,311,304
<b>Operating Profit before working capital changes</b>		<b>13,491,470</b>
Trade & Other receivables	4,519,527	
Inventories	917,338	
Trade Payable	1,028,487	
	6,465,352	6,465,352
<b>Cash generated from operations</b>		<b>19,956,822</b>
Interest paid	0	
Direct Taxes paid	(2,000,000)	
	(2,000,000)	(2,000,000)
<b>Cash Flow before Extra Ordinary Items</b>		<b>17,956,822</b>
Extra Ordinary Items		0
<b>Net Cash from Operating Activities</b>	<b>A</b>	<b>17,956,822</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(2,003,863)	
Sale of Fixed Assets	362,048	
Interest received	0	
Misc. Expenditure	0	
Investments	0	
	(1,641,815)	(1,641,815)
<b>Net Cash used in Investing Activities</b>	<b>B</b>	
<b>C Cash Flow from Financing Activities</b>		
Proceeds from issue of Share Capital	0	
Proceeds from Borrowing	0	
Repayment of Loan	(11,067,753)	
Interest Paid	(4,989,745)	
Dividend Paid	0	
	(16,057,498)	(16,057,498)
<b>Net Cash used in Financing Activities</b>	<b>C</b>	
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS</b>	<b>(A+B+C)</b>	<b>257,508</b>
<b>Cash &amp; Cash Equivalents Opening Balances</b>		<b>11,864,840</b>
<b>Cash &amp; Cash Equivalents Closing Balances</b>		<b>12,122,349</b>

For and on behalf of the Board

Place : Vadodara  
Date : 5/30/2011

**K.B. Parikh**  
Managing Director

**M.D. Patel**  
Jt. Managing Director

**AUDITORS' CERTIFICATE**

We have verified the above Cash Flow Statement of Ocean Agro (India) Limited derived from Audited Annual Financial Statements for the year ended 31 March 2011 and found the same to be drawn in accordance therewith and also with the requirements of clause 32 of the listing agreement with Stock Exchanges.

**For Ambalal M. Shah & Co.**  
Chartered Accountants

Place : Vadodara  
Date : 5/30/2011

**CA. Ashok A. Jain**  
Partner  
M. No. 30389