



Sadhana Nitro Chem Limited
39th Annual Report 2011-12

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**BOARD OF DIRECTORS**

Shri Asit D. Javeri
Shri Arvind R. Doshi
Shri Arvind L. Apte
Shri Ramesh A. Shroff
Shri Priyam S. Jhaveri
Shri Dharendra M. Shah
Shri Abhishek A. Javeri
Shri Nitin R. Jani

Chairman & Managing Director
Director
Director
Director
Director
Director
Director
Director & Company Secretary

BANKERS

STATE BANK OF INDIA, Mumbai & Roha
AXIS BANK LTD., Mumbai
STATE BANK OF PATIALA, Mumbai

ADVOCATES & SOLICITORS

MULLA & MULLA CRAIGIE BLUNT & CAROE
Mulla House,
51, Mahatma Gandhi Road,
Mumbai - 400 023.

AUDITORS

V. SANKARAIYAR & CO.
Chartered Accountants
2-C, Court Chambers, 35, New Marine Lines,
Mumbai - 400 020.

REGISTERED OFFICE

207, Kakad Chambers, 2nd Floor,
132, Dr. Annie Besant Road,
Worli, Mumbai - 400 018.
Phone : 6660 4881 - 5 (5 Lines) Fax : (91)22-6660 4147.
Email : sadhananitra@sncl.com Website : www.sncl.com

FACTORY

47, M.I.D.C. Industrial Area, Roha, Dist. Raigad,
Maharashtra - 402 116.

**REGISTRAR AND
TRANSFER AGENT (RTA)**

LINK INTIME INDIA PRIVATE LIMITED
{Formerly known as Intime Spectrum Registry Limited}
C-13 Pannalal Silk Mills Compound,
LBS Road, Bhandup (West), Mumbai - 400 078.
Phones : 022-25963838 Fax : 022-2594 6969.
Email : rnt.helpdesk@linkintime.co.in

NOTICE TO THE MEMBERS



NOTICE is hereby given that the **THIRTY NINTH ANNUAL GENERAL MEETING** of the Company will be held at, SASMIRA AUDITORIUM, The Synthetic & Art Silk Mills' Research Association, 3rd Floor, SASMIRA Marg, Worli, Mumbai 400030 on Monday, the 13th August, 2012 at 3.00 P.M. to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet, Profit and Loss Account and Cash Flow for the Financial Year ended 31st March, 2012 together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri R.A. Shroff who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri A.R. Doshi who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as **SPECIAL RESOLUTION** :

"RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions if any, of the Companies Act 1956, and subject to further approval of the Central Government if required, the consent of the Company be and is hereby accorded to the re-appointment of Shri A.D. Javeri as Chairman & Managing Director of the Company for period of 3 (Three) Years with effect from 1st September, 2012 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri A.D. Javeri, a draft whereof is placed before this meeting and initialed by the Chairman for the purpose of identification, which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the remuneration committee constituted by the Board) to alter and vary the terms and conditions of the said re-appointment and/or remuneration and/or agreement subject to same not exceeding the limits specified in the Schedule XIII of the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendment thereto as may be agreed to between the Board and Shri A.D. Javeri."

"RESOLVED FURTHER THAT subject to further approval of the Central Government if required, in the event of loss or inadequacy of profits, in any financial year, aforesaid remuneration by way of salary, allowances and perquisites not exceeding the limits specified in Schedule XIII shall be payable to Shri A.D. Javeri, Chairman & Managing Director, as minimum remuneration."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as **SPECIAL RESOLUTION** :

"RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions if any, of the Companies Act 1956, and subject to further approval of the Central Government if required, the consent of the Company be and is hereby accorded to the re-appointment of Shri N.R. Jani as Director & Company Secretary of the Company for period of 3 (Three) Years with effect from 1st September, 2012 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri N.R. Jani, a draft whereof is placed before this meeting and initialed by the Chairman for the purpose of identification, which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the remuneration committee constituted by the Board) to alter and vary the terms and conditions of the said re-appointment and/or remuneration and/or agreement subject to same not exceeding the limits specified in the Schedule XIII of the Companies Act, 1956, including any statutory modification or re-enactment thereof for the



time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendment thereto as may be agreed to between the Board and Shri N.R. Jani."

"RESOLVED FURTHER THAT subject to further approval of the Central Government if required, in the event of loss or inadequacy of profits, in any financial year, aforesaid remuneration by way of salary, allowances and perquisites not exceeding the limits specified in Schedule XIII shall be payable to Shri N.R. Jani, Director & Company Secretary, as minimum remuneration."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Registered Office :

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

Date: 18th June, 2012.

By Order of the Board

N.R. Jani
Director & Company Secretary

NOTES :

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. The proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of special business under Item No. 5 & 6 is annexed hereto.
3. The Company has appointed M/s. Link Intime India Private Limited (RTA), C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai 400 078 as Registrars and Share Transfer Agents for Physical Shares. The said RTA is also the Depository interface of the Company with both NSDL & CDSL. Their Telephone No. 022-25946970 E-mail address: mt.helpdesk@linkintime.co.in, Fax No. 022-25946969.
However, keeping in view the convenience of Shareholders, documents relating to shares will continue to be received by the Company at its Registered Office. Telephone No. 6660 4881-5, E-mail address : sadhananitra@sncl.com.
4. The Register of Members and the Share Transfer Book of the Company will remain closed from Tuesday, the 7th August, 2012 to Monday, the 13th August, 2012 (both days inclusive) for the purpose of Annual General Meeting.
5. All documents referred to in the accompanying notice and the explanatory statements are open for inspection at the Registered Office of the Company during office hours on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.
6. Members are requested to notify immediately change of address, if any, to their Depository Participants (DPs) in respect of their electronic share accounts and Link Intime India Private Limited (RTA), or to the Company at its Registered Office in respect of their physical shares.
7. Entrance Pass and Proxy Form is annexed. Members are requested to affix their signature at the space provided in the entrance pass and hand over the same at the entrance to the place of meeting.
8. Members who hold shares in Dematerialised form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
9. Members desiring any information are requested to write to the Company 10 days in advance.

Registered Office :

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

Date: 18th June, 2012.

By Order of the Board

N.R. Jani
Director & Company Secretary

ANNEXURE TO THE NOTICE



DIRECTORS INFORMATION PURSUENT TO CLAUSE 49 VI(A) OF THE LISTING AGREEMENT Profile of Directors being re-appointed at the ensuing Annual General Meeting:

Name & Age	Educational Qualification	Experience
Mr. R. A. Shroff (86 Yrs.)	Law graduate	He has an experience of 53 years as Advocate & Solicitors. He joined the company as a Director from 22 nd January, 1985.
Mr. A. R. Doshi (73 Yrs.)	Civil & Sanitary Engineer, Diploma in Business Management	He joined the company as a Director from 17 th September, 1974. He has a wide experience in industries like Engineering & Automobiles since 1965. He has received Prestigious Dadabhai Naroji International award for Excellence & Achievement in 1999. Also he has been awarded Samaj Ratna by Mahamastaka Abhishek Committee 2006. Presently he is acting as a Executive Chairman of PAE Limited.

Name of the Companies in which Directors to be re-appointed by Shareholders holds directorship and the membership of Committees of the board :

Name of the Director	Name of the Companies he holds Directorship	Name of the Companies in which he is a Member of the Committee of the Board
Mr. Ramesh A. Shroff	1. CIPLA Limited	Audit Committee
Mr. Arvind R. Doshi	1. PAE Limited 2. Shurjo Energy Pvt. Ltd.	Investors' Grievance -

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

1. Item No. 5 & 6

On the recommendation of the Remuneration Committee and subject to approval of the Members and the approval of Central Government if required, the Board of Directors of the company at its meeting held on 18th June, 2012 have reappointed (a) Shri A.D. Javeri, as the Chairman & Managing Director and (b) Shri N.R. Jani, as Director & Company Secretary of the Company with effect from 1st September, 2012 for a further period of 3 years.

The present remuneration payable to the said managerial personnel has been approved by Government of India, vide their sanction letter No. SRN No. A-73564684-CL.VII dated 19th July, 2010 and sanction letter No. SRN No. A-73564346-CL.VII dated 19th July, 2010 respectively.

The present agreement between the Company and the said Managerial personnel is upto 31st August, 2012.

The directors have, on recommendation of Remuneration Committee and keeping in mind the qualification, experience, expertise of and in particular the contribution made by Shri A.D. Javeri and Shri N.R. Jani in the overall development of the Company and having regard to the provisions in respect of managerial remuneration of the Companies Act 1956, thought it justified to reappoint them on the following terms and conditions subject to approval in annual general meeting and approved by the Government of India if required.

It is proposed to pay, subject to approval of the members and the approval of Central Government if required, the following remuneration to them which is commensurate with their responsibilities of heading a company of this size, and experience and performance of individual managerial personnel and external environment.



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- i) Basic Salary and Annual Increment :
- A) Shri A.D. Javeri: Basic Salary of ₹ 1,80,000/- per month with effect from 1st September, 2012. Annual increment of ₹ 20,000/- will be given on following 1st September every year during the tenure of agreement.
- B) Shri N.R. Jani: Basic Salary of ₹ 1,35,000/- per month with effect from 1st September, 2012. Annual increment of ₹ 15,000/- will be given on following 1st September every year during the tenure of agreement.
- ii) Perquisites :
- A) In addition to the above Salary they will be entitled to the perquisites and allowances like house rent allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, education allowance, medical reimbursement, club fees and such other perquisites and allowances in accordance with the rules of the company or as may be agreed by the Board of Directors on recommendation of Remuneration Committee and the Managerial Personnel. However, such perquisites and allowances will be subject to a maximum ceiling of annual salary as under :-
- a) Shri A.D.Javeri : 70% of his annual basic salary.
- b) Shri N.R. Jani : 30% of his annual basic salary.
- In addition to above Shri A.D. Javeri and Shri N.R. Jani will, as per rules of the Company, be entitled to, leave travel allowance for self and family, mediclaim and personal accident policy cover which shall not be considered for above ceiling on perquisites and allowances.
- B) Shri A .D. Javeri and Shri N.R. Jani shall in addition to the above salary and perquisites and allowance be entitled to remuneration by way of such annual performance allowance not exceeding 35% of annual basic salary as may be decided by the Board on recommendation of remuneration committee.
- C) For the purpose of calculating the above ceiling, on the perquisites and allowances, the perquisites shall be evaluated as per the Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.
- D) Family for the above purpose means spouse, dependent children and dependent parents of the managerial personnel.
- E) In addition to above perquisites they shall also be entitled to following benefits which will not be included in computation of ceiling on perquisites.
- a) Company's contribution to Provident Fund, Family Pension Fund and superannuation or annuity fund to the extent these either singly or together are not taxable under the Income Tax Act.
- b) Gratuity payable as per the Rules of the Company.
- c) Encashment of leave accumulated but not availed of during the tenure.
- d) Provision of Company's car for official duties with driver.
- e) Free telecommunication facility at the residence.
- iii) The Managerial Personnel will be permitted to encash leave while in service as in case of other employees of the company.
- iv) In the event of loss or inadequacy of profits during the aforesaid period, aforesaid remuneration not exceeding the limits specified in Schedule XIII shall be payable to them as a minimum remuneration.
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- v) The terms and conditions of the said reappointment and/or remuneration and/or agreement may be altered and varied from time to time by the Board as it may, in its, discretion, deem fit provided the remuneration payable to them not to exceed the limits specified in Schedule XIII to the Companies Act 1956, as amended from time to time.

The agreement may be terminated by either party by giving the other party six month's notice or by any shorter notice as may be mutually agreed to between the parties.

They shall not, so long as they function as such, become interested or otherwise concerned directly or through their wife and / or minor children in any selling agency of the Company in future without prior approval of the Central Government.

They, so long as they function as such shall not be paid any sitting fees for attending the meetings of the Board of Directors or committees thereof.

In compliance with the provisions of Section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act 1956, the terms of remuneration specified above are now being placed before the members in the General Meeting for their approval.

The Government of India, sanction letters for the present arrangement which is expiring on 31st August, 2012 and present agreement with the managerial personnel alongwith the proposed draft Agreement between the Company and Shri A.D. Javeri as well as between the Company and Shri N.R. Jani, are available for inspection by the members of the Company at its Registered Office of the Company during the office hours on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.

Shri A.D. Javeri and Shri N.R. Jani are respectively concerned or interested in their respective re-appointment and the remuneration payable to them respectively. Shri Abhishek A. Javeri is concerned or interested in the resolution as he is related to Shri A.D. Javeri. No other Directors are interested in these resolutions.

This may be treated as an abstract of the terms of re-appointment of Shri A.D. Javeri and Shri N.R. Jani and the memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

The Board recommends the Special Resolutions at Item No. 5 & 6 of the notice for your approval.

Additional information for the shareholders, as required under Schedule XIII to the Companies Act, 1956, and to the extent applicable to the Company / Appointees is given below:

1. General information:

- i) Nature of Industry: The Company is engaged in the Manufacturing of various chemical intermediates.
- ii) Date or expected date of commencement of commercial production: The Company was incorporated on 21st July, 1973 and Certificate for Commencement of Business was issued on 10th September, 1973.
- iii) Financial performance based on given indicators: as per published audited financial results for the year ended 31st March, 2012:

Particulars	Rs. In Lacs
Sales and Other Income	67,06,89,309
Loss before tax	(1,18,47,350)
Net Excess Provision for tax and Differed tax	22,691,125
Profit after tax	1,08,43,775
Profit as computed under Section 309(5) read with Section 198	(2,03,997)

- iv) Export performance and foreign exchange earned for the financial year ended 31st March, 2012: FOB value of exports ₹ 5,246 Lacs.



- v) Foreign Investment or Collaborators: This is not applicable.

II. INFORMATION ABOUT THE APPOINTEES:

- i) Background details:

Shri A.D. Javeri, aged 56 years, and having Graduation in Science, joined the company in January, 1985 as Managing Director. Prior to joining the company Shri A.D. Javeri had experience of 9 years of running chemical industry. He has been associated with the company for more than 28 years.

Shri N.R. Jani, aged 53 years, and having Graduation in Commerce as well as is a member of Institute of Chartered Accountants of India and Institute of Company Secretaries of India. He joined the company in December, 1984. Prior to joining the company he had an experience of 2 years. He has been associated with the company for more than 28 years.

- ii) Past remuneration drawn :

Year	Mr. A.D. Javeri	Mr. N.R. Jani
2009-10	26,10,869	15,24,850
2010-11	37,82,480	17,10,610
2011-12	40,92,356	20,07,200

- iii) Job profile and suitability:

Over the years, Shri A.D. Javeri has been entrusted with the overall responsibility of the Company. He has immensely contributed in the overall development of the Company specifically in attaining higher exports and commercialisation of several high value added chemical intermediates. Shri A.D. Javeri has taken several initiatives to restructure the business operations.

Over the years, Shri N.R. Jani has been entrusted with the responsibility to look after finance, legal, accounts and administrative control. He has successfully carried out several specific assignments. He has introduced productivity linked wage and salary in the settlements with the union. He has taken several initiatives for controlling costs at each level. He has effectively contributed towards development of the company in several ways.

- iv) Remuneration proposed: The remuneration package is given in detail in the explanatory statement. However, the same is summarized hereunder :

Sr. No.		Shri A.D. Javeri	Shri N.R. Jani
a)	Salary	Rs. 1,80,000/- P.M.	Rs. 1,35,000/- P.M.
b)	Perquisites & Allowances	Maximum 70% of salary	Maximum 30% of salary
c)	Performance Allowance	Not exceeding 35% of annual salary as may be decided by the Board	Not exceeding 35% of annual salary as may be decided by the Board
d)	Minimum Remuneration in case of inadequacy of profits during any financial year	Remuneration as above will be minimum remuneration	Remuneration as above will be minimum remuneration

- v) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

Taking into consideration the size of the Company, the profile of Shri A.D. Javeri and Shri N.R. Jani, the responsibilities shouldered by them and the industry benchmarks, the aforesaid remuneration is commensurate with the remuneration package paid to similar senior level positions in other companies.



- vi) Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel:

Besides the remuneration proposed Shri A.D. Javeri and Shri N.R. Jani do not have any other pecuniary relationship with the Company and its managerial personnel except that Shri A.D. Javeri has given personal guarantee for the borrowings of the company and kept deposits with the company.

III. OTHER INFORMATIONS:

- i) Reasons for loss or inadequate profits: During last several years, performance of company was adversely affected due to several uncontrollable extraneous factors like unprecedented increase in raw material prices, crude oil prices unhealthy price competition from several countries, global slow down and forex rate volatility. The turnover of the company declined substantially in 2009-10 due to slowdown in major economies of the Globe.
- ii) Steps taken by the Company to improve performance: The losses were mainly on account of cancellation of forward forex booking consequent to slowdown / cancellation / deferment of exports and global slowdown. All efforts are to control the overheads, certain process improvement for becoming cost efficient, conversion of one of the boiler from Furness oil to Bagasse etc. coupled with aggressive marketing will improve the sales and expected to result in better operating performance. The company has curtailed its losses year after year from 2008-09 and now there is Profit After Tax in 2011-12.
- iii) Expected increase in productivity and profits in measurable terms:
In addition to steps proposed to be taken for improvement as detailed hereinabove, key focus areas would be profit maximisation, conservation of cash, improve operational efficiencies, cost and working capital containment. The Company is continuing its endeavour to increase the revenues to improve profitability.

IV. DISCLOSURES:

The details of the remuneration package of Shri A.D. Javeri and Shri N.R. Jani are given in the explanatory statement hereinabove and the same is contained in the respective draft agreements with them which are open for inspection as mentioned hereinabove. Other Directors are paid no remuneration except sitting fees for the meeting of the Board and Committee thereof. All the components of the remuneration are fixed except performance allowance which will be decided by the Board on the periodical performance of the concerned Managerial Personnel based on recommendation of remuneration committee. Both the appointments are contractual and provides for Six months notice period. No stock option has been given to them.

Your Directors commend these Resolutions for your approval.

None of the Directors except Shri A.D. Javeri, Shri Abhishek A. Javeri as his relative and Shri N.R. Jani, are concerned or interested in the Resolution.

Registered Office :

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

Date: 18th June, 2012.

By Order of the Board

N.R. Jani
Director & Company Secretary

DIRECTORS' REPORT



To the Members of SADHANA NITRO CHEM LIMITED

Your Directors have pleasure in presenting to you the 39th Annual Report together with Audited Accounts for the year ended 31st March, 2012.

1. FINANCIAL RESULTS

	2011-12 ₹	2010-11 ₹
Sales & Other Income	<u>67,06,89,309</u>	<u>55,91,34,860</u>
Profit before Finance Cost, Depreciation and Tax	<u>8,61,09,212</u>	<u>3,56,28,325</u>
Finance Cost	(6,63,93,630)	(5,14,15,947)
Depreciation	(3,15,62,932)	(3,35,91,323)
Loss before Taxation	(1,18,47,350)	(4,93,78,945)
Deferred tax	(18,89,599)	(8,78,361)
Excess provision for tax written back	2,45,80,724	(25,00,000)
Profit/(Loss) after tax	1,08,43,775	(5,27,57,305)
Balance brought forward from previous year	(21,44,26,293)	(16,16,68,987)
Balance Transferred to Balance Sheet	<u>(20,35,82,519)</u>	<u>(21,44,26,293)</u>

2. REVIEW OF OPERATIONS

Your company has attained turnover of ₹ 6706 lacs (P.Y. ₹ 5591 lacs) registering a commendable growth of about 20%. This has been in the wake of slowdown in the major economies and stiff price competition from China. Aggressive marketing strategy and stringent quality standard has been the backbone of the achievement.

Escalating prices of several inputs, hike in prices of fuel, span of irregularity in the availability of raw material and consequent interruption in production has an effect of increase in costs. The regime of high interest rate and liquidity tightness has increased finance cost burden.

During the later part of the year, depreciating rupee has marginally improved the realisation. All efforts are made to enhance productivity by improving consumption norm and processes. The costs at all level continue to remain under stringent monitoring and control, as result of which all overheads but for finance cost has shown improvement as a percentage to turnover.

During the year company has EBIDT of ₹ 861 lacs (P.Y. ₹ 356 lacs). After providing of increased finance cost of ₹ 664 lacs (P.Y. loss ₹ 514 lacs) the company has achieved cash profit of ₹ 197 lacs (P.Y. cash loss of ₹158 lacs). Based on favourable Supreme Court judgment, major tax demand will be quashed resulting in excess tax provision of ₹ 246 lacs which is written back. The profit after tax has been ₹ 108 lacs (P.Y. loss ₹ 527 lacs).

3. DIVIDEND

Your Directors, considering above, do not recommend any dividend (P.Y. Nil) for the year 2011-12.

4. OUTLOOK

Your company's major market like Europe, Japan and USA are slow but showing signs of recovery in the demand for the product of your company. The market remained highly price competitive. The costs are under stringent monitoring and control. The company has taken several initiatives for process upgradation, improvement in consumption norms, use of cheaper alternate raw material and fuel. All efforts are made to reduce and control the overheads. Finance cost continued to remain high due to high interest rate regime and liquidity crunch consequent to repayment of term loan installments and operational performance. Gradual product price increase, improved operating efficiency and stringent control of overheads are expected to improve the overall performance.



Export continues to constitute about 80% of the overall turn-over. Performance of your company hence mainly follows the Global economy trend. The order book position is healthy. Due to interruption in the smooth availability of raw materials consequent to the liquidity crunch, continuous production was hampered resulting in escalated production cost.

As a strategy, the company is focusing on improving utilisation of the existing capacities. The process for manufacture of sensitizer used in paper coating alongwith Colour Former has been developed in R&D of the company. Commercial production of the same is expected in the current year utilizing the existing capacity. As a result of aggressive marketing efforts, your company is in advance stage of negotiation with several multinational companies consuming Nitrobenzene in large quantity. This will improve the utilisation of Nitrobenzene plant. Both these will contribute substantially to the top line of the company as well as improve the over all performance of the company.

The company continued to focus on cost control at every level to improve the operational efficiency which alongwith the increased operating level and upward revision of product prices is expected to improve the margin. The rate of flow of orders is encouraging. Production facilities are realigned to meet the demand. Your company barring unforeseen circumstances, expects to further improve the turn-over and performance.

5. FINANCE

Majority of INR term loans have been converted into USD FC loans at LIBOR related interest rates. Besides majority of working capital facility is availed in the form of PCFC which carries LIBOR related interest. Pending enhancement of working capital facilities by Bankers, the company had to resort to short term ICD borrowings which are unsecured but costlier. Your company has repaid during the year term loan installments of more than ₹ 700 lacs to the Banks consequently the Banks' term loan liability have substantially reduced.

6. EXPORTS

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

Despite recessionary trend and unfair severe price competition from China, the Exports of your company during the year rose to ₹ 5,318 lacs compared to ₹ 4,462 lacs in the previous year, registering a increase of more than 19%.

Exports constituted about 80% of the overall sales (excluding other income). Company's Exports are well diversified in terms of product range as well as the Countries of Export.

7. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, the Management Discussion and Analysis, the Corporate Governance Report, together with the Auditors Certificate on compliance with the conditions of Corporate Governance as laid down, form part of this Annual Report.

8. EXPORT ORIENTED UNIT (EOU)

Your company has one of its plants Registered as an EOU with the Development Commissioner, SEEPZ Special Economic Zone. The Registration of the unit which had expired has been renewed upto 9th March, 2015 and further the company has also been issued Green Card valid upto 31st March, 2015.

9. ISO CERTIFICATION

Your Company has certification as per ISO 9001:2000 granted by the certifying body Registro Italiano Navele India Private Limited (RINA) for the development and manufacture of Chemical Intermediates. Your company has started the process to get itself accreditation for ISO 14000 & ISO 18000.



10. EFFLUENT TREATMENT

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

11. RESEARCH AND DEVELOPMENT

Your company has continuously attached high priority to the R & D Department which is engaged in developing new processes and further improving the existing processes as an on going activity to enable your company to keep pace with technological advancement and improve operating efficiency.

12. INSURANCE

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

13. FIXED DEPOSITS

The total Deposits accepted by your Company as on 31st March, 2012 is ₹ 209.31 Lacs. There is no Deposit or Interest on the same which has matured and remained unpaid.

14. DIRECTORS

The terms of appointment of Shri A.D. Javeri as Chairman & Managing Director and Shri N.R. Jani as Director & Company Secretary is expiring on 31st August, 2012. Your Directors, subject to approval of the members in the General Meeting and subject to approval of Government of India have reappointed Shri A.D. Javeri as Chairman & Managing Director and Shri N.R. Jani as Director & Company Secretary of your Company. Their re-appointment are on the term & condition Recommended by Remuneration Committee. Special Resolutions in these behalf are proposed to be passed at the ensuing Annual General Meeting.

Directors, Shri R.A. Shroff and Shri A.R. Doshi, retire by rotation and being eligible offer themselves for re-appointment.

15. COST AUDIT

As per the requirement of the Central Govt. and pursuant to Section 233B of the Companies Act, 1956, the Company carries out an audit of cost accounts relating to its product every year. Subject to the approval of Central Government, the Company has appointed M/s. Vinay Mulay & Co, Cost Accountants, Mumbai, to audit the cost accounts relating to its products for the financial year 2011-12. The Cost Audit Report for the year ending 31st March, 2011 has been filed on 12th December, 2011 Cost Audit for the year ending 31st March, 2012 is in progress and the same will be filed soon.

16. AUDITORS

Messrs V. Sankar Aiyar & Co. Chartered Accountants, Auditors of your Company, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

17. SUBSIDIARY

In case of one of the subsidiaries M/s. Lifestyle Networks Limited, whose accumulated loss had exceeded its paid up capital, is now in profit.

Pursuant to the provisions of Section 212 of the Companies Act 1956, the Annual Accounts of Anuchem B.V.B.A. (Belgium), Anuchem Pte. Ltd. (Singapore), wholly owned foreign subsidiaries and Lifestyle Networks Limited, a partly owned Indian subsidiary of your company, are attached.

In compliance with accounting standard AS-21, your company has attached the consolidated statement of account giving therein the consolidated financial statement relating to the company and its subsidiaries.

18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO

The information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to these matters are given in Annexure-I appended hereto and forms part of this Report.



19. EMPLOYEES

The industrial relations during the year were cordial.

There is no Employee drawing Remuneration in excess of the limits prescribed by the Companies (Particulars of Employees) Rules, 1975.

20. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 of the Companies Act, the Directors hereby confirm that :

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures:
- ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period:
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:
- iv) the Directors had prepared the annual accounts on a going concern basis.

21. ACKNOWLEDGEMENTS

Your Directors would like to express their appreciation for the assistance and co-operation received from the Bankers State Bank of India, Mumbai and Roha, Axis Bank Limited and State Bank of Patiala. They also wish to place on record their appreciation for the co-operation and contribution of the staff and workmen in the achievements of your Company during the year under report. Last but not least the Directors place on record their gratitude to the Investors, Depositors, Clients and Shareholders of the Company for their support and trust reposed.

For and On Behalf of the Board of Directors

Place : Mumbai
Date : 18th June, 2012

Asit D. Javeri
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT



ANNEXURE - I

INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

Several measures are undertaken to conserve and optimise the use of energy which will be continued.

FORM-A : FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

POWER, FUEL AND WATER CONSUMPTION	2011-12	2010-11
1. Electricity		
a) Purchased Unit in kwh	32,98,051	42,04,903
Total amount (₹)	2,15,11,794	2,47,10,669
Rate/Unit (₹)	6.52	5.88
b) Own generation		
Through Diesel Generator Units in kwh	53,984	59,312
Unit per liter of diesel oil (kwh)	2.78	2.91
Liter of Diesel	19,425	20,401
Total amount (₹)	8,49,882	8,22,670
Cost/Units (₹)	15.74	13.87
2. Furnace Oil		
Quantity(KL)	1293	1487
Total Amount (₹)	4,46,11,531	3,67,23,246
Average Rate (₹/KL.)	34,502	24,694
3. Briquettes		
Quantity(MT)	4554	3565
Total Cost (₹)	2,42,86,936	1,81,94,839
Average Rate (₹/MT)	5,333	5,104
4. Water		
Quantity(M3)	125384	140470
Total Cost (₹)	30,97,749	33,92,844
Average Rate (₹/M3)	24.71	24.15

B. TECHNOLOGY ABSORPTION

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

RESEARCH AND DEVELOPMENT

- Specific areas in which R&D carried out by the Company. The R&D efforts of the Company are directed towards process development, energy conservation, Pollution control, efficiency improvement and quality upgradation.



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

R&D efforts have resulted in development of process for several chemical intermediates, the commercial production of which are commenced, besides improving quality and operating efficiency of existing products.

3. Future Plan of Action.

To continue R&D in the relevant areas to achieve its benefits.

	2011-12	2010-11
	₹	₹
4. Expenditure on R&D		
(a) Capital	1,13,632	2,95,678
(b) Recurring	38,68,454	37,54,241
Total	39,82,086	40,49,919
(c) Total R&D expenditure as a % of total turnover	0.05%	0.01%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

The Company has commenced production of some items of chemical intermediates, the process for which has been developed in R&D.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc. There is improvement in quality and yield of the product and has widened product range for marketing.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year). No imports of technology during last 5 years.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services and export plans.

The Company is exporting about 80% of its chemical intermediate production. The total exports during the year were ₹ 4,462 Lacs (P. Y. ₹ 2,798 Lacs). The Company is putting all its efforts to tap new export markets and widen its clientele base.

- b) Total Foreign Exchange used and earned. (in ₹)

	2011-12	2010-11
	₹	₹
(i) Used :		
a) Imports (CIF)	8,59,26,111	6,30,42,417
b) Other expenditure	39,82,086	33,43,641
	8,99,08,197	6,63,86,058
(ii) Earned :		
Exports (F.O.B.)	52,45,61,437	43,27,97,134

For and On Behalf of the Board of Directors

Place : Mumbai

Date : 18th June, 2012

Asit D. Javeri

Chairman & Managing Director

FIVE YEAR HIGHLIGHTS


(₹ in Lacs)

	2011-2012	2010-11	2009-10	2008-09	2007-08
RESOURCES					
Capital	920.08	920.08	920.08	920.08	204.55
Reserve	(641.62)	(750.06)	(222.49)	694.46	1600.28
Net Worth	278.46	170.02	697.59	1614.54	1804.83
State Govt. Sales Tax Incentives	20.90	20.90	20.90	20.90	20.90
Other Borrowings	4795.03	4456.59	4810.57	5049.71	5016.81
TOTAL	5094.39	4647.51	5529.06	6685.15	6842.54
UTILISATION OF RESOURCES					
Fixed Assets	10247.92	10045.94	9753.82	9452.36	9156.57
Less: Depreciation	6289.35	5973.72	5643.96	5299.73	4925.53
Net Fixed Assets	3958.57	4072.22	4109.86	4152.63	4231.04
Investments	41.22	41.22	61.22	61.22	61.22
Net Current Assets	1094.60	534.07	1357.98	2471.30	2550.28
Profit & Loss Account	-	-	-	-	-
TOTAL	5094.39	4647.51	5529.06	6685.15	6842.54
REVENUE FROM OPERATIONS					
Sales of Products	6540.43	5427.78	3497.93	7700.96	7397.48
Other Operative Revenue	148.71	72.94	16.08	87.32	147.82
Other Income	17.75	90.62	117.98	98.64	44.00
TOTAL REVENUE	6706.89	5591.34	3631.99	7886.92	7589.30
EXPENDITURE:					
Cost of Materials Consumed	3740.76	3402.83	2003.61	4941.12	4850.12
Changes in Inventories of Finished goods, Work in Progress and Stock in Trade	7.13	(134.05)	328.67	(270.62)	151.74
Employee Benefit Cost	451.02	457.17	339.45	405.74	311.89
Financial Cost	663.94	514.16	550.88	560.74	432.15
Depreciation	315.63	335.91	344.23	374.20	410.95
Other Expenses	1646.89	1509.11	961.93	1699.40	1757.81
TOTAL EXPENDITURE	6825.37	6085.13	4528.77	7710.58	7914.66
PROFIT/(LOSS) BEFORE TAX	(118.48)	(493.79)	(896.78)	176.34	(325.36)
Excess/Short Provisions	(226.92)	33.78	20.16	1082.15	11.00
PROFIT/(LOSS) AFTER TAX	108.44	(527.57)	(916.94)	(905.81)	(336.36)

REPORT ON CORPORATE GOVERNANCE



1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

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

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

Our Governance philosophy is based on the following:-

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

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

Your Board of Directors presents the Corporate Governance Report for the year 2011-12.

2. BOARD OF DIRECTORS :

Composition of the Board and Directorship held in other Companies as on 31st March, 2012

Sr. No.	Name of the Director(s)	Promoter/ Independent Executive / Non-Executive	No. of outside Directorship	No. of other outside Committee positions held (*)	
				Chairman	Member
1.	Mr. Asit D. Javeri	Promoter -Executive Chairman & Managing Director	10	3	6
2.	Mr. Arvind R. Doshi	Independent -Non-Executive	3	-	1
3.	Mr. Arvind L. Apte	Independent -Non-Executive	2	-	-
4.	Mr. R. A. Shroff	Independent -Non-Executive	1	-	1
5.	Mr. P. S. Jhaveri	Independent -Non-Executive	12	1	3
6.	Mr. D.M. Shah	Independent -Non-Executive	2	-	-
7.	Mr. A. A. Javeri	Related to Shri A.D. Javeri - Non-Executive	5	-	-
8.	Mr. Nitin R. Jani	Executive	6	-	-

(*)In other Limited Companies (including Private Limited Companies)/Foreign companies. Only membership of audit committee and shareholders/Investors Grievance Committee are considered.

3. DIRECTORS' PROFILE :

Profile of Non-Executive Directors being re-appointed at the ensuing Annual General Meeting is given in the Notice convening the Annual General Meeting.



4. ATTENDANCE RECORD OF THE DIRECTORS :

During the Financial year 2011-12, Five Meetings of Board of Directors were held on the following days:- 4th May 2011, 17th June 2011, 28th July 2011, 30th August 2011, 20th October 2011 and 9th January 2012. Annual General Meeting was held on 30th August, 2011.

The Attendance of Directors at the Board Meetings and Annual General Meeting were as under:-

Directors	Number of Meetings		Attendance at the last Annual General Meeting
	Held	Attended	
Mr. Asit D. Javeri	6	6	Yes
Mr. Arvind R. Doshi	6	6	Yes
Mr. Arvind L. Apte	6	1	No
Mr. Ramesh A. Shroff	6	6	Yes
Mr. Priyam S. Jhaveri	6	6	Yes
Mr. D.M. Shah	6	6	Yes
Mr. Abhishek A. Javeri	6	6	Yes
Mr. Nitin R. Jani	6	6	Yes

5. BOARD PROCEDURE :

Board meets once in quarter wherein they review quarterly performance and financial results. The Board meetings are generally scheduled well in advance and the notice of each meeting is given in writing to each Director. All the items on the agenda are accompanied by note giving comprehensive information on the related subject. The agenda and relevant notes are sent in advance separately to each of directors and only in exceptional cases the same is tabled at the meeting. The Board is also free to recommend the inclusion of any method for discussion in consultation with the Chairman. The information as specified in Annexure IA to the Clause 49 of the Listing Agreement is regularly made available to the Board. The minutes of the Board meeting circulated in advance to all directors and confirmed at subsequent meeting. The minutes of audit committee and other committees of the board are circulated in advance to all directors regularly place before the board.

6. AUDIT COMMITTEE :

As required u/s 292A of the Companies Act, 1956 read with provisions of Clause 49 of the Listing Agreement with the Stock Exchange, the Board has constituted Audit Committee which consists of the following Directors.

Mr. D.M. Shah	Chairman	Non-Executive, Independent
Mr. Arvind R. Doshi	Member	Non-Executive, Independent
Mr. Priyam S. Jhaveri	Member	Non-Executive, Independent

The Audit Committee shall have the authority to investigate into any matter that may be prescribed under Company Law for the time being in force and shall also comply with the terms of reference as specified herein as under :-

The role of the Audit Committee shall be as under :-

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.



4. Reviewing with management the annual financial statements before submission to the Board, for approval with particular reference to :
 - a. Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with Listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the management performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussions with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussions with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee shall mandatorily review the following information.

1. Management discussion and analysis of financial condition and results of operations ;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by Management ;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors ;
4. Internal audit reports relating to internal control weakness ; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

Mr. V. Mohan and Mr. Arvind Mohan, Partner of the firm of Statutory Auditor and Mr. Nikhil Vadia, Proprietor of firm of Internal Auditor, have been permanent invitees to the Audit Committee Meeting besides Mr. Asit D. Javeri, Chairman & Managing Director and Mr. Nitin R. Jani, Director & Company Secretary attended most of the meeting of the Audit Committee as invitee.

During the year, the Audit Committee, in its meetings, discussed among other things, the following :

- * Reviewed with management, quarterly, half yearly and annual financial statements before submission to the Board.



- * Discussed with the management and the internal and statutory auditors findings in the internal audit reports.
- * Deliberated on the applicability, compliance and impact of various Accounting Standards and guidelines issued by the Institute of Chartered Accountants of India from time to time.
- * Reviewed the Company's Financial and Risk Management Policies and Audit Reports covering operational, financial and other business risk areas.

The Chairman of the Audit Committee has briefed the Board of Directors, about the Audit Committees observations on various issues discussed at its meetings. Minutes of the Audit Committee Meetings are also circulated to all the Board Members along with agenda of the subsequent meeting.

All the suggestions / recommendations of the Audit Committee during the financial year 2011-12, have been accepted by the Board of Directors.

The Financial decisions of the Company are taken by the Chairman & Managing Director, Mr. A.D. Javeri at the Board of Directors Meeting.

The attendance record of each member of the Audit Committee at the Meeting held on 4th May 2011, 17th June 2011, 28th July 2011, 20th October 2011 and 9th January 2012 are as follows :

Name	Date of Appointment	Non-Executive / Independent	Numbers of Meetings	
			Held	Attended
Mr. D.M. Shah	29 th April 2008	Non-Executive - Independent	5	5
Mr. Arvind R. Doshi	29 th April 2008	Non-Executive - Independent	5	5
Mr. Priyam S. Jhaveri	29 th April 2008	Non-Executive - Independent	5	5

The previous Annual General Meeting was held on 30th August, 2011 and it was attended by Mr. D.M. Shah, Chairman of the Audit Committee.

7. RISK MANAGEMENT :

The Board takes responsibility for the total process of risk management in the organisation. Results of the risk assessments and residual risks are presented to the Senior Management and the Audit Committee members. The Management is accountable for the integration of risk management practices into the day to day activities. The scope of the Audit Committee includes review of the Company's financial and risk management policies. The Audit Committee reviews the Audit Reports covering operational, financial and other business risk areas.

8. SHAREHOLDERS/INVESTORS GRIEVANCES :

The Shareholders / Investors Grievance Committee consists the following Directors :

Mr Ramesh A. Shroff	Chairman
Mr Arvind R. Doshi	Member
Mr Priyam S. Jhaveri	Member

Terms of Reference

- * Review the existing investors Redressal System and suggest measures for improvement.
- * Review the report of Registrars and Share Transfer Agents about investor's grievances and follow up for the necessary action taken for redressal thereof.
- * Suggest improvement in investor's relations.



- * Consider and take on record the Certificate from Practicing Company Secretary certifying that the aggregate number of equity shares held in depositories and in physical form tally with the total number of shares issued, listed and admitted share capital.

The attendance record of each member of the Investors Grievance Committee at the Meeting held on 17th June, 2011 is as follows :

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

Statement of the various complaints received and cleared by the Company during the year ended on 31st March, 2012 :

Sr. No.	Subject	Received (Nos.)	Cleared (Nos.)	Pending *
1.	Non Receipt of Dividend/Interest/ Redemption Warrant	2	2	-
2.	Non Receipt of Share Certificate	1	1	-
	Total	3	3	-

There are two pending legal matters, in which the Company has been made a party, before any other Court(s) / Consumer Forum(s) etc., on Investors grievances.

All share transfer and correspondence thereon are handled by the Company's Registrars and Share Transfer Agents viz. Link Intime Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai 400 078

Mr. Nitin R. Jani, Director & Company Secretary, has been appointed as the Compliance Officer, as required by the Listing Agreement entered into by the Company with Bombay Stock Exchange. He has been entrusted the task of overseeing the Share Transfer work done by the Registrars and Share Transfer Agents and attending to grievances of the Shareholders and Investors intimated to the Company directly or through SEBI and Stock Exchanges. All complaints / grievances intimated during the year have been resolved.

9. REMUNERATION COMMITTEE :

The Remuneration Committee shall have the authority to Investigate into any matter that may be prescribed under Company Law for the time being in force and shall also comply with the terms of reference as specified herein as under :

1. The Remuneration Committee shall have meetings periodically as it may deem fit.
2. The Remuneration Committee shall invite such of the executives to be present at the meetings of the Committee required by it.
3. The Remuneration Committee shall have the following powers and functions :
 - a. To recommend to the Board, the terms and conditions of appointment of key Management personnel.
 - b. To seek information from any employee.
 - c. To obtain outside legal or other professional advice.



10. REMUNERATION POLICY :

The remuneration policy of the Company is directed towards rewarding performance based on review of achievements on a periodic basis and is in consonance with the existing industry practice.

The Remuneration Committee consists of the following Directors.

Mr. Arvind R. Doshi	Chairman	Non-Executive – Independent
Mr. Priyam S. Jhaveri	Member	Non-Executive – Independent
Mr. D.M. Shah	Member	Non-Executive – Independent

Attendance record of the Members

The attendance record of each member of the Remuneration Committee at the Meeting held on 4th May, 2011 is as follows :

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

The Company pays remuneration by way of salary, allowances and perquisites, performance allowance etc. to the Chairman & Managing Director and Director & Company Secretary on recommendation of the Remuneration Committee as approved by the Board of Directors and shareholders of the Company subject to approval of the Central Government. Each Non-Executive Director is paid per meeting attended a sitting fee of Rs. 5000/- for Board Meeting and Rs. 3000/- for Committee Meeting.

Details of remuneration of the Directors during the period 1st April, 2011 to 31st March, 2012 are as under :

Name of the Director	Salaries, Allowances, Perquisites, Performance allowance, contribution to P.F etc. ₹	Sitting fees ₹	Total ₹	No. of shares held
Mr. Asit D. Javeri *	40,92,356	-	40,92,356	N.A.
Mr. Arvind R. Doshi	-	51,000	51,000	12,498
Mr. Arvind L. Apte	-	5,000	5,000	1,444
Mr. Ramesh A. Shroff	-	33,000	33,000	259
Mr. Priyam S. Jhaveri	-	51,000	51,000	100
Mr. D.M. Shah	-	48,000	48,000	5,000
Mr. Abishek A. Javeri	-	30,000	30,000	37,100
Mr. Nitin R. Jani *	20,07,200	-	20,07,200	N.A.
Total	60,99,556	2,18,000	63,17,556	-

* Whole time directors are not eligible for sitting fees. (N.A. - Not applicable)

Presently the company does not have a scheme of grant of Stock option. The Company has not advanced any loans to any of the Directors.

Please refer "Note 25" annexed to the Financial Statements of the year.



11. General body meeting :

(A) Details of location and time of holding of last three AGMs :

AGM for the financial year ended	Venue	Date	Time	No. of Special Resolutions passed
2008-09	"PRINCE HALL" The National Sports Club Of India, Lala Lajpatrai Marg, Worli, Mumbai - 400018.	09.09.2009	4.00 p.m.	2
2009-10	SASMIRA AUDITORIUM, The Synthetic & Art Silk Mills' Research Association, 3 rd Floor, SASMIRA Marg, Worli, Mumbai - 400030.	20.09.2010	3.00 p.m.	Nil
2010-11	SASMIRA AUDITORIUM, The Synthetic & Art Silk Mills' Research Association, 3 rd Floor, SASMIRA Marg, Worli, Mumbai - 400030.	30.08.2011	3.00 p.m.	Nil

(B) Special resolutions passed at the last three annual general meetings:

The Special Resolution for (1) Re-appointment of Shri A.D. Javeri, Chairman & Managing Director and (2) Re-appointment of Shri N.R. Jani, Director & Company Secretary, were passed in the Annual General Meeting held on 9th September, 2009

(C) Extra Ordinary General Meeting :

During the last three years One Extra Ordinary General Meeting was held by the company on 25th October, 2011 for the purpose of passing Special resolution pursuant to the provision of Section 23 and other applicable provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA).

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

12. SUBSIDIARIES :

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

13. DISCLOSURES :

- (a) **Materially Significant related party transactions:** The particulars of transactions between the Company and its related parties as per the Accounting Standard -18 are set out at Note 7 in Notes to Accounts in the Annual Report. These transactions are not likely to have any conflict with Company's interest.
- (b) **Management Disclosures:** The Senior Management Personnel have been making disclosures to the Board relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large. Based on the disclosures received, none of the Senior Management Personnel has entered into any such transactions during the year.
- (c) **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last 3 years:** The Company has complied with the requirements of the Listing Agreement with the Stock Exchanges as well regulations and guidelines prescribed by SEBI.



There were no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter relating to the capital markets during the last three years.

(d) Risk Management Framework :

The Board of Directors has adopted the Risk Assessment Procedure. The procedure provides an approach by the top Management to identify potential events that may affect the Company, to manage the risk within its risk appetite and to provide reasonable assurance regarding the achievement of objectives of the Company. The Senior Management priorities the risk and finalise the action plan for mitigation of the key risks.

(e) Proceeds from public issues, right issues, preferential issues :

The proceeds of right issue has been utilised for issue expenses and for working capital as under:

SOURCES		(₹ in lakhs)	
	Proposed	Actual	
Right Issue	715.90	715.54	
UTILISATION			
Long Term Working Capital	686.00	683.46	
Issue Expense	29.90	32.44	
Total	715.90	715.90	

(f) Whistle Blower Policy :

Though there is no formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company.

14. MEANS OF COMMUNICATION :

The quarterly, half yearly and annual results are published in English in "Freepress Journal" and in Marathi in "Navshakti" and will be uploaded on the SEBI website under Electronic Data Information Filing and Retrieval (EDIFAR).

Management discussion and analysis form part of the Annual Report and appears as Annexure to the Directors' Report.

15. GENERAL SHAREHOLDER INFORMATION :

The financial year of the Company is for a period of 12 months from 1st April to 31st March every year.

AGM : Date, time and venue 39th Annual General Meeting on Monday, the 13th August, 2012 at 3.00 P.M. at SASMIRA AUDITORIUM, THE SYNTHETIC & ART SILK MILLS' RESEARCH ASSOCIATION, 3RD FLOOR, SASMIRA MARG, WORLI, MUMBAI - 400030.

Date of Book Closure 07-08-2012 to 13-08-2012(both days inclusive) in connection with Annual General Meeting.

Dividend payment date NIL for 2011 -12.

Financial Calendar (Tentative)

Results for quarter ending June 30, 2012 Last week of July, 2012

Results for quarter ending September 30, 2012 Last week of October, 2012

Results for quarter ending December 31, 2012 Last week of January, 2013

Results for quarter ending March 31, 2013 Last week of April, 2013

Listing of Company's shares The Company's shares are listed on Bombay Stock Exchange Ltd. (BSE)

Scrip Code 506642

ISIN Number INE888C01016

The company has paid upto date listing fees to Bombay Stock Exchange Ltd.



16. HIGH/LOW OF MARKET PRICE OF THE COMPANY'S SHARES TRADED ON THE STOCK EXCHANGE UPTO 31ST MARCH, 2012 :

Period	SNCL's Share Price (₹)		BSE SENSEX	
	High	Low	High	Low
April 2011	21.45	17.15	19,811.14	18,976.19
May	20.25	16.60	19,253.87	17,786.13
June	20.00	17.65	18,873.39	17,314.38
July	20.00	17.65	19,131.70	18,131.86
August	21.00	16.30	18,440.07	15,765.53
September	22.50	17.35	17,211.80	15,801.01
October	19.55	14.00	17,908.13	15,745.43
November	18.82	13.58	17,702.26	15,478.69
December	14.00	11.71	17,003.71	15,135.86
January 2012	18.80	12.00	17,258.97	15,358.02
February	20.30	15.25	18,523.78	17,061.55
March	20.45	13.55	18,040.69	16,920.61

17. INVESTOR SERVICES :

The Company has appointed M/s. Link Intime India Pvt. Ltd (LIIP) (Formerly known as M/s. Intime Spectrum Registry Limited (ISRL), whose address is given below, as its Registrar and Transfer Agents. The Registrar handles all matters relating to the shares of the Company including transfer, transmission of shares, Dematerialisation of share certificates, subdivision/consolidation of share certificates and investor grievances.

M/s. Link Intime India Pvt. Ltd having registered office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai 400 078 are Registrars and Share Transfer Agents for Physical Shares. LIIP is also the Depository interface of the Company with both NSDL & CDSL. Their Telephone No. 2596 3838 E-mail address: rnt.helpdesk@linkintime.co.in, Fax No. 25946969.

18. SHARE TRANSFER SYSTEM :

All the transfers received are processed by Registrar and Transfer Agents. Share transfers are registered and returned within maximum of 30 days from the date of lodgment if documents are complete in all respects. In case the shares are transferred through Demat mode, the procedure is adopted as stated in Depositories Act, 1996.

19. DEMATERIALISATION OF SHARES :

The Company's shares are tradable compulsorily in electronic form. The Company has established through its Registrar and Share Transfer Agents, connectivity with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). As on 31st March, 2012, 96.62% of the equity shares have been dematerialised.

20. SHARE HOLDING PATTERN AS ON 31ST MARCH, 2012 :

	No. of Shares	Percentage
Promoters	6634415	72.10
Mutual Funds and UTI	560	0.01
Banks, Financial Institutions & Insurance Companies	621	0.01
Bodies Corporate	274033	2.98
Indian Public	2243434	24.38
NRIs/Foreign Nationals	47767	0.52
Total	9200830	100.00



Pursuant to Regulation 3(1)(e)(i) of Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 and subsequent amendments thereto, Promoter Group and Persons acting in concert consists of Manekchand Panachand Trading Investment Co. Private Limited and Mr. Asit D. Javeri & his family.

21. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2012 :

No. of shares	Folio		Amounts	
	Number	% to total	₹	% to total
1 - 5000	4034	83.9542	51,88,290	5.6389
5001 - 10000	377	7.8460	28,16,720	3.0614
10001 - 20000	192	3.9958	27,41,040	2.9791
20001 - 30000	71	1.4776	17,86,940	1.9422
30001 - 40000	26	0.5411	9,32,230	1.0132
40001 - 50000	27	0.5619	12,41,190	1.3490
50001 - 100000	36	0.7492	26,61,910	2.8931
100001 and above	42	0.8741	7,46,39,980	81.1231
Total	4805	100.0000	9,20,08,300	100.0000

22. UNCLAIMED DIVIDEND :

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend which remain unclaimed for a period of 7 years will be transferred by the Company to the **Investor Education and Protection Fund (IEPF)** established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Members are advised that once the unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof. The Company has already transferred the unclaimed dividend for the year ended 31st March, 2004 to the IEPF.

Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below :-

Financial year ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEP Fund
31.03.2005	15.09.2005	14.09.2012	13.10.2012
31.03.2006	26.09.2006	14.09.2013	13.10.2013
31.03.2007	27.09.2007	15.09.2014	14.10.2014
31.03.2008	25.09.2008	13.09.2015	12.10.2015

Members who have not encashed their dividend warrant(s) for the financial year ended 31st March, 2005, or any subsequent financial year(s), are requested to lodge their claims with the Company.

23. CODE OF CONDUCT :

As required by Clause 49 I (D) of the Listing Agreement, the Company has formulated a Code of Conduct for all Directors and Senior Management of the Company and the same has been adopted by the Board. All the Directors and Senior Management Personnel have affirmed compliance with the said Code of Conduct.

24. CEO/CFO CERTIFICATION :

The Company is duly placing a certificate to the Board from the Chairman & Managing Director and Director & Company Secretary in accordance with the provisions of Clause 49 (V) of the Listing Agreement. The aforesaid certificate duly signed by the Chairman & Managing Director and the Director & Company Secretary in respect of the financial year ended 31st March, 2012 has been placed before the Board in the meeting held on 18th June, 2012.

**Plant Location**

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

Address for correspondence

Sadhana Nitro Chem Limited
Registered Office :
207 Kakad Chambers, 2nd Floor
132 Dr. Annie Besant Road
Worli, Mumbai - 400 018.
Tel : 022-66604881-5 (5 Lines)
Fax : (91)22-66604147
E-mail : sadhananitro@sncl.com
Website : www.sncl.com

Link Intime India Pvt. Ltd
(Formerly known as
Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup,
Mumbai - 400 078.
Telephone No. 022-2596 3838
Fax No. 022-25946969.
E-mail : rnt.helpdesk@linkintime.co.in

25. SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL :

As stipulated by SEBI a qualified Practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out periodically and thereon is submitted to the Listed Stock Exchanges. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

26. DECLARATION :

The Board of Directors of the Company has adopted the Code of Conduct for Directors and Senior Management of the Company.

All the Board Members and the Senior Management Personnel have affirmed their Compliance with the respective Codes.

A. D. Javeri
Chairman & Managing Director

Place: Mumbai
Date : 18th June, 2012.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE



We have examined the compliance of conditions of Corporate Governance by Sadhana Nitro Chem Limited (the Company) for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review and the information and explanations given to us by the Company.

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

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investor's / Shareholders Grievance & Share Transfer Committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **V. Sankar Aiyar & Co.**

Chartered Accountants

Firm Regn. No. 109208W

Arvind Mohan

Partner

Membership No. 124082

Place : Mumbai

Dated : 18th June, 2012

MANAGEMENT DISCUSSION AND ANALYSIS



INDUSTRY :

Your company is engaged in manufacture of chemical intermediates, heavy organic chemicals and performance chemicals. India emerged as one of the major source for chemical intermediates. The industry witnessed high degree of uncertainty and slow down following global economy pattern. The industry is dependent on the basic petro-chemicals, prices of which were highly volatile during the year. There is severe price competition in the National and International Market.

OPPORTUNITIES AND THREATS :

Your company is in the industry since last 39 years. It has a very high degree of operating synergy, economies of scale and high quality standards. The products of your company have diverse uses and applications in several industries ranging from paper, pharmaceutical, agro chemicals, thermal dyes, light stabilizer, aerospace dyes and dye intermediates etc. Besides, your company have loyal clientele base, which is well diversified over the World.

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

MARKET AND OUTLOOK :

Your company's major market like Europe, Japan and USA are slow and showing signs of recovery in the demand for the product of your company. The market remained highly price competitive. The costs are under stringent monitoring and control. The company has taken several initiatives for process upgradation, improvement in consumption norms, use of cheaper alternate raw material and fuel. All efforts are made to reduce and control the overheads. Finance cost continued to remain high due to high interest rate regime and liquidity crunch consequent to repayment of term loan installments and operational performance. Gradual product price increase, improved operating efficiency and stringent control of overheads are expected to improve the overall performance.

Exports continue to constitute about 80% of the overall turn-over. Performance of your company mainly follows the Global economy trend. There is healthy order book position. Due to interruption in the smooth availability of raw material, consequent to the liquidity crunch, hampered continuous production resulting in escalated production cost.

The company is focusing on improve utilisation of the existing capacities. The process for manufacture of sensitizer used in paper coating alongwith Colour Former has been developed in R&D of the company, commercial production of the same is expected in the current year utilizing the existing capacity. As a result of aggressive marketing efforts, your company is in advance stage of negotiation with several multinational companies consuming Nitrobenzene in large quantity. This will improve utilisation of Nitrobenzene plant. Both these will contribute substantially to the top line of the company as well as improve the over all performance of the company.

The rate of flow of orders is encouraging. Production facilities are realigned to meet the demand. Your company, barring unforeseen circumstances, expects to further improve the turn-over and performance. The company continued to focus on cost control at every level, to improve the operational efficiency which alongwith the increased operating level and upward revision of product prices is expected to improve the margin.

INTERNAL CONTROL SYSTEMS AND ADEQUACY :

The Company has set up internal control procedures commensurate with its size and nature of the business. These business procedures ensure optimum use and protection of the resources and compliance with the policies, procedures and statutes. The internal control systems provide for well-defined policies, guidelines, authorizations and approval procedures. The prime objective of such audit is to test the adequacy and effectiveness of the internal control laid down by management and to suggest improvements.

RISKS AND CONCERNS :

Macro-economic factors like the slow down, sluggish demand conditions, monetary policy & fiscal policy, unforeseen political and social upheavals, natural calamities may affect the business of your Company as also the industry at large.



With competition intensifying in all segments of the industry, increasing the market shares and the consumer base is a continuing challenge.

Since raw materials form an important component of your company's value chain, cost and availability of some of the key raw materials like benzene, nitric acid, caustic potash, sulphur based chemicals, iron powder are an area of concern.

Your Company has however improved processes for better consumption norms, substituting cheaper raw materials, converting one of the boilers from furnace oil base to Bagasse base. Your company has technological superiority and strong distribution network.

HUMAN RESOURCE/INDUSTRIAL RELATIONS :

Human Resource programs and initiatives in SNCL are aligned to meet the business needs. Your company believes in investing in people to develop and expand their capability. The Company has been able to create a favourable work environment that motivates performance, customer focus and innovation SNCL's strategies are based, inter alia, on processes of continuous learning and improvement.

ENVIRONMENT AND SAFETY :

The Company is conscious of the importance of environmentally clean and safe operations. The company's policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environmental protection and conservation of natural resources to the extend possible.

FINANCE :

Majority of INR term loans have been converted into USD FC loans at LIBOR related interest rates. Besides majority of working capital facility is availed in the form of PCFC which carries LIBOR related interest. Pending enhancement of working capital facilities by Bankers, the company had to resort to short term ICD borrowings which are unsecured but costlier. Your company has repaid during the year term loan installments of about Rs. 700 lacs to the Banks consequently the Banks' term loan liability have substantially reduced.

FOREIGN EXCHANGE AND RISK MANAGEMENT :

Your company's revenue stream largely denominated in USD, and this exposes company's profit and loss account to currency fluctuation. The currency exposure is managed by simple hedge product foreign exchange forward contract with maximum tenure up to one year. Your company has advisory support from a professional consultant.

PERFORMANCE :

The turnover of the company rose to Rs. 6707 lacs (P.Y. Rs. 5573 lacs) registering a commendable growth of about 20%. This has been in the wake of slowdown in the major economies and stiff price competition from China. Your company's major markets like Europe, Japan and USA are reviving with improvement in market condition for the product of your company.

Aggressive marketing strategy alongwith several initiatives to increase the operating efficiencies, substitution of cheaper raw materials, control over the cost, alternative sourcing of the raw materials etc. have contributed in improving the performance of your company in the current year. There was Profit After Tax of Rs. 108 lacs (P.Y. loss Rs. 527 lacs) during the year.

CAUTIONARY STATEMENT :

The Management Discussion and Analysis report contain forward looking statements describing the Company's projections and estimates. These are based on certain assumptions and expectations of future events. The Company cannot guarantee the realisation of projections as the actual results may differ due to factors like prices of raw materials, demand-supply conditions, changes in government regulations, tax structures, etc., which are beyond the control of the management. The Company assumes no responsibility in respect of forward looking statements which may undergo change on the basis of any subsequent developments, information or events.

For and On Behalf of the Board of Directors

Place : Mumbai

Date : 18th June, 2012

Asit D. Javeri

Chairman & Managing Director

AUDITOR'S REPORT



TO THE MEMBERS OF SADHANA NITRO CHEM LIMITED

1. We have audited the attached Balance Sheet of Sadhana Nitro Chem Limited as at 31st March, 2012 and also the annexed Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above.
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion proper Books of Account as required by Law have been kept by the Company so far as it appears from our examination of such books.
 - c. The Balance Sheet, Profit & Loss Account and cash flows statement referred to in this report are in agreement with the Books of Account.
 - d. In our opinion Balance Sheet and Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to sub-sections 3(C) of Section 211 of the Companies Act, 1956.
 - e. Based on the representations made by the Directors and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31st March, 2012, prima-facie disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f. Without qualifying attention is invited to note 11 of financial statements regarding non provision in respect of guarantees and diminution in value of investment provided to one of its subsidiaries.
 - g. Without qualifying attention is invited to note 32 of financial statements regarding accumulated losses and consequential effect on going concern.
 - h. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read along with notes on Accounts and the Accounting Policies give the information required by the Companies Act, 1956, in the manner so required and read in conjunction with all other notes thereon give a true and fair view.
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
 - ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date.
and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

Place : Mumbai
Dated : 18th June, 2012

ANNEXURE TO THE AUDITOR'S REPORT



Referred to in Paragraph 3 of our report of even date.

1. In respect of its fixed assets:
 - a. The company has maintained records showing particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. In our opinion, the company has not disposed of substantial part of fixed assets during the year and the going concern status of the company is not affected.
2. In respect of its inventories :
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. The company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the company to/ from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, we report that:-
 - a. The company has not granted any loans, secured or unsecured during the year.
 - b. During the year company had taken interest free and interest bearing loan from two companies amounting to ₹ 3,62,95,000/- and interest free loan from one party amounting to ₹ 35,50,000/- respectively. This along with other loans covered in register maintained under section 301 have an outstanding year end balance of ₹ 6,58,06,987/- and maximum balance during the year was ₹ 7,38,04,928/-.
 - c. In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company.
 - d. The company is regular in repaying principal and interest as stipulated.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods & services. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under section 301 of the Company Act, 1956:
 - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the companies act, 1956 exceeding value of ₹ 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.



6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A of the companies act and the rules framed thereunder, and also the directives of Reserve Bank of India with regard to acceptance of deposits. The company has not accepted any deposits from small depositors as defined under section 58AA of the companies act. Since the company has not defaulted in repayments of deposits, obtaining any order from the national company law tribunal does not arise.
7. On the basis of the internal audit reports broadly reviewed by us, we are of the opinion that, the internal audit functions carried out by a firm of chartered accountants appointed by the management is commensurate with the size of the company and the nature of its business.
8. The Central Government has prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of products manufactured by the company. We have broadly reviewed the accounts and records of the company and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
9. In respect of statutory dues:
- There have generally been delays by the company in depositing undisputed statutory dues including provident fund, employees' state insurance income-tax, Sales Tax, Wealth tax, Customs duty, Excise duty, cess, Service tax and other statutory dues with the appropriate authorities. There are no undisputed amounts payable in respect of the aforesaid dues as at 31st March, 2012 for a period of more than six months from the date of becoming payable;
 - According to the records of the company, there are no disputed statutory dues on account of Sales Tax, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, and cess remaining unpaid as on 31st March 2012.
10. The company has accumulated losses of ₹ 20,35,82,519/- at the end of the financial year, which is more than fifty percent of its net worth. The company has not incurred any cash loss during the year and has incurred cash loss ₹ 1,82,87,622/- during the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, there have been delays in repayment of dues to banks and financial institutions. Details of default in repayment of dues to banks existing at the balance sheet date are as under;
- | Name of Bank | Amount due | Due date | Date of payment |
|-----------------------|-----------------------------|----------------|-----------------|
| State Bank of Patiala | ₹ 36,00,000
(USD 70,768) | March 31, 2012 | June 18, 2012 |
| State Bank of Patiala | ₹ 42,00,000 | March 31, 2012 | Not yet paid |
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or nidhi/mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
14. The company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the company in its own name.
15. The company has given corporate guarantee against borrowings of one of its subsidiaries. According to information explanations given to us, and the representations made by the management, the terms and conditions of guarantee are not prejudicial to the interest of the company.
16. In our opinion and according to the information and explanation given to us, the term loans have been applied for the purpose for which they were raised.



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17. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company as on March 31, 2012, in our opinion, there are no funds raised on a short term basis which have been used for long term investment
 18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
 19. In our opinion and according to the information and explanation given to us, the company has not issued any secured debentures during the period covered by our report.
 20. The Company has not raised any money by public issue during the year. Accordingly clause 4(xx) of Companies (Auditor's Report) Order 2003 is not applicable to the company.
 21. In our opinion and according to the information and explanation given to us, no material fraud on or by the company has been noticed or reported during the course of our audit.

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

Place : Mumbai
Dated : 18th June, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012


	Note	31.03.2012	31.03.2011
		₹	₹
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2	9,20,08,300	9,20,08,300
Reserves and Surplus	3	(6,41,62,192)	(7,50,05,965)
		2,78,46,108	1,70,02,335
Non-Current Liabilities			
Long-term borrowings	4	8,99,18,108	14,11,42,067
Long term provisions	5	1,04,51,760	1,17,30,073
		10,03,69,868	15,28,72,140
Current Liabilities			
Short-term borrowings	6	39,16,74,950	30,66,07,279
Trade payables	7	17,90,51,110	15,23,38,083
Other current liabilities	8	7,41,39,400	8,09,51,260
Short-term provisions	9	33,36,860	38,38,909
		64,82,02,320	54,37,35,531
Total		77,64,18,296	71,36,10,006
ASSETS			
Non-current assets			
Fixed assets	10		
Tangible assets		31,36,00,665	33,13,78,509
Capital work-in-progress		8,22,55,703	7,58,43,328
Non-current investments	11	41,22,219	41,22,219
Deferred tax assets (net)	12	2,66,79,668	2,85,69,267
Long term loans and advances	13	3,32,67,574	73,10,745
Other non current assets	14	4,00,000	4,00,000
		46,03,25,829	44,76,24,068
Current assets			
Inventories	15	10,85,05,849	11,12,42,525
Trade receivables	16	14,47,31,097	10,55,56,914
Cash and Bank Balance	17	61,36,638	29,92,594
Short-term loans and advances	18	5,67,18,883	4,61,93,905
		31,60,92,467	26,59,85,938
Total		77,64,18,296	71,36,10,006

Significant Accounting Policies & Notes to Accounts 1

As per our Report of even date

For V. SANKAR AIYAR & CO.
 Chartered Accountants
 Firm Regn. No. 109208W
ARVIND MOHAN
 Partner
 Membership No. 124082
 Place : Mumbai
 Dated : 18th June, 2012

For and on Behalf of the Board of Directors

A. D. JAVERI
 Chairman &
 Managing Director
N. R. JANI
 Director &
 Company Secretary

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

Director
 Director
 Director
 Director

Place : Mumbai

 Dated : 18th June, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012


	Note	31.03.2012 ₹	31.03.2011 ₹
INCOME			
Revenue from operations	19	66,89,14,631	55,00,72,408
Other Income	20	17,74,678	90,62,452
Total Revenue		67,06,89,309	55,91,34,860
EXPENSES			
Cost of materials consumed	21	37,40,75,661	34,02,82,756
Changes in inventories of finished goods, work-in-progress and stock in trade	22	7,13,022	(1,34,04,909)
Employee benefit expense	23	4,51,02,191	4,57,16,619
Financial costs	24	6,63,93,630	5,14,15,947
Depreciation and amortization expense		3,15,62,932	3,35,91,323
Other expenses	25	16,46,89,223	15,09,12,069
Total Expenses		68,25,36,659	60,85,13,805
Profit/(Loss) before Tax		(1,18,47,350)	(4,93,78,945)
Deferred tax		(18,89,599)	(8,78,361)
Excess/(Short) provision for tax of earlier years		2,45,80,724	(25,00,000)
Profit/(Loss)After Tax		1,08,43,775	(5,27,57,306)

Earning per equity share :

Basic & Diluted Earning Per Share of Face Value of ₹10/- each (Fully Paid up)

1.18

(5.73)

Significant Accounting Policies & Notes to Accounts 1

As per our Report of even date

For V. SANKAR AIYAR & CO.

Chartered Accountants

Firm Regn. No. 109208W

ARVIND MOHAN

Partner

Membership No. 124082

Place : Mumbai

Dated : 18th June, 2012

For and on Behalf of the Board of Directors

A. D. JAVERI

Chairman &

Managing Director

N. R. JANI

Director &

Company Secretary

R. A. SHROFF

P. S. JHAVERI

D. M. SHAH

A. A. JAVERI

Director

Director

Director

Director

Place : Mumbai

Dated : 18th June, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2012



	31.03.2012 ₹	31.03.2011 ₹
A) CASH FLOW ARISING FROM OPERATING ACTIVITIES :-		
NET PROFIT/ LOSS (-) BEFORE TAX	(1,18,47,350)	(4,93,78,945)
Add : Depreciation	31,562,932	3,35,91,323
Interest	6,63,93,630	5,14,15,947
Less : Profit on Sale of Fixed Assets	-	3,263
Dividend Received	-	1,12,162
CASH OPERATING PROFIT BEFORE ADJUSTMENT FOR CHANGE IN WORKING CAPITAL	8,61,09,212	3,55,12,900
Trade & other Receivables	(3,91,74,182)	(4,57,38,515)
Inventories	27,11,784	(54,02,036)
Loans & Advances	(1,58,33,705)	1,24,44,570
Trade Payables	3,07,38,587	4,38,11,711
	(2,15,57,516)	51,15,730
NET CASH FLOW FROM OPERATING ACTIVITIES - (A)	6,45,51,696	4,06,28,630
B) CASH FLOW ARISING FROM INVESTING ACTIVITIES :-		
Purchase of Fixed Assets	(2,01,97,463)	(2,92,11,430)
(Net of Adjustment for Capital work-in-progress)		
Acquisition / Sale of Investments (Net)	-	20,00,000
Sale of Fixed Assets	-	1,04,000
Dividend Received	-	83,399
CASH FLOW FROM INVESTING ACTIVITIES - (B)	(2,01,97,463)	(2,70,24,031)
C) CASH FLOW ARISING FROM FINANCING ACTIVITIES :-		
Secured Borrowings - Net of Repayment	(5,07,93,145)	(2,46,09,701)
Unsecured Borrowings - Net of Repayment	7,61,73,637	6,28,22,850
Interest Paid	(6,65,90,680)	(5,24,66,459)
CASH FLOW FROM FINANCING ACTIVITIES - (C)	(4,12,10,188)	(1,42,53,310)
NET CHANGE IN CASH / CASH EQUIVALENTS (A+B+C)	31,44,045	(6,48,711)
ADD : OPENING BALANCE	29,92,593	36,41,304
CASH / CASH EQUIVALENTS AT END OF THE YEAR	61,36,638	29,92,594

Notes :

- The cash flow statement has been prepared under the "Indirect method" as set out in the Accounting Standard 3 "Cash Flow Statement" Issued under Companies (Accounting Standard) Rules 2006.
- Cash / Cash equivalents at end of year includes ₹ 27,73,192/- (P.Y. ₹ 18,02,925/-) as margin money towards letter of credit.
- Previous year's figures have been regrouped and re-arranged wherever necessary.

As per our Report of even date

For V. SANKAR AIYAR & CO.
Chartered Accountants
Firm Regn. No. 109208W
ARVIND MOHAN
Partner
Membership No. 124082
Place : Mumbai
Dated : 18th June, 2012

For and on Behalf of the Board of Directors

A. D. JAVERI
Chairman &
Managing Director
N. R. JANI
Director &
Company Secretary

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

Director
Director
Director
Director

Place : Mumbai

Dated : 18th June, 2012

**NOTE - 1****SIGNIFICANT ACCOUNTING POLICIES :-****a) Basic of preparation of Financial Statements**

The financial statements are prepared in accordance with generally accepted accounting principles in India. The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 issued under sub-section 3C of section 211 of Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year. During the financial year ended March, 2012, the revised schedule VI notified under the Companies Act, 1956 has become applicable to the company for preparation and presentation of its financial statements. The company has also re-classified the previous year figures in accordance with the requirements applicable in current year.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognised in the period in which the results are known/ materialised.

c) Revenue Recognition

- i) Sales of Products are recognized when significant risks and rewards of ownership of products are passed on to customers. Sales are stated at realizable values and include exchange differences, and are recorded net of excise duty recovery, sales tax and returns.
- ii) Dividend Income is recognized when the right to receive dividend is established.
- iii) Interest income and expense is recognized on time proportion method.

d) Fixed Assets

- i) Fixed assets are stated at their original cost including interest, borrowing cost and other expenses directly related to qualifying assets during construction period.
- ii) Cost of fixed assets not ready for their intended use before such date are disclosed under Capital Work in Progress.
- iii) All costs relating to up gradations/ enhancements are generally charged off as revenue expenditure unless they bring significant additional benefits of lasting nature.
- iv) CENVAT Credits on capital goods are recognised in the books when the company becomes eligible to claim the same and are reduced from the cost of respective asset. Depreciation on these assets are calculated on the net amount.

e) Depreciation

- i) Assets individually costing ₹ 5,000/- or less are depreciated fully in the year of purchase
- ii) Leasehold land depreciated over the primary period of lease.
- iii) Depreciation on assets added upto 30th June 1986, are charged on straight line method at the rates as mentioned in Schedule XIV of Companies Act 1956.
- iv) Depreciation on Plant and Machinery, equipments and computers acquired after 1st July, 1986 up to 31st March, 2006 are charged on the written down value method as provided in Schedule XIV to the Companies Act, 1956.
- v) Depreciation on Factory and Non factory Building, Vehicles and furniture fixtures acquired after 1st July, 1986 have been calculated on written down method at rates specified under Schedule XIV of Companies Act, 1956.
- vi) Depreciation on Plant & Machinery, equipment and computers acquired after 1st April, 2006 are calculated on straight line method at rates provided under Schedule XIV of Companies Act, 1956.
- vii) Depreciation on Effluent Treatment Plant has been provided @ 100%.

f) Borrowing Cost

The Borrowing Cost attributed to the acquisition or construction of qualifying assets are capitalized as a part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit & Loss Account.

g) Impairment

Fixed assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognized, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable



amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss / reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, are allocated to its assets on a prorata basis.

h) Investments

Long term investments are stated at cost net of provisions. Investments in shares of foreign subsidiaries are expressed in Indian currency at the rate of exchange prevailing at the time when the original investment was made. When market value of long term investments becomes less than cost, provision is considered only when the diminution is considered as being permanent by the management.

i) Valuation of Inventories

Inventories of Raw Materials, Stores and Spare parts, Packing Material, Fuel, Goods-in-progress and Finished Goods are stated 'at cost or net realisable value, whichever is lower'. Stock of Scrap and Spent Acid is valued at net realizable value. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formulae used are 'First-In-First-Out' or 'Average cost' as applicable. Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience of the Company.

j) Foreign Currency Transaction

Foreign currency transactions are recorded by applying the rates on the date of transaction. Exchange differences arising on foreign currency transactions settled during the year are recognised in the profit and loss account for the year. All foreign currency denominated monetary assets and liabilities are translated at the exchange rates prevailing on the balance sheet date. The resultant exchange differences are recognised in the profit and loss account for the year. All non-monetary assets and liabilities are stated at the rates prevailing on the date of the transaction.

Exchange difference arising on reporting of long term foreign currency monetary items relating to acquisition of depreciable capital assets at rates different from those at which they were initially recorded in the previous financial statements are being depreciated over the balance life of the asset. Exchange difference arising on reporting of all other long term foreign currency monetary items having a term of twelve months or more at the date of origination is amortised over the balance period of such monetary item.

k) Retirement Benefits

- i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- ii) Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

l) Research and Development cost

- i) Revenue expenses on Research and Development are written off to the Profit and Loss Account.
- ii) Capital expenditure on Research and Development is shown as addition to fixed assets.

m) Taxation

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised subject to the consideration of prudence in respect of deferred assets on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. In the event of unabsorbed depreciation and carry forward losses, deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient taxable income will be available to realize such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

n) Provisions

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical evaluation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.



NOTE - 1... Cont.

o) Insurance Claims

Claims receivable are accounted at the time of lodgment depending on virtual certainty of receipt.

p) Earnings Per Share (EPS)

Basic EPS

The earnings considered in ascertaining the Company's basic EPS comprise the net profit/(loss) after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

Diluted EPS

The net profit/(loss) after tax and the weighted average number of shares outstanding during the year are adjusted for all the effects of dilutive potential equity shares for calculating the diluted EPS.

NOTE - 2

SHARE HOLDERS FUND

SHARE CAPITAL :

Authorised Capital :

1,00,00,000- Equity Shares of ₹ 10/- each (P.Y.1,00,00,000 equity shares)	10,00,00,000	10,00,00,000
--	--------------	--------------

10,00,000 Unclassified Shares of ₹ 10/- each (P.Y.10,00,000 equity shares)	1,00,00,000	1,00,00,000
---	-------------	-------------

Issued,Subscribed and Paid-up Capital :

92,00,830- Equity Shares of ₹ 10/- each fully paid (P.Y.92,00,830 equity shares)	9,20,08,300	9,20,08,300
---	-------------	-------------

TOTAL	9,20,08,300	9,20,08,300
--------------	--------------------	--------------------

	31.03.2012		31.03.2011	
Shares held by Holding Company	No. of Shares	% of Holding	No. of Shares	% of Holding
Manekchand Panachand Trading Investment Co. Pvt. Ltd.	5960611	64.78	5960611	64.78

None of the Share Holders other than Holding Company holds more than 5% as on the reporting date and previous year.

Rights, preferences and restrictions attached each class of shares.

The company has only one class of equity share having at par value of Rs.10/- per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to number of shares held by the share holder.

NOTE - 3

	31.03.2012 ₹	31.03.2011 ₹
RESERVE & SURPLUS :		
Capital Reserve :	93,681	93,681
Securities Premium Reseve	54,96,740	54,96,740
Preference Shares Redemption Reserve	5,00,000	5,00,000
General Reserve :	13,33,29,906	13,33,29,906
Surplus/(Deficit) in statement of Profit & Loss		
Balance as per last financial statement	(21,44,26,293)	(16,16,68,987)
Profit/(Loss) for the year	1,08,43,775	(5,27,57,306)
Closing Balance	(20,35,82,519)	(21,44,26,293)
TOTAL	(6,41,62,192)	(7,50,05,965)



NOTE - 4

31.03.2012
₹

31.03.2011
₹

NON-CURRENT LIABILITIES:

Long Term Borrowings :

1) Secured Term Loan From Bank :

a) Indian Rupee working capital term loan and other term loan *(Refer note 4 (3))	1,63,76,590	12,57,19,368
b) Foreign Currency term loan from bank (Refer note 4 (3)) [Secured by way of first pari passu charge on Current Assets, second pari passu charge on Company's entire fixed assets and further secured by personal guarantee of Chairman & Managing Director.]	5,84,71,256	-
c) Vehicle Loan (Secured by Hypothecation of vehicle) (Refer note 4 (4))	23,75,488	-

2) Unsecured :

i) Inter Corporate Deposits (Refer note 4 (5))

Holding Company	83,88,136	88,48,136
Associates	2,78,242	2,78,242

ii) Fixed Deposits

a) Others	9,80,000	30,06,000
-----------	----------	-----------

iii) Deferred sales tax Loan (Refer note 4 (6))

18,48,396	20,90,321
-----------	-----------

iv) Chairman & Managing Director (Refer note 4 (7))

12,00,000	12,00,000
-----------	-----------

TOTAL

8,99,18,108	14,11,42,067
-------------	--------------

(Note 4 (3))

- a] WCTL loan of ₹ 444.10 lakhs (P.Y. ₹ 671.12 lakhs) having interest of 7.25% to 7.50% is repayable in 16 quarterly installments of ₹ 31.25 lakhs from April 2011 to January 2015.
- b] Term Loan of ₹ 50.61 lakhs (P.Y. ₹ 69.98 lakhs) having interest of 14.50% to 14.50% is repayable in 6 equal quarterly installments after a moratorium of 18 months. This loan is repayable from November 2010 to June 2012.
- c] WCTL loan of ₹ 243.12 lakhs (P.Y. ₹ 283.29 lakhs) having interest of 15.25% to 15.25% is repayable in 48 monthly installments from April, 2010 to April 2013.
- d] Term Loan of ₹ 22.81 lakhs (P.Y. ₹ 123.32 lakhs) having interest of 13.50% to 14% is repayable in 60 monthly installment of ₹ 8.30 lakhs starting from May 2007 to May 2012.
- e] WCTL loan of ₹ 446.41 lakhs (P.Y. ₹ 474.90 lakhs) having interest of 7.25% to 7.50% is repayable in 15 quarterly installment from first July, 2010 to three installment of ₹ 10.00 lakhs each, next 4 installments of ₹ 15.00 lakhs each, next 4 installments of ₹ 40.00 lakhs each, and last three installments of ₹ 56.25 lakhs each.
- f] Term Loan of ₹ 69.95 lakhs (P.Y. ₹ 153.38 lakhs) having interest of 14.50% to 14.50% is repayable in 10 quarterly installment from April 2010 to first four installments of ₹ 17.00 lakhs each, next 4 installments of ₹ 21.00 lakhs each and last 2 installments of ₹ 17.75 lakhs each.
- g] Term Loan of ₹ 113.88 lakhs (P.Y. ₹ 419.88 lakhs) having interest of 14.50% to 14.50% is repayable in 10 quarterly installments from April 2010 to first four installments of ₹ 33.00 lakhs, next 4 installments of ₹ 42.00 lakhs and last installments of ₹ 37.50 lakhs each.
- h] Details of continuing default as on 31st March, 2012.
State Bank of Patiala ₹ 42.00 lakhs due on 31-03-2012 not yet paid, State Bank of Patiala ₹ 36.00 lakhs (USD 70768) due on 31-03-2012 paid on 18-06-2012 (P. Y.- State Bank of Patiala ₹ 10.00 lakhs (USD 22090) due 30-09-2010, paid on 24-12-2010 ₹ 41.67 lakhs (USD 92490) due on 31-03-2011 paid on 12-05-2011.)

Note 4(4)

The loan of ₹ 35.00 lakhs from ICICI Bank having interest of 10.91% is repayable in 60 monthly installments of ₹ 0.75 lakhs each from January 2012 to July 2016.

Note 4(5)

Inter corporates deposits ₹ 86.66 lakhs (P.Y. ₹ 91.26 lakhs) are interest free and are repayable on March, 2015.



NOTE - 4... Cont.

Note 4(6)

The Total loan of ₹ 20.90 lakhs from SICOM Ltd. consisting of 3 loans of ₹ 12.10 lacs, ₹ 5.82 lacs and ₹ 2.98 lacs. This loan is interest free under Sales Tax Deferral Scheme. This loan is repayable in 15 installments from April 2012 and last installment falling due on April 2018.

Note 4(7)

This interest free loan has been given by Chairman and Managing Director Pursuant to agreement with secured lenders and is repayable only after repayment of secured term loan.

NOTE - 5

Long Term Provisions :

Provision for Employee Benefits - (Leave /Gratuity) (Refer Note 23)

	31.03.2012 ₹	31.03.2011 ₹
	<u>1,04,51,760</u>	<u>1,17,30,073</u>
TOTAL	<u>1,04,51,760</u>	<u>1,17,30,073</u>

NOTE - 6

Short-term borrowings :

Secured :

Working Capital From bank

[Secured by way of first pari passu charge on Current Assets, second pari passu charge on Company's entire fixed assets and further secured by personal guarantee of Chairman & Managing Director.]

Unsecured :

Inter Corporate Deposits :

Holding company

Others

Fixed Deposits :

Directors

Others

Other Loans and advances :

From Director and Chairman & Managing Director

	19,59,81,348	18,65,36,751
	5,26,90,609	1,54,68,167
	11,72,73,328	4,52,35,603
	1,37,00,000	1,37,00,000
	62,51,000	4,31,25,000
	57,78,665	25,41,758
TOTAL	<u>39,16,74,950</u>	<u>30,66,07,279</u>

NOTE - 7

Trade Payables :

Due to micro small and medium enterprises

Others

	18,29,094	15,80,276
	17,72,22,016	15,07,57,807
TOTAL	<u>17,90,51,110</u>	<u>15,23,38,083</u>

Principle and interest due remaining unpaid

Interest paid under MSMED Act

Interest due and payable

Interest accrued and remaining unpaid

	-	-
	-	-
	-	-
	-	-

NOTE - 8

Other Current Liabilities :

Current maturities of long term debts (term loan refer note no. 4 (3)) & 4 (4)

Deffered sales tax Loan (term loan refer note no. 4 (6))

Interest accrued but not due on borrowing - Fixed Diposits

Interest accrued but due on borrowng - Term Loan

Redemed Preference share & Excess right issue (Unclaimed)

Unclaimed Bonus & salary

unclaimed dividend -

(Does not include due to investor education and protection fund)

Statutory dues

Employee dues

	6,43,90,345	7,22,81,101
	2,41,925	-
	76,049	2,73,100
	7,57,271	13,29,736
	21,000	21,000
	1,73,202	1,75,717
	4,52,421	5,70,123
	31,15,263	59,62,188
	49,11,924	3,38,295
TOTAL	<u>7,41,39,400</u>	<u>8,09,51,260</u>



NOTE - 9

31.03.2012 31.03.2011
₹ ₹

Short-term provisions :

Provision for taxation (Net of payments)

- 38,38,909

Provision for Employee Benefits - (Leave /Gratuity) (Refer Note 22)

33,36,860 -

TOTAL

33,36,860 38,38,909

NOTE - 10

FIXED ASSETS

Particulars of Asset	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As on 01.04.2011 ₹	Addi- tions 2011-12 ₹	Adjust- ments ₹	Total as at 31.03.12 ₹	As on 01.04.2011 ₹	Written off during the year ₹	Adjust- ments ₹	Total Upto 31.03.12 ₹	As on 31.03.12 ₹	As on 31.03.11 ₹
Tangible Assets										
Land : Leasehold	76,400	-	-	76,400	30,157	804	-	30,961	45,439	46,243
Freehold Land	26,06,318	-	-	26,06,318	-	-	-	-	26,06,318	26,06,318
New land at Roha	-	-	-	-	-	-	-	-	-	-
Plant & Equipments Includes Computers & Office Eqpts.)	78,27,29,017	84,62,716	-	79,11,91,733	50,26,27,891	2,57,42,680	-	52,83,70,571	26,28,21,161	28,01,01,127
Buildings	12,19,96,941	-	-	12,19,96,941	7,51,68,712	45,28,164	-	7,96,96,876	4,23,00,065	4,68,28,229
Furnitures & Fixtures	69,18,510	-	-	69,18,510	61,21,720	1,42,713	-	62,64,433	6,54,077	7,96,790
Vehicles	1,44,23,429	53,22,372	-	1,97,45,801	1,34,23,626	11,48,571	-	1,45,72,197	51,73,605	9,99,802
GRAND TOTAL	92,87,50,615	1,37,85,088	-	94,25,35,703	59,73,72,106	3,15,62,932	-	62,89,35,038	31,36,00,665	33,13,78,509
PREVIOUS YEAR	92,08,88,747	85,78,038	7,16,170	92,87,50,615	56,43,96,216	3,35,91,323	6,15,433	59,73,72,106	33,13,78,509	35,64,92,533

Plant and Equipments include lab equipment having WDV ₹ 19,75,290/- (P.Y. ₹ 23,33,026/-) and R & D Equipments having WDV ₹ 16,32,071/- (P.Y. ₹ 16,09,886/-).

Addition in Plant and Machinery includes foreign exchange fluctuation on long term foreign currency liability ₹ 27,58,520/- (P.Y. ₹ Nil)

NOTE - 11

31.03.2012 31.03.2011
₹ ₹

Non-current Investments

Trade Investments :

Unquoted :

Investment in equity instruments Subsidiaries

750 (P.Y. 750) Shares of Anuchem B.V.B.A. - Belgium

7,71,549 7,71,549

of 25 Euro each

25000 (P.Y. 25000) Shares of Anuchem Pte.Ltd.-Singapore

6,92,250 6,92,250

of 1 Singapore Dollar Each

255000 (P.Y. 255000) Life Style Networks .Ltd.of ₹ 10/-each

25,50,000 25,50,000

TOTAL - (A)

40,13,799 40,13,799

Quoted :

Equity Shares of ₹ 10/- each fully paid up unless specified

500 (P.Y. 500) Anco Communication Ltd

71,788 71,788

3900 (P.Y. 3900) Enarai Finance Ltd

78,000 78,000

18000 (P.Y. 18000) Indian Extractions Ltd

5,08,194 5,08,194

5000 (P.Y. 5000) Indo-Biotech Ltd

1,91,250 1,91,250

2000 (P.Y. 2000) First Object Technoliges Ltd

81,400 81,400

1300 (P.Y. 1300) Mexworth Orchards Ltd

13,000 13,000

5000 (P.Y. 5000) Ojas Technochem Products Ltd

1,31,495 1,31,495

10,75,127 10,75,127

Less Aggregate provision for diminution in value of investment

TOTAL - (B)

9,66,707 9,66,707

TOTAL - (A +B)

1,08,420 1,08,420

41,22,219 41,22,219

[Aggregate amount of quoted investment

₹ 10,75,127/- (P.Y. ₹ 10,75,127/-) and market value of ₹ 1,64,000/- (P.Y. ₹ 1,17,980/-)]

[Aggregate amount of unquoted investment ₹ 40,13,799/- (P.Y. ₹ 40,13,799/-)]



NOTE - 11... Cont.

The Company has investment of ₹ 25,50,000 comprising of 2,55,000 equity shares of ₹ 10/- each (51% of the equity capital) in Lifestyle Networks Ltd., a subsidiary company. As at 31st March, 2012, accumulated loss of the subsidiary of ₹ 4,99,65,059/- has exceeded capital. Besides investments, to the subsidiary the Company had given guarantees to their lenders who have given secured loan to them the balance of which as on the Balance Sheet date is ₹ 62,07,857/-. Based on the subsidiary's performance during the financial year and other business plans coupled with the fact that out of the loans advanced to them in the past have been recovered during the year no provision is considered necessary in respect of the investments and guarantees and loan advanced to them.

NOTE - 12

	31.03.2012 ₹	31.03.2011 ₹
Deffred Tax Assets (Net)		
Depreciation and Amortisation	(1,71,74,068)	(1,46,48,378)
Unabsorbed depreciation	3,95,93,053	3,95,93,053
Expenditure allowed under IT Act on payment basis	42,60,683	36,24,592
TOTAL	2,66,79,668	2,85,69,267

NOTE - 13

Long Term Loans and Advances

(Unsecured Considered Goods Unless Otherwise Stated)

Capital Advances	6,50,315	4,96,255
Other loans and advances		
Security Deposits	66,44,737	68,14,490
Advance income tax (Net of Payment)	2,07,65,804	-
Foreign Currency Monetary item translation difference account	52,06,718	-
TOTAL	3,32,67,574	73,10,745

NOTE - 14

Other non current assets

Fixed Deposits with Bank with Maturity > 12 months	4,00,000	4,00,000
TOTAL	4,00,000	4,00,000

NOTE - 15

Inventory : (Valued at lower cost & net realizable value)

Raw Material	1,80,66,984	2,72,38,120
Work in Progress	2,31,51,847	32,52,168
Finished goods	1,37,79,730	3,61,12,981
Stock in Transit (Raw Material)	1,73,59,991	65,77,378
Stores & Spares	3,07,19,425	3,11,71,365
Others	54,27,872	68,90,513
TOTAL	10,85,05,849	11,12,42,525

NOTE - 16

Trade Receivable :

Unsecured considered good

Overdue more than six months	4,72,654	4,72,654
Others	14,42,58,443	10,50,84,260
TOTAL	14,47,31,097	10,55,56,914

NOTE - 17

Cash and bank balance :

Cash and cash equivalent

Balance with banks	25,31,181	9,27,975
Cash in hand	8,32,265	2,61,694
Others	27,73,192	18,02,925
TOTAL	61,36,638	29,92,594

(Margin with banks against LC)



NOTE - 18

	31.03.2012	31.03.2011
	₹	₹
Short Term Loans & Advances :		
Loan to Staff	6,03,465	8,36,154
Advance to suppliers	44,75,768	27,85,887
Input Tax Credits	1,12,62,188	70,01,661
Central Excise and Vat receivable	3,29,25,299	2,10,01,615
Other Receivable	31,78,778	1,45,68,588
Foreign Currency Monetary item translation difference account	42,73,385	-
TOTAL	5,67,18,883	4,61,93,905

NOTE - 19

REVENUE FROM OPERATION :

Sales of Product	66,11,66,003	55,10,37,929
Less : Excise duty	71,22,631	82,60,291
	6,54,043,372	54,27,77,638

Other operative revenue :

Export Benefit	1,22,27,189	49,69,862
Others sale	26,44,070	23,24,908
TOTAL	66,89,14,631	55,00,72,408

Details of Sales

Sale of Organic Intermediates	2,81,31,506	51,53,856
Sale of Chemical Intermediates	62,59,11,866	53,76,23,782

Earning in Foreign Currency (FOB)

52,45,61,437	43,27,97,134
--------------	--------------

NOTE - 20

Other Income :

Interest income	4,31,624	18,31,774
Dividend income	-	1,12,162
Gain/Loss on sale of investments	-	3,264
other non-operative income (Miscellaneous)	13,43,054	52,80,207
Foreign Exchange Fluctuation	-	18,35,045
TOTAL	17,74,678	90,62,452

NOTE - 21

EXPENSES:

Cost of Material Consumed

Inventory at the beginning of the year	2,72,38,120	3,40,66,647
Add: purchase	36,49,04,525	33,34,54,229
Inventory at the end of the year	1,80,66,984	2,72,38,120
TOTAL	37,40,75,661	34,02,82,756

Value of Raw Material Consumed

Imported	22%	8,22,08,026	20%	6,70,89,608
Indigenous	78%	29,18,67,635	80%	27,31,93,148

Raw Material Consumed

Item				
Benzene		7,48,86,473		6,01,90,189
Nitric Acid		2,03,48,956		1,89,45,098
Cast Iron Powder		3,49,72,244		2,61,90,304
Oleum 65%		1,52,70,095		1,28,08,358
Caustic Potash Flakes		4,63,14,935		98,21,354
Others		18,22,82,958		21,23,27,453
TOTAL		37,40,75,661		34,02,82,756



NOTE - 22

	31.03.2012 ₹	31.03.2011 ₹
Changes in inventories of finished goods, work-in-progress and stock in trade		
Opening Finished Goods	3,61,12,981	2,02,41,287
Less : Closing finished good	1,37,79,730	3,61,12,981
TOTAL	2,23,33,251	(1,58,71,694)
Opening work in progress	32,52,169	86,42,104
Less : Closing work in progress	2,31,51,847	32,52,169
TOTAL	(1,98,99,678)	53,89,935
Other Opening Stock	1,05,615	5,325
Less : Other Closing Stock	1,30,000	(45,615)
TOTAL	(24,385)	(40,290)
Excise On Closing Stock	16,96,166	28,82,860
TOTAL	(16,96,166)	(28,82,860)
TOTAL	7,13,022	(1,34,04,909)
Detail of finished goods		
Organic Intermediates	17,83,235	1,19,10,693
Chemical Intermediates	1,19,96,495	2,42,02,288
Detail of Work in progress		
Organic Intermediates	18,76,721	2,81,743
Chemical Intermediates	2,12,75,126	29,70,426

NOTE - 23

Employee Benefit Expenses :

Employee Benefit	67,76,636	51,43,688
Salaries, wages and bonus	3,26,40,914	3,32,95,506
Contribution to PF and other funds	29,45,261	28,25,291
Gratuity Expenses	13,72,167	32,61,446
Staff welfares	13,67,213	11,90,688
TOTAL	4,51,02,191	4,57,16,619

Employee Benefit

Defined Contribution Plan

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

Employers Contribution to Provident Fund	13,63,761	12,65,759
Employer Contribution to pension scheme	11,04,876	11,11,864

Defined Benefit plan

The employee's gratuity fund scheme managed by a trust is defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized manner as gratuity.



NOTE - 23... Cont.

I) Reconciliation of opening and closing balance of defined Benefit obligation

		Gratuity (Funded)	Leave Encashment (unfunded)
	2011-12 ₹	2010-11 ₹	2011-12 ₹
Defined Benefit Obligation at beginning of the year	1,42,53,294	1,21,25,522	53,62,526
On Amalgamation	-	-	-
Current Service Cost	5,86,157	8,43,021	4,70,522
Interest Cost	11,75,897	9,70,042	4,42,408
Actuarial gain/loss	18,99,772	45,96,569	11,01,260
Benefit paid	(12,93,695)	(18,14,626)	(2,51,961)
Settlement cost	-	-	-
Defined Benefit Obligation at year end	1,66,21,425	1,67,20,528	71,24,755
II) Reconciliation of opening and closing balance of fair value of plan assets at beginning of the year	1,03,53,081	1,11,88,852	-
On Amalgamation	-	-	-
Expected Return on Plan Assets	8,28,246	9,73,186	-
Actuarial (gain)/loss	(4,684)	-	-
Employer Contribution	74,612	5,669	-
Benefit Paid	(12,93,695)	(18,14,626)	-
Settlement cost	-	-	-
Fair Value of plan assets at year end	99,57,560	1,03,53,081	-
Actual return on plan assets	-	-	-
III) Reconciliation of fair value of assets and obligation	99,57,560	1,03,53,081	-
Fair value of plan assets	99,57,560	1,03,53,081	-
Present value of obligation	1,66,21,425	1,67,20,528	71,24,755
Amount recognised in balance sheet	66,63,865	63,67,447	71,24,755
IV) Expenses recognized during the year (under head of "payment to and Provision for employee")			
Current service cost	5,86,157	8,43,021	4,70,522
Interest Cost	11,75,897	9,70,042	4,42,408
Expected return on plan assets	(8,28,246)	(9,73,186)	-
Actuarial (gain)/loss	9,04,456	27,21,569	11,01,260
Net Cost	18,38,264	35,61,446	20,14,190
V) Actuarial assumption			
Discount Rate (P.A.)	8.75%	8.25%	8.75%
Expected rate of return on plan assets (P.A.)	8.60%	8%	8.75%
Rate of escalation in salary (P.A.)	5%	4%	5%

The estimated rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factor including supply and demand in the employment market. The above information is certify by actuary.

The expected rate on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risk, historical results of return on plan assets and the company's policy for plan assets management.

NOTE - 24

Financial Cost :

	31.03.2012 ₹	31.03.2011 ₹
Interest Expenses	1,20,48,873	1,37,32,865
Other borrowing cost	4,66,07,275	4,02,53,783
Gain/Loss foreign currency transaction & translation	77,37,482	(25,70,701)
TOTAL	6,63,93,630	5,14,15,947



NOTE - 25

Other Expenses :

Payment to Auditors

	31.03.2012 ₹	31.03.2011 ₹
Audit Fees	2,50,000	2,50,000
Tax Audit Fees	65,000	65,000
For Certification and Others	94,500	72,500
Power and Fuels:	9,43,57,892	8,38,44,268
Rent	6,66,900	6,12,400
Rates & Taxes	10,51,135	16,53,460
Insurance	13,14,980	13,11,787
Printing & Stationery	8,70,947	7,58,360
Postage Telegram & Telephone	13,82,297	10,59,939
Travelling Expenses	41,98,646	31,57,229
Legal & Professional fees	22,49,704	16,93,087
Conveyance Expenses	15,22,744	15,21,375
Director Sitting Fees	2,18,000	1,85,000
Electricity Charges	6,32,667	7,37,323
Security Charges	17,31,100	14,47,334
Miscellaneous Expenses	52,83,685	53,05,816
Stores & Spares Consumed	72,85,124	57,17,417
Machinery Repairs & Maintenance	6,15,170	13,32,742
Building Repairs & Maintenance	-	35,000
Other Repair & Maintenance	21,67,540	28,87,219
Other Manufacturing Expenses	68,30,405	57,03,276
Effluent Expenses	60,12,934	52,86,374
R&D Expenses	6,27,600	6,24,000
Ocean freight and other expenses for export	1,39,70,633	1,47,77,242
Commission & Sales canvassing charges	80,000	15,63,947
Drums & Packing Charges	28,55,615	27,94,761
Local freight & other expenses	13,46,805	10,22,123
Managerial Remuneration	60,99,556	54,93,090
Foreign Exchange fluctuation	9,07,644	-
TOTAL	16,46,89,223	15,09,12,069

NOTE - 26

Contingent Liabilities not provided for :

(a) Estimated amount of contracts remaining to be executed on capital accounts (Net of Payments)	-	18,47,390
(b) In respect of Guarantee given by the Company's Banker for Central Excise and other purposes	25,000	25,000
(c) In respect of corporate guarantee given by the company to the bank for Loans borrowed by Indian subsidiary	62,07,857	2,95,48,508



NOTE - 27

SEGMENT REPORT

	2011-12			2010-11		
	₹	₹	₹	₹	₹	₹
	Export Segment	Local Segment	Total	Export Segment	Local Segment	Total
Segment Revenue						
a) External Turnover	53,18,35,372	12,48,52,070	65,66,87,442	44,61,81,126	9,89,21,420	54,51,02,546
b) Export Incentives	1,22,27,189	-	1,22,27,189	49,69,862	-	49,69,862
Other Un-allocated Revenue / Income						
a) Dividend			-			1,12,162
b) Other Revenue			17,74,678			89,50,290
TOTAL	54,40,62,561	12,48,52,070	67,06,89,309	45,11,50,988	9,89,21,420	55,91,34,860
Segment Results	7,34,88,798	1,08,45,743	8,43,34,540	2,64,89,655	76,218	2,65,65,873
Un-allocable Revenue			17,74,678			90,62,452
Operating Profits			8,61,09,218			3,56,28,325
Interest			(6,63,93,630)			(5,14,15,947)
Depreciation			(3,15,62,938)			(3,35,91,323)
Profit Before Taxation			(1,18,47,350)			(4,93,78,945)
Deferred Tax			(-)			-
Provision for Taxation			2,26,91,125			(33,78,361)
Profit After Taxation			1,08,43,775			(5,27,57,306)

NOTE:

- a) The company is mainly engaged in manufacturing of Chemical Intermediates having similar risks and returns, constituting a single segment. Revenue from other activities pursued are insignificant. Operations of the company are classified into two primary Geographical Segments namely Exports and Local. These segments have been identified and reported taking into account exchange control regulations, underlying currency risks and the internal financial reporting segments.
- b) Segment Revenue and Expenses :-
- Revenue directly attributable each of the segments is shown under segment revenue.
 - Segment expenses include directly attributable and certain indirect expenses allocated on a reasonable basis. It excludes interest expenses, depreciation and other common expenses which cannot be allocated on a reasonable basis.
- c) Segment Assets and Liabilities :-
- Fixed Assets used in the companies business are not identifiable to any particular reportable segment; consequently management believes that it is not practical to provide segment disclosures relating to capital employed.

NOTE - 28

RELATED PARTY DISCLOSURES

Nature of Transaction	Holding Company	Subsidiaries	Associate Companies	Key Management Personnel	Total
	₹	₹	₹	₹	₹
a) Sale of goods	-	31,20,82,971	-	-	31,20,82,971
	(-)	(10,08,49,541)	(-)	(-)	(10,08,49,541)
b) Receiving services	-	-	13,18,581	-	13,18,581
	(-)	(-)	(10,34,181)	(-)	(10,34,181)
c) Managerial Remuneration	-	-	-	58,22,806	58,22,806
	(-)	(-)	(-)	(54,93,090)	(54,93,090)



NOTE - 28... Cont.

d) Directors' Sitting Fees	-	-	-	2,18,000	2,18,000
	(-)	(-)	(-)	(1,85,000)	(1,85,000)
e) Interest Expenses	42,12,838	-	-	-	42,12,838
	(21,34,213)	(-)	(-)	(-)	(21,34,213)
f) Interest Income	-	-	-	-	-
	(-)	(16,11,690)	(-)	(-)	(-)
g) Fixed Deposit Received	-	-	-	12,00,000	12,00,000
	(-)	(-)	(-)	(12,00,000)	(12,00,000)
h) Loans Accepted	3,83,85,000	-	-	32,50,000	4,16,35,000
	(4,44,60,000)	(-)	(27,50,000)	(4,50,000)	(4,76,60,000)
i) Loans repayment	-	-	-	-	-
	(-)	(2,43,07,166)	(27,50,000)	(12,00,000)	(2,82,57,166)
j) Guarantees provided to bank for loan borrowed by subsidiary	-	-	-	-	-
	(-)	(2,95,48,508)	(-)	(-)	(2,95,48,508)
Outstanding balance as on March 31, 2012	6,10,78,745	9,55,04,875	4,52,310	73,97,102	

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

II) Key Management Personnel

i) Shri A.D. Javeri	-	Chairman & Managing Director Smt. Seema A. Javeri wife of Shri A.D. Javeri Smt. Molina D. Javeri Mother of Shri A.D. Javeri Mr. Abhishek A. Javeri son of Shri A.D. Javeri
ii) Shri N.R. Jani	-	Director & Company Secretary

III) Disclosure in respect of material related party transactions during the year.

(1) Sale of Goods to Anuchem B.V.B.A., Belgium ₹ 28,99,24,002/- (P.Y. ₹ 10,08,49,541/-) (2) Anuchem Pte Ltd., Singapore ₹ 2,21,58,969/- (P.Y. ₹ Nil) (3) Receiving Services to Amnisera Corporation (Associated Company) ₹ 13,18,581/- (P.Y. ₹ 10,34,181/-) (4) Interest Expenses to Manekchand Panachand Trading & Investment Co. Pvt. Ltd. (Holding Company) ₹ 42,12,838/- (P.Y. ₹ 21,34,213/-) (5) Interest Expenses to Manekchand Panachand & Co. (Associate Company) ₹ 42,12,838/- (P.Y. ₹ 21,34,213/-) (6) Interest Income to Life Style Network Ltd. (Subsidiary Company) ₹ Nil (P.Y. ₹ 16,11,690/-) (7) Loan Accepted to Manekchand Panachand Trading & Investment Co. Pvt. Ltd. (Holding Company) ₹ 3,83,85,000/- (P.Y. ₹ 4,44,60,000/-), Manekchand Panachand & Co. (Associate Company) ₹ Nil (P.Y. ₹ 27,50,000/-) (8) Loan Repayment to Lifestyle Networks Ltd. (Subsidiary Company) ₹ Nil (P.Y. ₹ 2,43,07,166/-), Asit D. Javeri (Key Management) ₹ 32,52,000/- (P.Y. ₹ 4,50,000/-) (9) Fixed Deposit Received to Asit D. Javeri (Key Management) ₹ 12,00,000/- (P.Y. ₹ 12,00,000/-).

NOTE - 29

Earnings per share of Nominal value of ₹10/- each computed in accordance with Accounting Standard (AS-20) for the year.

	31.03.2012 ₹	31.03.2011 ₹
(a) Profit/(Loss) after tax as per P&L account (₹)	1,08,43,775	(5,27,57,306)
(b) Opening number of equity shares outstanding	92,00,830	92,00,830
(c) Closing number of equity shares outstanding	92,00,830	92,00,830
(d) Basic/Diluted earnings per share [(a)/(c)] (₹ 10/- per share)	1.18	(5.73)



NOTE - 30

Income Tax assessments for the assessment years 98-99 and 99-2000 were reopened under section 148 of the Income Tax Act, 1961 for disallowing claim under section 80 HHC of the Act and assessments were completed under section 144 of the act. In the Companies Writ Petition before the Hon'ble Bombay High Court rule was issued and matter is pending. Company has been legally advised that it is bound to succeed in the Writ and hence against demand of ₹ 1,54,19,469/- for these years no provision is considered necessary. Provision existing in books of ₹ 93,42,356/- is considered adequate to cover liability estimated to arise out of order giving effect to the orders of Hon'ble Supreme Court for the assessment year 2001-02 to 2005-06 that are awaited and in respect of subsequent years.

NOTE - 31

The Company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) (Second Amendment Rules) 2011 on Accounting Standard 11 (AS -11) notified by Government of India on December 29, 2011. Accordingly an amount of ₹ 1,13,13,928/- has been transferred to the Foreign Currency Monetary items Translation difference account to be amortised over the balance period of loan and an amount of ₹ 27,58,520/- has been capitalised as part of cost of asset and shall be depreciated over balance life of asset. This has the effect of increasing the profits for the period and corresponding decrease in debit balance in Profit and Loss Account by ₹ 1,20,66,214/-.

NOTE - 32

Considering the turn around in the global economy coupled with the fact that the order book position has improved including long term supply agreement from customers, the company is confident about improvement in financial position in the coming years which would in turn absorb accumulated losses. Hence the company feels that although there are accumulated losses as on March 31, 2012, considering the current business trend, going concern would not be affected and accordingly accounts have been prepared.

NOTE - 33

		31.03.2012	31.03.2011
		₹	₹
(A) VALUE OF IMPORTS CALCULATED ON CIF BASIS :			
Raw Material		7,54,09,617	6,30,42,417
Stores Material		1,13,829	-
	TOTAL	7,55,23,446	6,30,42,417
Value of Stores Consumed			
Imported	2%	1,13,829	0%
Indigenous	98%	71,71,295	57,17,417
(B) EXPENDITURE IN FOREIGN CURRENCY :			
(To the extent paid)			
Travelling Expenses		7,42,239	9,09,070
Commission		3,96,801	24,34,571
Interest and other charges on FC Loan from banks		93,84,342	30,92,596
	TOTAL	1,05,23,382	64,36,237

As per our Report of even date

For V. SANKAR AIYAR & CO.
Chartered Accountants
Firm Regn. No. 109208W
ARVIND MOHAN
Partner
Membership No. 124082
Place : Mumbai
Dated : 18th June, 2012

For and on Behalf of the Board of Directors

A. D. JAVERI
Chairman &
Managing Director
N. R. JANI
Director &
Company Secretary

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

Place : Mumbai
Dated : 18th June, 2012



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

I. Registration

Registration No. State Code
Balance Sheet Date Date Month Year

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

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

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

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

IV. Performance of Company (Amount in ₹ Thousand)

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

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

Item Code No. (ITC Code)	<input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="2"/>
Product Description	<input type="text" value="M"/> <input type="text" value="E"/> <input type="text" value="T"/> <input type="text" value="A"/> <input type="text" value="A"/> <input type="text" value="M"/> <input type="text" value="I"/> <input type="text" value="N"/> <input type="text" value="O"/> <input type="text" value="P"/> <input type="text" value="H"/> <input type="text" value="E"/> <input type="text" value="N"/> <input type="text" value="O"/> <input type="text" value="L"/>
Item Code No. (ITC Code)	<input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="0"/>
Product Description	<input type="text" value="B"/> <input type="text" value="U"/> <input type="text" value="T"/> <input type="text" value="A"/> <input type="text" value="N"/> <input type="text" value="E"/> <input type="text" value="T"/> <input type="text" value="E"/> <input type="text" value="T"/> <input type="text" value="R"/> <input type="text" value="A"/> <input type="text" value="C"/> <input type="text" value="A"/> <input type="text" value="R"/> <input type="text" value="B"/> <input type="text" value="O"/> <input type="text" value="X"/> <input type="text" value="Y"/> <input type="text" value="L"/> <input type="text" value="I"/> <input type="text" value="C"/> <input type="text" value="A"/> <input type="text" value="C"/> <input type="text" value="I"/> <input type="text" value="D"/>
Item Code No. (ITC Code)	<input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="3"/>
Product Description	<input type="text" value="A"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="I"/> <input type="text" value="C"/> <input type="text" value="D"/> <input type="text" value="I"/> <input type="text" value="S"/> <input type="text" value="U"/> <input type="text" value="L"/> <input type="text" value="P"/> <input type="text" value="H"/> <input type="text" value="O"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="C"/> <input type="text" value="A"/> <input type="text" value="C"/> <input type="text" value="I"/> <input type="text" value="D"/>



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,
RELATED TO SUBSIDIARY COMPANY**

	(In Euro)	(In Singapore \$)	(In Rupees ₹)
1. Name of the Subsidiary	ANUCHEM BVBA	ANUCHEM PTE LTD.	LIFESTYLE NETWORKS LTD.
2. Date from which it became a Subsidiary	01-04-1998	12-10-2007	22-08-2005
3. Financial Year of the subsidiary ended on	31-12-2011	31-12-2011	31-03-2012
4. Shares of the subsidiary held by the Company on the above date :			
a) Number and face value	750 Shares of Euro 25 each	25000 Share of S\$ 1 each	255000 Shares of ₹ 10/- each
b) Capital and Reserve of the subsidiary as at the end of above financial year of the subsidiary			
i) Capital	18,750	25,000	50,00,000
ii) Reserve and Surplus	40,494	-	-
c) Extend of holding	100%	100%	51%
5. Net aggregate amount of profit/(losses) of the subsidiary for the above financial year of the subsidiary, so far as the concern members of the Company :			
a) Dealt with in the accounts of the Company for the year 31 st March, 2012	-	-	-
b) Not dealt with in the accounts of the company for the year ended 31 st March, 2012	1,221	(2,549)	18,68,039
6. Net aggregate amount of profits/(losses) for previous financial years of the subsidiary, since it became a subsidiary so far as they concern members of the Company :			
a) Dealt with in the account of the Company	-	-	-
b) Not dealt with in the accounts of the Company	37,619	(32,712)	(4,99,65,059)
7. Changes of interest of the Company in the subsidiary between the end of the financial year of subsidiary and that of the Company :			
a) Number of Shares	None	None	None
b) Extent of Holder	None	None	None
8. Material changes between the end of the financial year of subsidiary and that of Company :			
a) The Subsidiary's fixed assets	None	None	None
b) Its Investments	None	None	None
c) The Monies lent by it	None	None	None
d) Borrowing other than for meeting current liabilities	None	None	None

A. D. JAVERI Chairman & Managing Director	R. A. SHROFF	Director	P. S. JHAVERI	Director
N. R. JANI Director & Company Secretary	D. M. SHAH	Director	A. A. JAVERI	Director

Place : Mumbai
Dated : 18th June, 2012

Annual Report of the Subsidiary Company

ANUCHEM B. V. B. A.
BELGIUM

BOARD OF DIRECTORS

Mr. Asit D. Javeri
Mr. Nitin R. Jani
Mr. Ronny Verchaeren

AUDITORS

Mr. Luc Verreyken
Accountantskantoor,
Agiver BVBA
Bisschoppenhoflaan 588,
B-2100 Deume.

DIRECTOR'S REPORT

The Directors of Anuchem BVBA are pleased to submit herewith the annual report and Audited statement of accounts for the year ended 31st December, 2011.

REVIEW OF BUSINESS :

The principal activities of the Company continued to be marketing of Chemicals. The Turnover during the year was EURO 3.627.330,97 (2010 - EURO 1.250.484,59). The Profit after tax at EURO 1220,91 (2010 Loss for the year - EURO 125,92).

The Directors opined that, the performance during the year 2011 was satisfactory. Barring unforeseen circumstances the performance of Company is expected to improve in the current financial year.

DIVIDEND :

The Directors have decided that there will be no dividend for the year 2011.

AUDITORS :

The auditors, Mr. Luc Verreyken of Agiver BVBA, accountantskantoor have expressed their willingness to continue as Auditors and the Directors will place a resolution before the general meeting for their re-appointment.

On Behalf of Board

A. D. Javeri
Director

Antwerpen,
27th April, 2012

AUDITOR'S REPORT

AGIVER BVBA ACCOUNTANTS KANTOOR
BISSCHOPPENHOFLAAN 588
2100 DEURNE
REG. NO. 4755 2N 53

To the shareholders of Anuchem BVBA :

I have audited the balance sheet of Anuchem BVBA as at 31st December, 2011 and the related Profit and Loss Account which have been prepared on the basis of accounting policies stipulated under Chapter II of the royal decree of 8th October, 1976.

The said accounting policies have not been altered in relation to the previous financial year. The Profit and Loss Account is not being majorly influenced by yields and costs that have to be ascribed to the previous financial year.

I have conducted my audit in accordance with the auditing standards issued by IAB Accountants organisation. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the companies circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also considered the overall adequacy of the presentation of information in financial statement.

In my opinion the financial statement give a true and fair view of the state of affairs of the Company at 31st December, 2011 and of the profit or Loss for the year then ended and have been properly prepared in accordance with the requirement of the Belgium Company law.

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

Antwerpen, 27th April, 2012

ANUCHEM B.V.B.A.

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

As at 31st December, 2011

	2011 (Currency : Euro)	2010 (Currency : Euro)
LIABILITIES		
1) Shareholder's Funds		
a) Share Capital	18.750,00	18.750,00
Issued Capital		
b) Reserves		
i) Legal reserve	1.875,00	1.875,00
ii) Profit and Loss Account	38.619,49	37.398,58
	<u>40.494,49</u>	<u>39.273,58</u>
2) Current Liabilities		
a) Trade Payables	802.797,48	230.254,90
b) Services	34.585,16	13.326,58
c) Others	0,00	157,69
	<u>837.382,64</u>	<u>243.739,75</u>
TOTAL LIABILITIES	<u><u>896.627,13</u></u>	<u><u>301.762,75</u></u>
ASSETS		
1) Non-current assets		
a) Fixed Assets		
Fixed Assets (gross)	1.830,97	1.830,97
Less : depreciation	(1.830,97)	(1.830,97)
	0,00	0,00
2) Current Assets		
a) Inventoris	42.055,00	45.140,00
b) Receivables		
i) Trade receivables	829.300,06	227.349,06
ii) Other receivables	2.744,75	0,00
	<u>832.044,81</u>	<u>22734906</u>
3) Cash and cash equivalents	22.527,32	29.273,69
TOTAL OF ASSETS	<u><u>896.627,13</u></u>	<u><u>301.762,75</u></u>

AGIVER BVBA
Accountantskantoor
Reg. No. 4755 2N53

A. D. Javeri
Director

Antwerpen, 27th April, 2012

ANUCHEM B.V.B.A.

ANNUAL STATEMENT OF ACCOUNTS OF ANUCHEM BVBA PROFIT AND LOSS ACCOUNT

As at 31st December, 2011

	2011 (Currency : Euro)	2010 (Currency : Euro)
INCOME		
Turnover	3.627.330,97	12.50.484,59
Interest received	0,00	33,30
Increase / (decrease) in closing stock	(3.085,00)	(167,485,00)
Income / (loss) on exchange fluctuation	<u>(22.655,57)</u>	<u>25.063,10</u>
	<u>3.601,590,40</u>	<u>1.108.095,99</u>
EXPENSES :		
Purchases	3.495.910,72	1.036.529,35
Clearing and forwarding charges	85.373,70	65.687,59
Travelling and administrative expenses	5.811,58	4.612,58
Local taxes	401,50	906,50
Financial expenses	371,99	485,89
Trade debtors written off	<u>12.800,00</u>	<u>0,00</u>
	<u>3.600.369,49</u>	<u>1.108.221,91</u>
PROFIT/(LOSS) BEFORE TAXATION :	1.220,91	(125,92)
Less : For the earlier year	-	-
PROFIT/(LOSS) AFTER TAX	1.220,91	(125,92)
Add : Carried over profit of last year	37.398,58	37.524,50
Profit to be carried over	<u>38.619,49</u>	<u>37.398,58</u>

AGIVER BVBA
Accountantskantoor
Reg. No. 4755 2N53

A. D. Javeri
Director

Antwerpen, 27th April, 2012

NOTES ON ANNUAL STATEMENT OF ACCOUNT OF ANUCHEM BVBA FOR 2011

1) ACCOUNTING POLICIES

The Principal accounting policies adopted by the company are as follows:

a) BASIS OF ACCOUNTING :

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) STOCKS :

Stocks are valued at lower of cost or net realisable value.

c) CURRENCIES :

This accounts have been prepared in Euro. (•)

d) FOREIGN CURRENCIES :

Revenue transactions in foreign currencies are translated in Euro at the exchange rate prevailing on the date of transaction.

At the end of the financial year the Assets and liabilities expressed in foreign currencies are translated into Euro at the rate of exchange ruling at the end of financial year.

e) DEPRECIATION :

Depreciation on Fixed assets is at the rate of 20% per annum on straight line basis.

f) TAXATION :

Tax payable is provided on taxable profit at the current tax rate.

2) SHARE CAPITAL

Authorised, allotted and fully paid-up.

750 shares of • 25,00 Euro each

3) RECEIVABLES (due within one year)

	More than 6 months		Others	
	2011	2010	2011	2010
a) Trade receivable	0,00	12.800,00	829.300,06	214.549,06
b) Other receivable	-	-	2.744,75	2.939,20
	0,00	0,00	832.044,81	217.488,26

4) SUPPLIERS

(due within one year)

a) For Purchase	0,00	35.000,00	802.797,48	195.254,90
b) For Services	-	-	34.585,16	13.326,58
	0,00	-	837.382,64	208.581,48

	2011 (Currency : Euro)	2010 (Currency : Euro)
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5) TRAVELLING AND ADMINISTRATIVE EXPENSES

Fees	5.185,55	4.336,95
Register and publication costs	119,13	115,63
Other business expenses	506,90	160,00
	5.811,58	4.612,58

6) CLEARING AND FORWARDING CHARGES

Freight	75.224,23	53.583,20
Rental stock house	1.209,47	3.164,39
Fee novatrans	8.940,00	8.940,00
	85.373,70	65.687,59

7) LOCAL TAXES

Local Taxes	401,59	906,50
	401,59	906,50

8) FINANCIAL EXPENSES

Interests	14,63	18,48
Charges	357,85	467,41
Withholding Tax	0,09	0,00
Income	(0,58)	(33,30)
	371,99	452,59

9) LIQUID RESOURCES

Fortis (USD)	2.577,22	2.518,31
Fortis (EURO)	97,17	145,01
State bank of India (USD)	250,67	5.296,94
State bank of India (EURO)	19.508,69	21.219,86
	22.433,75	29.180,12
Cash Balance	93,57	93,57
	22.527,32	29.273,69

AGIVER BVBA
Accountantskantoor
Reg. No. 4755 2N53

A. D. Javeri
Director

Antwerpen, 27th April, 2012

Annual Report of the Subsidiary Company

ANUCHEM PTE LTD.

SINGAPORE

BOARD OF DIRECTORS

Mr. Asit D. Javeri
Mr. Nitin R. Jani
Mr. Choo Liang Kok @ Zhu Jinghua

AUDITORS

MGI N RAJAN ASSOCIATES CERTIFIED PUBLIC ACCOUNTANTS

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

DIRECTOR'S REPORT**DIRECTORS' REPORT****FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2011**

The directors submit their report together with the audited financial statements of the Company for the year ended 31ST DECEMBER 2011.

Directors

The directors in office at the date of this report are:-

JAVERI ASIT DHANKUMAR

JANI NITIN RAMESHCHANDRA

CHOO LIANG KOK @ ZHU JINGHUA

Arrangements to enable directors to acquire shares or debentures:

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interest in shares or debentures:

The following directors, who held office at the end of the financial year, had, according to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap.50, an interest in shares as follows:

Number of shares

At the beginning of the year

At the end of the year

Shares in Holding Company – Sadhana Nitro Chem Limited at INR Rs.10.00 per each share

JAVERI ASIT DHANKUMAR	377,963	377,963
JANI NITIN RAMESHCHANDRA	27,392	27,392

Directors' contractual benefits:

During the year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or by a related corporation with the director or with a firm of which he is a member or with

a company in which he has a substantial financial interest other than those disclosed in the financial statements.

Share options

No options were granted during the financial year to take up unissued shares of the Company.

No shares were issued by virtue of the exercise of options.

There were no unissued shares under option at the end of the financial year.

Independent auditors The independent auditors, M/S MGI N Rajan Associates have expressed their willingness to accept re-appointment.

On behalf of the board,

STATEMENT BY DIRECTORS

In the opinion of the directors,

- the accompanying balance sheet, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 DECEMBER 2011 and of the results of the business, changes in equity and cash flows of the Company for the financial year then ended ; and
- at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board,

Signed at Mumbai

On Behalf of Board

Asit D. Javeri Director
Nitin R. Jani Director

Mumbai

Date : 27th January, 2012

AUDITOR'S REPORT**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ANUCHEM PTE LTD.
(Incorporated in Singapore)**

We have audited the accompanying financial statements of Anuchem Pte. Ltd. ("the Company"), which comprise the balance sheet as at 31st December 2011 statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

59 The Management are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap.50 (the "Act") and the Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of comprehensive income and statement of financial positions and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure selected depends on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31st December 2011 and the results, changes in funds and the cash flows of the Company for the financial year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Without qualifying our opinion we wish to highlight that as at 31st December 2011, the company has a net capital deficit of S\$ 7,712/-. (2010: S\$5,163/-)The financial statements of the company have been prepared on a going concern basis as the holding company has undertaken to provide continuing support until such time as the Company is able to operate on its own financial resources.

**MG I N RAJAN ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

SINGAPORE
DATE : 27th January, 2012

ANUCHEM PTE LTD

BALANCE SHEET AS AT 31ST DECEMBER, 2011

	NOTE	31.12.2011 S\$	31.12.2010 S\$
ASSETS			
Current Assets			
Cash and cash equivalents	5	<u>7,179</u>	<u>23,637</u>
Total Assets		<u>7,179</u>	<u>23,637</u>
LIABILITIES			
Current Liabilities			
Due to holding company	6	<u>4,057</u>	-
Other payables	7	<u>10,834</u>	<u>28,800</u>
Total Liabilities		<u>14,891</u>	<u>28,800</u>
		<u>(7,712)</u>	<u>(5,163)</u>
NET(LIABILITIES)		<u>(7,712)</u>	<u>(5,163)</u>
EQUITY			
Share Capital	8	<u>25,000</u>	<u>25,000</u>
Accumulated (Losses)		<u>(32,712)</u>	<u>(30,163)</u>
TOTAL EQUITY		<u>(7,712)</u>	<u>(5,163)</u>

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2011

	NOTE	31.12.2011 S\$	31.12.2010 S\$
Revenue			
Sale of goods		<u>379,617</u>	-
Cost of sales		<u>(354,301)</u>	-
Gross Profit		<u>25,316</u>	-
Other Income : Exchange gain		<u>1,828</u>	-
		<u>27,144</u>	-
Expenses			
Administration and operating expenses		<u>29,693</u>	<u>7,722</u>
Total Expenses		<u>29,693</u>	<u>7,722</u>
(Loss) for the year before tax	3	<u>(2,549)</u>	<u>(7,722)</u>
Tax expenses	4	-	-
(Loss) for the year after tax		<u>(2,549)</u>	<u>(7,722)</u>
Other comprehensive income		-	-
Total Comprehensive Income		<u>(2,549)</u>	<u>(7,722)</u>

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

ANUCHEM PTE LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2011

	Share Capital	Accrued (Losses)	Total
	S\$	S\$	S\$
Balance at 31st December, 2009	25,000	(22,441)	2,559
Total comprehensive income	-	(7,722)	(7,722)
Balance at 31st December, 2010	25,000	(30,163)	(5,163)
Total comprehensive income for the year	-	(2,549)	(2,549)
Balance at 31st December, 2011	25,000	(32,712)	(7,712)

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

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST DECEMBER, 2011

	31.12.2011 S\$	31.12.2010 S\$
Cash flow from Operating Activities		
Net(Loss) before taxation	<u>(2,549)</u>	<u>(7,722)</u>
Operating (loss) before working capital Changes	(2,549)	(7,722)
(Decrease)/Increase in other payables	<u>(17,966)</u>	<u>5,600</u>
Net cash used in operating activities	(20,515)	(2,122)
Cash flows from financing activities		
Due to holding company	<u>4,057</u>	-
Net cash provided by financing activities	<u>4,057</u>	-
Net(decrease) in cash and cash equivalents	<u>(16,458)</u>	<u>(2,122)</u>
Cash & cash equivalents at the beginning of the Year	<u>23,637</u>	<u>25,759</u>
Cash & cash Equivalents at end of the Year	7,179	23,637

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

NOTES TO THE FINANCIAL STATEMENTS 31ST DECEMBER, 2011**1. GENERAL INFORMATION**

The financial statements of the Company for the year ended 31 DECEMBER 2011 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

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

The principal activities of the Company are to carry on business as International trading.

There has been no significant changes in the nature of the business during the financial year.

The Company's registered office is at:-

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

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The Company's functional currency are in United States dollar. However, the financials are presented in Singapore dollars.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 BASIS OF PREPARATION**

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The Company has assessed that there are no estimates or judgements used that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Adoption of new and revised standards - In the current financial year, the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2011. The adoption of these new / revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effect on the amounts reported for the current or prior years.

2.2 REVENUE RECOGNITION

Revenue from sale of goods is recognized upon delivery and acceptance of goods.

2.3 TAXATION

The liability method of tax effect accounting is adopted by the Company. Current taxation is provided at the current taxation rate based on the tax payable on the income for the financial year that is chargeable to tax. Deferred taxation is provided at the current taxation rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

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

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

2.4 TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2.5 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the cash flow statement, cash and cash equivalents represent cash at bank.

2.6 PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised in the income statement as interest expense.

2.7 SHARE CAPITAL

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

2.8 RELATED PARTY

A Party is considered to be related to the Company if:-

- a) The party directly or indirectly through one or more intermediaries,
 - (i) Controls, is controlled by, or is under common control with, the Company;
 - (ii) has an interest in the Company that gives it significant influence over the Company; or
 - (iii) has joint control over the Company;
- b) The party is an associate
- c) The party is a jointly-controlled entity
- d) The party is a member of the key management personnel of the Company or The party is close member of the family of any individual referred to in a) or d); or
- e) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly referred to in d) or e); or the party is a post-employment benefit plan for the benefit of the employees of the Company, or of any entity that is a related party of the Company
- f) Its parent;

2.9 GOING CONCERN

The financial statements are prepared on a going concern basis on the assumption that the Company will be able to obtain the necessary financial support from the holding company to continue its operations as a going concern.

2.10 FUNCTIONAL CURRENCY

Items included in the financial statements of the company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the company ("the functional currency"). The functional currency of the Company is United States Dollar. However, the financial statements of the company are presented in Singapore Dollars.

Conversion of foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Singapore Dollars at rates of exchange closely approximating those ruling at balance sheet date. Exchange differences arising from such transactions are recorded in the income statement in the year in which they arise.

However, where a foreign currency transaction is to be settled at a contracted rate or is covered by a related or matching forward exchange contract, the rate of exchange specified in the contract will be used and any corresponding monetary assets or liabilities will not be retranslated.

3. (LOSS) BEFORE TAX

This is arrived after charging

	2011 S\$	2010 S\$
Audit fee	1,000	1,000
loss on exchange	-	1,556

4. TAX EXPENSE

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on Company's (loss) as a result of the following:

	2011 S\$	2010 S\$
(Loss) before taxation	(2,549)	(7,722)
Tax at statutory rate of 17% (2010:17%)	(433)	(1,313)
Deferred tax asset not recognized	433	1,313
	-	-

As at 31 December 2011, the company has unrecognized tax losses amounting to approximately S\$ 32,712/- (2010 : S\$ 30,163/-) available for offsetting against future taxable income, subject to the provisions of the Singapore Income Tax Act and agreement with Singapore Tax Authorities. The tax losses have no expiring date. Deferred tax assets will be recognized only when it is probable that the Company will have future taxable income.

ANUCHEM PTE LTD

5. CASH AND CASH EQUIVALENTS

	2011 S\$	2010 S\$
Cash at banks	7,179	23,637
	<u>7,179</u>	<u>23,637</u>

6. DUE TO HOLDING COMPANY

*This represents due to holding company is trade balance, unsecured, interest free and has no fixed repayment terms.

7. OTHER PAYABLES

	2011 S\$	2010 S\$
Other creditors	4,233	28,800
Accruals	6,601	-
	<u>10,834</u>	<u>28,800</u>

8. SHARE CAPITAL

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The Company's share capital comprise fully paid-up 25,000 (2010:25,000) ordinary shares with no par value, amounting to a total of S\$25,000/- (2010: S\$25,000/-).

The ordinary shares entitle for dividend as and when declared and carry one vote per share without restriction.

9. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development by issuing or redeeming equity and debts instruments when necessary.

The board of directors monitors its capital based on net debt and total capital. Net debt calculated as borrowings plus trade and other payables less cash and bank deposits. Total capital is calculated as equity plus net debt.

The Company is not subject to any externally imposed capital requirements.

	2011 S\$	2010 S\$
Net debt	7,712	5,163
Total equity	-	-
	<u>7,712</u>	<u>5,163</u>

10. HOLDING COMPANY

The Company is a wholly owned subsidiary of Sadhana Nitro Chem Limited, Incorporation in India.

ANUCHEM PTE LTD

11. FINANCIAL RISK MANAGEMENT

The Company does not have any written financial risk management policies and guidelines. The Company does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange. The Company's exposure to financial risks associated with financial instruments held in the ordinary course of business include:

a) Price risk

i) Currency risk

The Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have any interest bearing borrowings, hence is not exposed to the risk.

(iii) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company does not hold any quoted or marketable financial instrument, hence, is not exposed to any movements in market prices.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentrations of credit risk.

Cash is held with financial institutions of good standing/ established financial institutions/ reputable financial institutions.

c) Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Company maintains sufficient level of cash and cash equivalents.

d) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The Company is not exposed to any cash flows risk as it does not have any monetary financial instruments with variable interest rates.

e) Fair value of financial assets and financial liabilities

Fair value of financial assets and financial liabilities reported in the balance sheet approximates the carrying amounts of those assets and liabilities

12. NEW OR REVISED STANDARDS AND INTERPRETATIONS

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

FRS 19	Employee Benefits
FRS 27	Separate Financial Statements
FRS 28	Investments in Associates and Joint Ventures
FRS 110	Consolidated Financial Statements
FRS 111	Joint Arrangements
FRS 112	Disclosure of Interests in Other Entities
FRS 113	Fair Value Measurements
Amendments to FRS 1	Presentation of Items of Other Comprehensive Income
Amendments to FRS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to FRS 101	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 107	Disclosures-Transfers of Financial Assets

The initial application of these standards and interpretations, where applicable, are not expected to have any material impact on the financial statements of the Company

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised Standard also introduces a partial exemption of disclosure requirements for government-related entities. The Company is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transaction. As this is a disclosure Standard, it will have no impact on the financial position or financial performance of the Company when implemented

13. RECLASSIFICATION

Where necessary, comparative figures have been reclassified to conform to changes in presentation in accordance to the current year.

Annual Report of the Subsidiary Company



LIFESTYLE NETWORKS LIMITED

BOARD OF DIRECTORS

Shri Asit D. Javeri	Director
Shri Abhishek A. Javeri	Director
Smt Seema A. Javeri	Director
Shri Nitin R. Jani	Director
Shri Priyam S. Jhaveri	Director
Shri Pradeep N. Desai	Director

BANKERS

STATE BANK OF PATIALA
Atalanta, 1st Floor,
Nariman Point,
Mumbai - 400 021

AUDITORS

V. SANKAR AIYAR & CO.
Chartered Accountants
2-C, Court Chambers,
35, New Marine Lines,
Mumbai - 400 020.

DIRECTORS' REPORT



To the Members of LIFESTYLE NETWORKS LIMITED

Your Directors have pleasure in presenting to you their 7th Report of your Company together with the Statement of Audited Accounts for the period ended 31st March, 2012.

	2011-12 ₹	2010-11 ₹
1. FINANCIAL RESULTS		
Revenue from operation and other Income	<u>2,50,00,259</u>	<u>25594514</u>
Loss: Before exceptional item		
Depreciation and Taxation	94,76,066	50,70,364
Less: Depreciation	38,69,441	40,90,029
Profit/(Loss) before Tax	56,06,625	9,80,335
Deferred tax adjustment	(19,43,803)	(24,84,197)
Profit/(Loss) after tax	36,62,822	(15,03,862)
Opening Balance brought forward	<u>(5,36,27,881)</u>	<u>(5,21,24,019)</u>
Balance carried forward to Balance Sheet	<u>(4,99,65,059)</u>	<u>(5,36,27,881)</u>

2. REVIEW OF OPERATIONS

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During the year your company has provided several Wi-Fi (Wireless Fidelity) based network solutions of ₹1,28,53,774/- (P.Y. ₹ 28,85,305/-) AND VENTURE INCOME ₹ 1,21,10,252/- (P.Y. ₹ 2,27,09,209/-) Joint Agreement with Ahmedabad based ISP Company.

Your company has focused on its core competency of creating wireless hotzones. Endeavors are also directed towards marketing its technology to several hospitals, industries and construction companies for sale of wireless technology for high end applications.

In view of the carried forward loss your Directors do not recommend payment of any dividend for the year ended 31st March, 2012.

3. OUTLOOK.

Roll out of fixed wireless network in Ahmedabad under the brand name of Spidigo under joint venture with M/s. Chandra Net Private Limited has got very good response. The network which started functioning in September, 2009 has today more than 25,000 clients.

It is heartening to note that this has placed the joint venture company as the largest ISP in Ahmedabad and 22nd largest ISP in the country.

Your company will continue its endeavor to increase its sale of Wi-Fi based network solutions. Several project of Wi-Fi solutions are in various stages of negotiation.

4. INSURANCE

The assets of your Company are adequately insured.

5. FIXED DEPOSITS

No Fixed Deposits were accepted by your Company.

6. DIRECTORS

Mrs. S.A. Javeri and Mr. Abhishek A. Javeri, retires by rotation at the ensuing annual general meeting and being eligible offer themselves for the reappointment.

7. AUDITORS

Messrs V. Sankar Aiyar & Co., Chartered Accountants, Auditors of your Company, at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO.

The information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to these matters are given in Annexure appended hereto and forms part of this Report.

9. COMPLIANCE CERTIFICATE.

Secretarial Compliance certificate pursuant to Section 383A of the Companies Act, 1956 has been obtained from M/s. Makarand M. Joshi & Co., Practicing Company Secretaries.

10. EMPLOYEES.

The industrial relations during the year were cordial. There were no employees drawing remuneration in excess of the limits specified U/s 217(2A) of the Companies Act, 1956.

11. DIRECTORS' RESPONSIBILITY STATEMENT.

As required under Section 217(2AA) of the Companies Act, the Directors hereby confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis.

12. ACKNOWLEDGEMENTS.

Your Directors would like to express their appreciation for the assistance and co-operation received from the Bankers State Bank of Patiala, Mumbai. They also wish to place on record their appreciation for the co-operation and contribution of the staff in the implementation of the project of your Company during the year under report.

For and On Behalf of the Board of Directors

Place : Mumbai
Dated : 18th June, 2012

A.D. JAVERI
Director

ANNEXURE TO THE DIRECTORS REPORT

INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

FORM-A : FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

The Company is not an energy intensive unit, however several measures are undertaken to conserve and optimise the use of energy which will be continued.

B. TECHNOLOGY ABSORPTION

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

RESEARCH AND DEVELOPMENT

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

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

	31.03.12	31.03.11
	₹	₹
4. Expenditure on R&D		
(a) Capital	Nil	Nil
(b) Recurring	Nil	Nil
Total	Nil	Nil
(c) Total R&D expenditure as a % of total turnover	Nil	Nil

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.
The Company has yet to commence its full fledge operations.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc. N.A.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year). No technology has been imported.

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**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- a) Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services and export plans.

The Company has yet to commence its full fledge operations.

	31.03.12	31.03.11
	₹	₹
b) Total Foreign Exchange used and earned. (in Rupee)		
i) Used :		
a) Imports (CIF) - Purchases	Nil	Nil
b) Other expenditure	Nil	Nil
ii) Earned :	Nil	Nil

For and On Behalf of the Board of Directors

Place : Mumbai
Dated : 18th June, 2012

A.D. JAVERI
Director



Makarand M. Joshi & Co.
COMPANY SECRETARIES

3rd Floor, Jyoti Chambers, L T Road, Mulund East, Mumbai - 400 081.

COMPLIANCE CERTIFICATE

Regn No. 11 - 155530

Nominal Capital: Rs. 1,00,00,000/-

Paid Up Capital: Rs. 50,00,000/-

To,

The Members of

LIFESTYLE NETWORKS LIMITED (subsidiary of a listed Public Company)

207, Kakad Chambers, 2nd Floor,

132, Dr. Annie Besant Road, Worli,

Mumbai - 400018.

We have examined the registers, records, books and papers of **Life style Networks Limited** as required to be maintained under the Companies Act, 1956, and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2012**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, We certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies.
3. The Company is a public limited Company the provisions of Section 3(1) (iii) are not applicable.
4. The Board of Directors duly met 6 times on 04th May, 2011, 17th June, 2011, 28th July, 2011, 30th August, 2011, 20th October, 2011 and 09th January, 2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members for the year under review.
6. This Annual General Meeting for the financial year ended 31st March, 2011 was held on 30th August, 2011.
7. No extra ordinary general meeting was held during the financial year under consideration.



8. As explained to us the Company has not advanced any loans to the Directors of the Company under Section 295 of the Companies Act, 1956 during the year under consideration.
9. The Company was not required to comply with the provision of section 297 of the Act in respect of contracts specified in that section.
10. As explained to us the Company has made necessary entries, if any in the register maintained under Section 301 of the Act.
11. No approvals were required from the Board of Directors, Members and the Central Government pursuant to section 314 of the Act during the period under consideration.
12. The Company has not issued any duplicate Share Certificates during the financial year ended on 31st March, 2012.
13. (i) There being no transfer/ transmission/ allotment of shares the provisions as to delivery of share certificates are not applicable.
(ii) The provisions about depositing the amount of dividend in separate Bank account were not applicable as no dividend was declared during the year.
(iii) The provisions regarding posting of warrants for dividends to all the members within a period of 30 days from the date of declaration was not applicable as no dividend was declared. There was no unpaid/ unclaimed dividend, & hence was not required to be transferred to Unpaid Dividend Account.
(iv) No provisions as to transferring the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund are applicable.
(v) The Company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted.
15. The Company has not appointed any Managing Director/ Whole Time Director / Manager during the financial year under scrutiny.
16. No sole-selling agents were appointed by the Company for the period under scrutiny.
17. As explained to us no approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other Authorities as may be prescribed under the various provisions of the Act are required for the financial year under review.



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18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
 19. The Company has not issued any shares/Debenture/other securities during the financial year under consideration.
 20. The Company has not bought back any share during the financial year ending 31st March, 2012.
 21. There being no preference shares/debentures, the provisions as to redemption of preference shares/debentures are not applicable.
 22. The provisions as to keeping in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares are not applicable.
 23. The Company has not invited / accepted any deposit including any unsecured loans falling within the purview of Section 58 A during the financial year under consideration.
 24. The amount borrowed by the Company from the financial institutions, banks and others during the financial under scrutiny are within the borrowing limits of the Company and necessary resolutions as per section 293(1)(d) of the Act have been passed.
 25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the Register kept for the purpose.
 26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
 27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the period under scrutiny.
 28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
 29. The Company has not altered the provisions of the Memorandum with respect to share capital during the year under scrutiny.
 30. The Company has not altered its Articles of Association during the year under scrutiny.
 31. No prosecution was initiated against or show cause notices received by the Company for alleged offences under the Act and also no fines and penalties or any other punishment were imposed on the Company. However Company has paid additional fees on necessary circumstances.
 32. The Company has not received security deposit from its employees during the year under certification and therefore the provisions of section 417(1) of the Companies Act, 1956 are not applicable.



33. The provisions of depositing both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act are not applicable to the Company.

ANNEXURE - A

Registers as maintained by the Company

1. Register of Charges-u/s 143
2. Register of Members -u/s 150
3. Minutes Book for Board and General Meetings -u/s 193
4. Books of Accounts- u/s 209
5. Register of particulars of contract in which the Directors are interested u/s - 301
6. Register of Directors and Managing Director, Manager and Secretary u/s - 303
7. Register of Directors' shareholdings u/s 307
8. Register of Investments, Loans, Securities Guarantees u/s. 372A Share Transfer Register

ANNEXURE - B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2012.

Sr. no.	Form no. / Return / Other Documents	Filed u/s	Date of filing/ Registration	Filed within time	If delay whether additional fee paid
1.	Form 23AC and 23ACA for filling Balance Sheet and Profit and Loss account as at 31 st March 2011 adopted at Annual General Meeting held on 30 th August, 2011	220	31/12/2011	Yes	N.A.
2.	Form 20B for Annual Return as at the Annual General Meeting dated 30 th August, 2011	159	30/11/2011	No	Yes

Place : Mumbai
Date : 18th June, 2012

MAKARAND M. JOSHI
C.P. No : 3662

AUDITOR'S REPORT



TO THE MEMBERS OF LIFESTYLE NETWORKS LIMITED

1. We have audited the attached Balance Sheet of LIFESTYLE NETWORKS LIMITED as at 31st March, 2012 and also the annexed Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above.
- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - In our opinion proper Books of Account as required by Law have been kept by the Company so far as it appears from our examination of such books.
 - The Balance Sheet, Profit & Loss Account and cash flow statement referred to in this report are in agreement with the Books of Account.
 - In our opinion Balance Sheet and Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to sub-sections 3(C) of Section 211 of the Companies Act, 1956.
 - Based on the representations made by the Directors and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31st March, 2012, prima-facie disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - Without qualifying attention is drawn to note 22 of financial statements regarding going concern.

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- In our opinion and to the best of our information and according to the explanations given to us, the said accounts read along with notes on Accounts and the Accounting Policies give the information required by the Companies Act, 1956, in the manner so required and read in conjunction with all other notes thereon give a true and fair view.
 - in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
 - in the case of the Profit & Loss Account, of the profit for the year ended on that date.
- and
- in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

FOR V. SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No. 109208W

ARVIND MOHAN
Partner
Membership No. 124082

Place : Mumbai
Dated : 18th June, 2012

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in Paragraph 3 of our report of even date.

- In respect of its fixed assets:
 - The company has maintained records showing particulars including quantitative details and situation of fixed assets on the basis of available information.
 - As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - In our opinion, the company has not disposed of substantial part of fixed assets during the year and the going concern status of the company is not affected.



2. In respect of its inventories:
- As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - The company has maintained proper records of inventories. As explained to us, there were no materials discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, we report that:-
- The Company has not granted any loans, secured or unsecured during the year.
 - During the year company has taken interest free loan from one company amounting to ₹ 5,16,76,000/-. These along with other loans covered in register maintained under section 301 have an outstanding year end balance of ₹ 4,94,47,972/- & maximum balance during the year was ₹ 7,17,70,956/-
 - In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions on which the loans are taken are not prima-facie prejudicial to the interest of the company.
 - The company is regular in repaying principal and interest as stipulated.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods & services. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under section 301 of the Company Act, 1956:
- In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in



the register maintained under Section 301 of the companies act, 1956 exceeding value of ₹ 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from public. Accordingly, clause (vi) of the Order does not apply to the company.
7. On the basis of the internal audit reports broadly reviewed by us, we are of the opinion that, the internal audit functions carried out by the management is commensurate with the size of the company and the nature of its business.
8. The Central Government has not prescribed any maintenance of cost records under section 209(1) (d) of the Companies Act, 1956. Accordingly, clause (viii) of the Order does not apply to the company.
9. In respect of statutory dues:
- According to the records, the company has generally been regular in depositing undisputed statutory dues including provident fund, Investor Education and Protection fund, employees' state insurance income-tax, Sales Tax, Wealth tax, Customs duty, Excise duty, cess, Service tax and other statutory dues with the appropriate authorities. With regard to income tax deducted at source there has been delay as stated below. There are no other undisputed amounts payable in respect of the aforesaid dues as at 31st March, 2012 for a period of more than six months from the date of becoming payable.

Nature of statutory	Nature of Dues	Total	Period it relates to	Due date	Date of payment
Income Tax Act, 1961	TDS of Interest	6,01,167	2008-09	7 th day of the following month from the month of deduction	Not yet paid
Income Tax Act, 1961	TDS of Interest	5,56,016	2009-10	7 th day of the following month from the month of deduction	Not yet paid
Income Tax Act, 1961	TDS of Interest	1,61,169	01.04.10 to 02.11.10	7 th day of the following month from the month of deduction	Not yet paid
		13,18,352			



- b. According to the records of the company, there are no disputed statutory dues on account of Income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess remaining unpaid as on 31st March, 2012.
10. The company has accumulated losses of ₹ 4,99,65,059/- as on 31st March, 2012 which has exceeded its net worth. The company has not incurred any cash loss during the year and during the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, there have been delays in repayment of dues to banks and financial institutions. Details of default in repayment of dues to banks existing at the balance sheet date are as under;

Name of Bank	Amount Due (₹)	Due Date	Remarks
State Bank of Patiala	62,07,857	31.03.2012	₹ 17,52,000/- Paid on 06.06.2012 ₹ 2,00,000/- Paid on 14.06.2012 Balance ₹ 42,55,857/- Not yet paid

12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
- 72 13. In our opinion, the company is not a chit fund or nidhi/mutual benefit fund/ society. Therefore, clause (xiii) of the Order is not applicable to the company.
14. The company does not trade in shares, debentures, securities and any other investments. Accordingly, clause (xiv) of the Order does not apply to the company.
15. The company has not given any guarantee for loans taken by others. Accordingly, clause (xv) of the Order does not apply to the company.
16. In our opinion and according to the information and explanation given to us, the term loans have been applied for the purpose for which they were raised.
17. Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company as on March 31, 2012, in our opinion, there are no funds raised on a short term basis which have been used for long term investment.
18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. In our opinion and according to the information and explanation given to us, the company has not issued any secured debentures during the period covered by our report.



20. The company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanation given to us, no material fraud on or by the company has been noticed or reported during the course of our audit.

FOR **V. SANKAR AIYAR & CO.**
CHARTERED ACCOUNTANTS
Firm Regn. No. 109208W

ARVIND MOHAN
Partner
Membership No. 124082

Place : Mumbai
Dated : 18th June, 2012

**BALANCE SHEET AS AT 31ST MARCH, 2012**

	Note	31.03.2012 ₹	31.03.2011 ₹
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2	50,00,000	50,00,000
Reserves and Surplus	3	(4,99,65,059)	(5,36,27,881)
Non-Current Liabilities			
Long Term Borrowing	4	12,03,69,940	11,22,47,020
Deferred tax liabilities (Net)	5	57,56,940	38,13,137
Current Liabilities			
Trade payables	6	50,73,450	22,82,186
Other Current Liabilities	7	77,36,119	3,11,68,028
Total		9,39,71,390	10,08,82,490
Assets			
Non-current assets			
<i>Fixed assets</i>	8		
Tangible assets		7,72,04,677	8,10,65,368
Intangible assets		-	8,750
Long Term Loan and Advances	9	1,20,06,343	1,65,44,295
Current assets			
Inventories	10	-	20,76,638
Trade receivables	11	26,26,042	6,66,698
Cash and Cash Equivalents	12	21,04,885	4,95,208
Short-term loans and advances	13	29,443	25,533
Total		9,39,71,390	10,08,82,490
Significant Accounting Policies & Notes to Accounts	1		

As per our Report of even date

For V. SANKAR AIYAR & CO.
Chartered Accountants
Firm Regn. No. 109208W
ARVIND MOHAN
Partner
Membership No. 124082
Place : Mumbai
Dated : 18th June, 2012

A. D. JAVERI Director
A. A. JAVERI Director
S. A. JAVERI (Mrs.) Director
N.R. JANI Director
P.S. JHAVERI Director
P.N. DESAI Director
Place : Mumbai
Dated : 18th June, 2012

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**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012**

	Note	31.03.2012 ₹	31.03.2011 ₹
Revenue from operations	14	2,49,64,026	2,55,94,514
Other Income	15	36,233	-
Total Revenue		2,50,00,259	2,55,94,514
Expenses :			
Purchase of Stock-in-Trade		67,98,816	16,23,592
Employee benefit expense	16	31,627	50,528
Financial costs	17	29,11,019	1,83,95,229
Depreciation and amortization expense		38,69,441	40,90,029
Other expenses	18	57,82,731	4,54,801
Total Expenses		1,93,93,634	2,46,14,179
Profit before Tax		56,06,625	9,80,335
Deferred tax		19,43,803	24,84,197
Profit(Loss) after Tax		36,62,822	(15,03,862)
Basic & Diluted Earning Per Share of Face Value of ₹10/- each (Fully Paid up)		7.33	(3.01)
Significant Accounting Policies & Notes to Accounts	1		

As per our Report of even date

For V. SANKAR AIYAR & CO.
Chartered Accountants
Firm Regn. No. 109208W
ARVIND MOHAN
Partner
Membership No. 124082
Place : Mumbai
Dated : 18th June, 2012

A. D. JAVERI Director
A. A. JAVERI Director
S. A. JAVERI (Mrs.) Director
N.R. JANI Director
P.S. JHAVERI Director
P.N. DESAI Director
Place : Mumbai
Dated : 18th June, 2012



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	31.03.2012 ₹	31.03.2011 ₹
NET PROFIT BEFORE TAX	56,06,625	9,80,335
Depreciation	38,69,441	40,90,029
Interest	29,11,019	1,83,95,229
CASH OPERATING PROFIT (LOSS)	1,23,87,085	2,34,65,593
ADJUSTMENTS FOR CHANGE IN WORKING CAPITAL		
Trade & other Receivables	(19,59,344)	27,93,391
Inventories	20,76,638	8,63,362
Loans & Advances	45,34,043	(15,53,996)
Trade Payables	27,00,006	16,03,346
	73,51,343	37,06,103
(A) NET CASH FLOW FROM OPERATING ACTIVITIES	1,97,38,428	2,71,71,696
(B) NETCASH FLOW ARISING FROM FINANCING ACTIVITIES		
Secured Borrowings - Net of Repayment	(2,33,40,651)	(1,98,22,299)
Unsecured Borrowings - Net of Repayment	81,22,919	84,91,847
Interest paid	(29,11,019)	(1,83,95,229)
(C) NET CASH FLOW FROM NET CHANGE IN CASH / CASH EQUIVALENTS (A+B+C)	1,609,677	(25,53,985)
ADD: OPENING BALANCE	495,208	30,49,193
CASH/CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	2,104,885	4,95,208

NOTES : THE FIGURES IN BRACKET REPRESENTS CASH OUTFLOW.

1. The cash flow statement has been prepared under the "Indirect method" as set out in the Accounting Standard 3 "Cash Flow Statement" Issued under Companies (Accounting Standard) Rules 2006.

2. Previous year's figures have been regrouped and re-arranged wherever necessary.

As per our Report of even date

For V. SANKAR AIYAR & CO.

Chartered Accountants

Firm Regn. No. 109208W

ARVIND MOHAN

Partner

Membership No. 124082

Place : Mumbai

Dated : 18th June, 2012

A. D. JAVERI

Director

A. A. JAVERI

Director

S. A. JAVERI (Mrs.)

Director

N.R. JANI

Director

P.S. JHAVERI

Director

P.N. DESAI

Director

Place : Mumbai

Dated : 18th June, 2012



NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Note - 1

SIGNIFICANT ACCOUNTING POLICIES :-

1. Significant Accounting policies

a) Basic of preparation of Financial Statements

The financial statements are prepared in accordance with generally accepted accounting principles in India. The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 issued under sub-section 3C of section 211 of The Companies Act 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year. During the financial year ended March, 2012, the revised schedule VI notified under the Companies Act, 1956 has become applicable to the company for preparation and presentation of its financial statements. The company has also re-classified the previous year figures in accordance with the requirements applicable in current year.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognised in the period in which the results are known/ materialised.

c) Revenue Recognition

Sales of Products & Services are recognized when significant risks and rewards of ownership of products and rendering of services are passed on to customers. Sales and Services rendered are stated at realizable values and Net of Sales tax, service tax and returns. Income from joint venture is recognized when the right to receive is established, as per terms of Venture agreement.

d) Fixed Assets

Fixed assets are stated at their original cost including interest, borrowing cost and other expenses directly related to qualifying assets during construction period. Assets under construction are held as capital work in progress until they are ready for their intended utilization.

e) Depreciation

- Assets individually costing Rs 5,000/- or less are depreciated fully in the year of purchase
- Depreciation on fixed assets other than trademarks is charged on WDV Method at rates provided under Schedule XIV of Companies Act, 1956.
- Trade marks are depreciated over 5 years from the date of acquisition.



f) Inventories

Inventories are stated at cost or net realisable value, whichever is lower. Cost comprises all cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost formula used is 'First-In-First-Out'. Due allowance is estimated and made for defective and obsolete items, wherever necessary.

g) Taxation

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised subject to the consideration of prudence in respect of deferred assets on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. In the event of unabsorbed depreciation and carry forward losses, deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient taxable income will be available to realize such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

h) Earnings Per Share (EPS)

Basic EPS

The earnings considered in ascertaining the Company's basic EPS comprise the net profit/(loss) after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

Diluted EPS

The net profit/(loss) after tax and the weighted average number of shares outstanding during the year are adjusted for all the effects of dilutive potential equity shares for calculating the diluted EPS.

i) Provisions

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical evaluation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

j) Impairment

Fixed assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognized, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has



been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss / reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, are allocated to its assets on a prorata basis.

- k) The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

l) Segment Report

Since the company is in the business of providing Wi-Fi solutions including installation of Wi-Fi hotspots which is the only activity pursued, segment reporting under Accounting Standard-17 does not apply.

Note - 2

SHAREHOLDERS FUND

SHARE CAPITAL:

Authorised Capital:

10,00,000 Equity Shares of ₹ 10/- each	1,00,00,000	1,00,00,000
(P.Y.10,00,000 Equity shares)		

TOTAL

1,00,00,000 1,00,00,000

Issued,Subscribed and Paid-up Capital:

5,00,000 Equity Shares of ₹ 10/- each fully paid	50,00,000	50,00,000
(P.Y. 5,00,000 Equity shares)		

TOTAL

50,00,000 50,00,000

Details of Shareholders holding more than5% of share in company .

Name	31.03.2012		31.03.2011	
	No of shares	% of holding	No of shares	% of holding
Asit D Javeri	166500	33.30	166500	33.30
(Jtly with Seema A Javeri)				
Sadhana Nitro Chem Ltd.	255000	51.00	255000	51.00
(Holding Company)				
Manekchand Panachand	40000	8.00	40000	8.00
Trading Investment Co. Pvt. Ltd.				
(Ultimate Holding Company)				

Rights, preferences and restrictions attached each class of shares.

The company has only one class of equity share having at par value of ₹ 10/- per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to number of shares held by the share holder.



Note - 3	31.03.2012	31.04.2011
	₹	₹
RESERVE AND SURPLUS:		
Surplus /(Deficit) in statement of Profit & Loss		
Balance as per last financial statement	(5,36,27,881)	(5,21,24,019)
Profit and Loss for the year	36,62,822	(15,03,862)
Closing Balance	<u>(4,99,65,059)</u>	<u>(5,36,27,881)</u>

Note - 4

Long Term Borrowings

Unsecured

Directors	1,54,54,783	1,54,54,783
Ultimate Holding Company	9,67,15,157	4,51,16,173
Inter Corporate Deposits	82,00,000	5,16,76,064
(Aforesaid Loans are interest free and repayable during the financial year 2015-16)		
TOTAL	<u>12,03,69,940</u>	<u>11,22,47,020</u>

Note - 5

Non-Current liabilities

Deferred tax liabilities (Net)

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Depreciation	57,56,940	38,13,137
TOTAL	<u>57,56,940</u>	<u>38,13,137</u>

Note - 6

Current liabilities

Trade payables :

Others	50,73,450	22,82,186
TOTAL	<u>50,73,450</u>	<u>22,82,186</u>
Principle and interest due remaining unpaid	-	-
Interest paid under MSMED Act	-	-
Interest due and payable	-	-
Interest accrued and remaining unpaid	-	-

Note - 7

Other Current liabilities:

Current maturities of long term debts	62,07,857	2,95,48,508
statutory due - Vat Service Tax Tds	15,28,262	16,19,520
TOTAL	<u>77,36,119</u>	<u>3,11,68,028</u>

Details of continuing default as on 31st March, 2012.
State Bank of Patiala ₹ 62,07,857/- due on 31-03-2012
out of this ₹ 17,52,000/- paid on 06-06-2012,
₹ 2,00,000/- Paid on 14-06-2012 and
balance of ₹ 42,55,857/- not yet paid.



Note - 8

FIXED ASSETS

Particulars of Asset	GROSS BLOCK (AT COST)			DEPRECIATION			NETBLOCK	
	As on 01/04/11	Additions	Total as at 31/3/12	Dep. Upto 01/04/11	Depre- ciation for the year	Total upto 31/03/12	As on 31/3/12	As on 31/3/11
	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets								
Office Equipment	2,01,164	-	2,01,164	1,08,427	12,900	1,21,327	79,837	92,737
Furnitures & Fixtures	31,840	-	31,840	19,923	2,157	22,080	9,760	11,917
Computers Equipments	23,870	-	23,870	23,870	-	23,870	-	-
Wireless Equipment	8,74,19,866	-	8,74,19,866	64,59,152	38,45,634	1,03,04,786	7,71,15,080	8,09,60,714
Intangible Assets								
Trade Mark	1,75,000	-	1,75,000	1,66,250	8,750	1,75,000	-	8,750
TOTAL	8,78,51,740	-	8,78,51,740	67,77,622	38,69,441	1,06,47,062	7,72,04,677	8,10,74,118
Previous Year	8,78,51,740	-	8,78,51,740	26,87,593	40,90,029	67,77,622	8,10,74,118	8,51,64,147

Note - 9

Long Term Loan and Advances

Due from customs, excise and sale tax	1,14,91,095	1,64,63,692
Other Receivable	5,15,248	80,603
TOTAL	<u>1,20,06,343</u>	<u>1,65,44,295</u>

Note - 10

Inventory:

Wi-Fi Hotspots	-	20,76,638
TOTAL	<u>-</u>	<u>20,76,638</u>

Note - 11

Trade Receivable:

Unsecured considered good

Overdue more than six months	2,90,059	6,66,698
Others	23,35,983	-
TOTAL	<u>26,26,042</u>	<u>6,66,698</u>

Note - 12

Cash and cash equivalent

Balance with banks	20,89,643	4,86,345
Cash in hand	15,242	8,863
TOTAL	<u>21,04,885</u>	<u>4,95,208</u>



Note - 13	31.03.2012	31.04.2011
	₹	₹
Short Term Loans & Advances:		
Advance to suppliers	<u>29,443</u>	<u>25,533</u>
	<u>29,443</u>	<u>25,533</u>
Note - 14		
REVENUE FROM OPERATION:		
Sales of Wi-fi Hotspots	1,28,53,774	28,85,305
Income from Joint Venture	<u>1,21,10,252</u>	<u>2,27,09,209</u>
	<u>2,49,64,026</u>	<u>2,55,94,514</u>
Note - 15		
Other Income:		
Interest income	<u>36,233</u>	-
TOTAL	<u>2,50,00,259</u>	<u>2,55,94,514</u>
Note - 16		
EMPLOYEE BENEFIT EXPENSES:		
Contribution to PF and other funds	-	39,600
Staff welfares	<u>31,627</u>	<u>10,928</u>
TOTAL	<u>31,627</u>	<u>50,528</u>
Note - 17		
FINANCIAL COST:		
Interest on Term Loan	<u>28,87,280</u>	<u>51,96,353</u>
Other borrowing cost	<u>23,739</u>	<u>1,31,98,876</u>
TOTAL	<u>29,11,019</u>	<u>1,83,95,229</u>
Note - 18		
Other Expenses:		
Rates and Taxes	<u>3,010</u>	-
Insurance	<u>1,34,553</u>	<u>6,468</u>
Printing and Stationery	-	81,218
Telephone	<u>41,930</u>	<u>12,000</u>
Legal & Professional	<u>8,37,375</u>	<u>1,32,816</u>
Travelling & Conveyance.	<u>2,36,240</u>	-
Other Expenses	<u>41,27,897</u>	<u>57,548</u>
Commission & Brokerage	<u>3,66,726</u>	<u>1,29,751</u>
Payment to Auditors		
Statutory Audit	<u>25,000</u>	<u>25,000</u>
Tax Audit	<u>10,000</u>	<u>10,000</u>
TOTAL	<u>57,82,731</u>	<u>4,54,801</u>

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**Note - 19****RELATED PARTY DISCLOSURES**

Nature of Transaction	Ultimate Holding Company	Associate Company	Key Management Personnel & relatives	Total
	₹	₹	₹	₹
a) Sale of goods	-	-	-	-
	-	(-)	-	(-)
b) Loans taken	5,16,76,000	-	-	5,16,76,000
	(4,49,22,331)	-	(-)	(4,49,22,331)
c) Interest paid	-	-	-	-
	-	-	-	-
d) Loan re-paid	50,00,000	-	-	50,00,000
	(2,44,07,166)	(-)	-	(2,44,07,166)
e) Revenue Sharing	-	1,21,10,252	-	1,21,10,252
	-	(2,27,09,206)	-	(2,27,09,206)
f) Guarantee given by the Holding Company to the bankers who have lent monies to the company	62,07,857	-	-	62,07,857
	(2,95,48,508)	(-)	(-)	(2,95,48,508)
Balance as on 31.03.2012	9,19,90,157	-	1,69,29,783	10,89,19,940
	(4,03,14,157)	(77,016)	(1,69,29,783)	(5,73,20,956)

I) List of Related Parties

- i) Ultimate Holding Company - M/s. Manekchand Panachand Trading Investment Co. Pvt. Ltd.
- ii) Holding Company - M/s. Sadhana Nitro Chem Ltd
- iii) Fellow Subsidiary - M/s. Anuchem B.V.B.A., Belgium. M/s. Anuchem, Singapore.
- iv) Associate Companies - M/s. IBI Engineering & Services Pvt.Ltd. M/s. Amnisera Corporation M/s. Manekchand Panachand & Co. M/s. Chandra Net Pvt.Ltd.

II) Key Management Personnel and their Relatives.

- i) Shri A.D. Javeri - Director
- ii) Shri N.R. Jani - Director
- iii) Shri Abhishek A.Javeri - Director
- iv) Smt. Seema A. Javeri - Director
- v) Ms.Chandrika Javeri - Sister of Shri A.D. Javeri



III) Disclosure in respect of material related party transactions during the year.

Sales of Goods to Chandra Net Pvt.Ltd. ₹ Nil (P.Y. ₹ Nil-) (2) Loan taken from Manekchand Panachand Trading & Investment Co.Pvt.Ltd. (Ultimate Holding Company) ₹ 5,16,76,000/- (P.Y. ₹ 4,49,22,331/-), Asit D. Javeri (Key Management) ₹ Nil (P.Y. ₹ Nil) (3) Loan repaid to Sadhana Nitro Chem Ltd. (Holding Company) ₹ 50,00,000/- (P.Y. ₹ 2,44,07,166/-), Manekchand Panachand & Co. (Associate Company) ₹ Nil (P.Y. ₹ Nil) (4) Interest Expenses to Sadhana Nitro Chem Ltd.(Holding Company) ₹ Nil/- (P.Y. ₹ Nil) (5) Joint Venture with Chandra Net Pvt.Ltd. (Associate Company) ₹1,21,10,252/- (P.Y. ₹ 2,27,09,206/-) (6) Guarantee given by the holding company to the bankers who have lent monies to the company by Sadhana Nitro Chem Ltd.(Holding company) ₹ 62,07,857/- (P.Y. ₹ 2,95,48,508/-)

Note - 20

31.03.2012 31.03.2011
₹ ₹

g) Earnings per share of Nominal value of ₹ 10/- each computed in accordance with Accounting Standard (AS-20) for the Period.		
i) Profit after tax as per Profit & (Loss) account (₹)	36,62,822	(15,03,862)
ii) Weighted average number of Equity Share outstanding	5,00,000	5,00,000
iii) Basic/Diluted earning per share (₹ 10/- per share)	7.33	(3.01)

Note - 21

Disclosure regarding Joint Venture

i) Venture Name	:	Chandra Net Private Limited
ii) Description of interest	:	Revenue sharing model pursuant to contribution of company's assets towards venture's operation along with Technology.
iii) Total assets deployed	:	Assets deployed having WDV of ₹ 7,72,04,677/- as on March 31, 2012.
iv) Income from Venture	:	₹ 1,21,10,252/- for the financial year 2011-12. The company does not have any contingent liability towards the Joint Venture. There are no capital commitments towards the joint venture.

Note - 22

Pursuant to the joint venture agreement entered into by the company and Chandra Net Private Limited (CNPL) during the financial 2009-10, the financial position of the company



Note - 22... Cont.

has improved. As per the detailed technical study report of venture, the future revenues that would be generated would bring a turnaround in the financial position of the company and thus re-coup accumulated losses.

As per our Report of even date

For V. SANKAR AIYAR & CO.
Chartered Accountants
Firm Regn. No. 109208W
ARVIND MOHAN
Partner
Membership No. 124082

A. D. JAVERI Director
A. A. JAVERI Director
S. A. JAVERI (Mrs.) Director
N.R. JANI Director
P.S. JHAVERI Director
P.N. DESAI Director

Place : Mumbai
Dated : 18th June, 2012

Place : Mumbai
Dated : 18th June, 2012



**CONSOLIDATED ANNUAL REPORT
OF
SADHANA NITRO CHEM LIMITED
AND
ITS SUBSIDIARIES**

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AUDITOR'S REPORT

**TO THE BOARD OF DIRECTORS OF SADHANA NITRO CHEM LIMITED ON THE
CONSOLIDATED FINANCIAL STATEMENTS OF SADHANA NITRO CHEM LIMITED
AND ITS SUBSIDIARIES.**

We have examined the attached Consolidated Balance Sheet of Sadhana Nitro Chem Limited and its subsidiaries as at 31st March, 2012, and the Consolidated Profit and Loss Account and the Consolidated Cash Flow statement for the year ended on that date.

These Consolidated Financial Statements are the responsibility of Sadhana Nitro Chem Limited's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have conducted our audit in accordance with the generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free from material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Foreign Subsidiaries referred to in Note 3(b)(i) to the Consolidated Financial statements, for the year ended 31st March, 2012 whose financial statements reflect total assets of ₹ 582.92 lacs as at 31st March, 2012 and total revenue of ₹ 3,090.59 lacs for the year then ended. These financial statements have been audited as at 31st December, 2011 by other auditors whose reports have been furnished to us. However, since these financial statements which are compiled by the management of the company for the financial year ended 31st March, 2012, were not audited, any adjustments to their balances, could have been consequential effect on the attached Consolidated Financial Statements. However, the size of the subsidiary, in the consolidated position, is not significant in relative terms.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21 - Consolidated Financial Statements, as notified by the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of Sadhana Nitro Chem Limited and its subsidiaries included in the Consolidated Financial Statements.

On the basis of the information and explanations given to us we are of the opinion, that except for the effect, if any, on account of possible adjustments stated above.

- The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Sadhana Nitro Chem Limited and its subsidiaries as at 31st March, 2012.
- The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operation of Sadhana Nitro Chem Limited and its subsidiaries for the year then ended and
- The Consolidated Cash Flow Statement gives a true and fair view of the Consolidated Cash Flow of Sadhana Nitro Chem Limited and its subsidiaries for the year ended on that date.

FOR V. SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No. 109208W

Place : Mumbai
Dated : 18th June, 2012

ARVIND MOHAN
Partner
Membership No. 124082

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012**

	Note	31.03.2012 ₹	31.03.2011 ₹
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2	9,20,08,300	9,20,08,300
Reserves and Surplus	3	(12,16,21,720)	(12,43,86,609)
Non-Current Liabilities			
Long-term borrowings	4	21,05,71,816	27,89,39,087
Long term provisions	5	1,04,51,760	1,17,30,072
Current Liabilities			
Short-term borrowings	6	39,25,77,950	28,10,57,279
Trade payables	7	18,47,26,849	15,65,73,574
Other current liabilities	8	8,06,88,751	10,58,18,805
Short-term provisions	9	33,36,860	1,01,39,392
Total		85,27,40,566	81,18,79,900
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	39,08,05,342	41,24,52,627
Capital work-in-progress		8,22,55,704	7,58,43,326
Non-current investments	11	1,08,420	1,08,420
Deferred tax assets (net)	12	2,09,22,728	2,47,56,130
Long term loans and advances	13	4,52,73,917	2,38,55,040
Other non-current assets	14	4,00,000	4,00,000
Current assets			
Inventories	15	10,93,25,704	11,39,22,250
Trade receivables	16	13,76,26,755	10,80,19,496
Cash and cash equivalents	17	92,73,670	63,03,173
Short-term loans and advances	18	5,67,48,326	4,62,19,438
Total		85,27,40,566	81,18,79,900

Significant Accounting Policies & Notes to Accounts 1

As per Report attached of even date
For V. SANKAR AIYAR & CO.
Chartered Accountants
Firm Regn. No. 109208W
ARVIND MOHAN
Partner (Membership No.124082)
Place : Mumbai
Dated : 18th June, 2012

A.D. JAVERI
Chairman & Managing Director
N.R. JANI
Director & Company Secretary
Place : Mumbai
Dated : 18th June, 2012

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012**

	Note	31.03.2012 ₹	31.03.2011 ₹
Revenue from operations	19	69,08,55,515	58,43,58,284
Other Income	20	18,10,910	1,11,58,706
Total Revenue		69,26,66,425	59,55,16,990
Expenses :			
Cost of materials consumed	21	37,40,75,661	34,02,82,756
Purchase of Stock-in-Trade	22	67,98,816	16,23,592
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	5,24,710	(69,13,389)
Employee benefit expense	24	4,51,33,818	4,57,67,147
Financial costs	25	6,95,78,590	6,96,37,245
Depreciation and amortization expense		3,63,01,131	3,76,81,352
Other expenses	26	17,84,52,706	15,58,90,579
Total Expenses		71,08,65,432	64,39,69,282
Profit before exceptional and extraordinary items and tax		(1,81,99,007)	(4,84,52,292)
Profit before Tax		(1,81,99,007)	(4,84,52,292)
Tax expense :			
Deferred Tax		38,33,402	33,62,558
Excess/Shot Provision for Tax of earlier years		(2,45,80,724)	-
Current Tax		-	24,99,694
Profit/(Loss) After Tax		25,48,316	(5,43,14,544)
Earning per equity share :			
Basic & Diluted Earning Per Share of Face Value of ₹10/- each (Fully Paid up)		0.28	(5.90)

Significant Accounting Policies & Notes to Accounts 1

As per Report attached of even date
For V. SANKAR AIYAR & CO.
Chartered Accountants
Firm Regn. No. 109208W
ARVIND MOHAN
Partner (Membership No.124082)
Place : Mumbai
Dated : 18th June, 2012

A.D. JAVERI
Chairman & Managing Director
N.R. JANI
Director & Company Secretary
Place : Mumbai
Dated : 18th June, 2012



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

	31.03.2012 ₹	31.03.2011 ₹
CASH FLOW ARISING FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	(1,81,99,007)	(4,84,52,304)
Add : a. Depreciation	3,63,01,131	3,76,81,352
b. Interest	6,95,78,590	7,20,95,796
Less: a. Profit on Sale of Fixed Assets	-	3,264
CASH OPERATING PROFIT ADJUSTMENTS FOR CHANGE IN WORKING CAPITAL	8,76,80,715	6,13,21,580
a. Trade & other Receivables	(2,96,07,257)	(5,47,09,622)
b. Inventories (Net of Adjustment for CWIP and inventory transfers)	45,71,654	76,62,379
c. Loans & Advances	(1,25,58,768)	60,480
d. Trade Payables	3,26,15,148	4,72,27,898
	(49,79,222)	2,41,135
	8,27,01,493	6,15,62,715
CASH FLOW FROM OPERATING ACTIVITIES (A)	8,27,01,493	6,15,62,715
a. Purchase of Fixed Assets (Net of Adjustment for CWIP and inventory transfers)	(2,01,97,463)	(2,98,26,860)
b. Acquisition/Sale of Investment	-	20,00,000
c. Sale of Fixed Assets	-	1,04,000
CASH FLOW FROM INVESTING ACTIVITIES (B)	(2,01,97,463)	(2,77,22,860)



	31.03.2012 ₹	31.03.2011 ₹
a. Secured Borrowings	(7,17,58,309)	(4,44,32,000)
b. Unsecured Borrowings	8,19,21,069	8,24,38,348
c. Dividend Paid	(1,17,702)	(1,13,002)
d. Interest Paid	(6,95,78,590)	(7,37,21,349)
CASH FLOW FROM FINANCING ACTIVITIES (C)	(5,95,33,532)	(3,58,28,003)
NET CHANGE IN CASH / CASH EQUIVALENTS (A+B+C)	29,70,498	(19,88,148)
ADD: OPENING BALANCE CASH/CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	67,03,173	82,91,321
	92,73,670	63,03,173

Notes :

- The cash flow statement has been prepared under the "Indirect method" as set out in the Accounting Standard 3 "Cash Flow Statement" Issued under Companies (Accounting Standard) Rules 2006.
- Cash / Cash equivalents at end of year includes ₹ 27,73,192/- (P.Y. ₹ 18,02,925/-) as margin money towards letter of credit.
- Previous year's figures have been regrouped and re-arranged wherever necessary.

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

A.D. JAVERI
Chairman & Managing Director

ARVIND MOHAN
Partner (Membership No.124082)

N.R. JANI
Director & Company Secretary

Place : Mumbai
Dated : 18th June, 2012

Place : Mumbai
Dated : 18th June, 2012



NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

NOTE '1'

1. Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Companies. Recognizing this purpose, the Company has disclosed only such policies and notes from the individual financial statements which fairly represent the needed disclosures. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which in the opinion of the management, could be better viewed when referred from the individual financial statements.
2. Basis of Preparation of Financial Statements :
 - i) The financial statement of the subsidiary used in the consolidation is drawn upto the same reporting date as that of the Parent Company, i.e. year ended 31st March 2012. The foreign subsidiaries follow January to December as their financial year. In the case of this foreign subsidiaries the Company has redrawn its financial statements for the year ended 31st March 2012.
 - ii) The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year. During the financial year ended March, 2012, the revised schedule VI notified under the Companies Act, 1956 has become applicable to the company for preparation and presentation of its financial statements. The company has also re-classified the previous year figures in accordance with the requirements applicable in current year.
3. Principles of consolidation :-
 - a) The consolidated financial statements have been prepared in accordance with the accounting standards (AS)-21. (Accounting Standards) Rules, 2006, as notified by companies.
 - b) The consolidated financial statement relates to Sadhana Nitro Chem Limited (The Company) and
 - i) Its wholly owned foreign subsidiary Anuchem B.V.B.A., Belgium & Anuchem Pte. Ltd. Singapore.
 - ii) Its Indian Subsidiary company Life Style Networks Limited (in which The company holds ₹ 25,50,000 being Share Capital comprising of 2,55,000 Equity shares of ₹ 10 each holding 51% stake).
 - c) The consolidated financial statement have been prepared on the following basis.
 - i) The financial statement of the company and its subsidiary have been combined on a line by line basis by adding together the book values of



like items of assets, liabilities, income and expenditure after eliminating all material intragroup balances and intragroup transactions resulting in unrealized profit/losses.

- ii) The foreign subsidiaries financial year is calendar year and the same is audited accordingly. However, for consolidation purpose the unaudited financial statement of subsidiaries is compiled for the period same as that of the company for reporting.
 - iii) Minority Interest on consolidation of Indian subsidiary has been recognized in the consolidated financial statement.
 - iv) The Income and Expenses transaction of the profit and loss account and assets and liabilities appearing in the balance sheet of the foreign subsidiaries, which are considered as Integral foreign operating are translated in Indian Rupees as per Accounting Standard. The effect of changes in foreign exchange rates.
 - v) The consolidated financial statement have been prepared using as far as possible uniform accounting policy and are presented to the extent possible in the same manner as the company's financial statement.
4. Significant Accounting policies:
 - a) The audited /unaudited financial statements of foreign subsidiaries has been prepared in accordance with the Generally Accepted Accounting principle of its company of incorporation or International financial reporting standards. The difference in accounting policies of the company and its subsidiaries are not material and they are no material transactions from January 1,2012 to March 31,2012 in respect of subsidiaries having financial year ended December 31,2011.
 - b) Sales :

Sales include exchange differences and are net of sales tax and returns.
 - c) Taxation :

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised subject to the consideration of prudence in respect of deferred assets on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. In the event of unabsorbed depreciation and carry forward losses, deferred tax assets are recognized only to the extent that there is virtual certainty that sufficient taxable income will be available to realize such assets. In other situations, deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.



d) Other significant Accounting policies:

These are set out under "Significant Accounting Policies" as given in the Company's separate financial statements.

NOTE '2'

	31.03.2012 ₹	31.03.2011 ₹
SHAREHOLDERS FUND:		
SHARE CAPITAL:		
Authorised Share Capital:		
10000000 Equity shares of ₹ 10/-each (P.Y. 10000000)	10,00,00,000	10,00,00,000
Unclassified shares of ₹ 10/-each (P.Y. 1000000)	1,00,00,000	1,00,00,000
	11,00,00,000	11,00,00,000
Issued, subscribed and fully paid up sharecapital		
9200830 Equity shares of ₹ 10/- each fully paid (P.Y. 9200830)	9,20,08,300	9,20,08,300
	9,20,08,300	9,20,08,300

∞ Shares held by Holding Company	No. of Shares	% of Holding	No. of Shares	% of Holding
Manekchand Panachand	5960611	64.78	5960611	64.78

Trading Investment Co. Pvt. Ltd.

None of the Share Holders other than Holding Company holds more than 5% as on the reporting date and previous year.

Rights, preferences and restrictions attached each class of shares.

The company has only one class of equity share having at par value of ₹ 10/- per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to number of shares held by the share holder.

NOTE '3'

RESERVE AND SURPLUS:

Capital Reserve	2,20,940	2,12,256
	2,20,940	2,12,256
Securities Premium Reserve		
Balance as per last financial statement	54,96,740	54,96,740
	54,96,740	54,96,740
Preference Share Redemption Reserve:		
Balance as per last financial statement	5,00,000	5,00,000
	5,00,000	5,00,000



NOTE '3'... Cont.

	31.03.2012 ₹	31.03.2011 ₹
General Reserve:		
Balance as per last financial statement	13,33,29,906	13,32,64,035
	13,33,29,906	13,32,64,035
Surplus/Deficit in statement of Profit & Loss		
Balance as per last financial statement	(26,37,17,622)	(21,23,13,178)
Profit and loss for the year	25,48,316	(5,15,46,462)
Net Surplus/(Deficit) in statement of Profit & Loss	(26,11,69,307)	(26,38,59,640)
TOTAL	(12,16,21,720)	(12,43,86,609)

NOTE '4'

NON-CURRENT LIABILITIES:

Long Term Borrowings:-

1) SECURED: LOAN FROM BANK

a) Indian Rupee Working Capital Term Loan and other term loan (Refer Note 4(3))	1,66,60,358	12,57,19,368
b) Foreign Currency Term Loan from bank (Refer Note 4(3))	5,84,71,256	-
c) Vehicle Loan (Secured by Hypothecation of Vehicle) (Refer Note 4(4))	23,75,488	-

2) UNSECURED:

i) Inter corporate deposits (Refer Note 4(5))		
Associated Holding Company	2,78,242	2,78,242
	10,51,03,293	5,32,14,309
Others	82,00,000	5,16,76,064
ii) Fixed Deposites		
Others	9,80,000	2,75,00,000
Director	1,54,54,783	1,54,54,783
iii) Deffered sales tax loan (Refer Note 4(6))	18,48,396	20,90,321
iv) Chiarman & Managing Director (Refer Note 4(7))	12,00,000	30,06,000
TOTAL	21,05,71,816	27,89,39,087

(Note 4 (3))

- a) WCTL loan of ₹ 444.10 lakhs (P.Y. ₹ 671.12 lakhs) having interest of 7.25% to 7.50% is repayable in 16 quarterly installments of ₹ 31.25 lakhs from April 2011 to January 2015.
- b) Term Loan of ₹ 50.61 lakhs (P.Y. ₹ 69.98 lakhs) having interest of 14.50% to 14.50% is repayable in 6 equal quarterly installments after a moratorium of 18 months. This loan is repayable from November 2010 to June 2012.

**NOTE '4'... Cont.**

- c] WCTL loan of ₹ 243.12 lakhs (P.Y. ₹ 283.29 lakhs) having interest of 15.25% to 15.25% is repayable in 48 monthly installments from April, 2010 to April 2013.
- d] Term Loan of ₹ 22.81 lakhs (P.Y. ₹ 123.32 lakhs) having interest of 13.50% to 14% is repayable in 60 monthly installment of ₹ 8.30 lakhs starting from May 2007 to May 2012.
- e] WCTL loan of ₹ 446.41 lakhs (P.Y. ₹ 474.90 lakhs) having interest of 7.25% to 7.50% is repayable in 15 quarterly installment from first July, 2010 to three installment of ₹ 10.00 lakhs each, next 4 installments of ₹ 15.00 lakhs each, next 4 installments of ₹ 40.00 lakhs each, and last three installments of ₹ 56.25 lakhs each.
- f] Term Loan of ₹ 69.95 lakhs (P.Y. ₹ 153.38 lakhs) having interest of 14.50% to 14.50% is repayable in 10 quarterly installment from April 2010 to first four installments of ₹ 17.00 lakhs each, next 4 installments of ₹ 21.00 lakhs each and last 2 installments of ₹ 17.75 lakhs each.
- g] Term Loan of ₹ 113.88 lakhs (P.Y. ₹ 419.88 lakhs) having interest of 14.50% to 14.50% is repayable in 10 quarterly installments from April 2010 to first four installments of ₹ 33.00 lakhs, next 4 installments of ₹ 42.00 lakhs and last installments of ₹ 37.50 lakhs each.
- h] Details of continuing default as on 31st March, 2012.
State Bank of Patiala ₹ 104.08 lakhs due on 31-03-2012 out of which ₹ 17.52 lakhs paid on 06-06-2012 and ₹ 2.00 lakhs paid on 14-06-2012 and balance of ₹ 84.56 lakhs not yet paid, State Bank of Patiala ₹ 36.00 lakhs (USD 70768) due on 31-03-2012 paid on 18-06-2012 (P. Y.- State Bank of Patiala ₹ 10.00 lakhs (USD 22090) due 30-09-2010, paid on 24-12-2010 ₹ 41.67 lakhs (USD 92490) due on 31-03-2011 paid on 12-05-2011.)

Note 4(4)

The loan of ₹ 35.00 lakhs from ICICI Bank having interest of 10.91% is repayable in 60 monthly installments of ₹ 0.75 lakhs each from January 2012 to July 2016.

Note 4(5)

Inter corporates deposits ₹ 86.66 lakhs (P.Y. ₹ 91.26 lakhs) are interest free and are repayable on March, 2015.

Note 4(6)

The Total loan of ₹ 20.90 lakhs from SICOM Ltd. consisting of 3 loans of ₹ 12.10 lacs, ₹ 5.82 lacs and ₹ 2.98 lacs. This loan is interest free under Sales Tax Deferral Scheme. This loan is repayable in 15 installments from April 2012 and last installment falling due on April 2018.

Note 4(7)

This interest free loan has been given by Chairman and Managing Director Pursuant to agreement with secured lenders and is repayable only after repayment of secured term loan.

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**NOTE '5'**

	31.03.2012 ₹	31.03.2011 ₹
Long Term Provisions:		
Provision for employee benefit -(leave-gratuity)	<u>1,04,51,760</u>	<u>1,17,30,072</u>

NOTE '6'**Short Term Borrowings:****Secured:****Working Capital:**

From Bank 19,59,81,348 18,65,36,751

[Secured by way of first pari passu charge on Current Assets, second pari passu charge on Company's entire fixed assets and further secured by personal guarantee of Chairman & Managing Director.]

Unsecured:**Inter Corporate Deposits:**

Holding Company 5,26,90,609 1,54,68,167
Others 11,72,73,328 2,10,14,268

Fixed Deposits:

Director 1,37,00,000 1,37,00,000
Others 62,51,000 4,31,25,000

Other Loans and Advances:

from Directors 57,78,665 12,13,093
Vehicle Loan 9,03,000 -

TOTAL 39,25,77,950 28,10,57,279

NOTE '7'**TRADE PAYABLES:**

Sundry Creditors 18,28,97,755 15,49,93,298

Due to micro small and medium enterprises 18,29,094 15,80,276

TOTAL 18,47,26,849 15,65,73,574

Principle and interest due remaining unpaid - -

Interest paid under MSMED Act - -

Interest due and payable - -

Interest accrued and remaining unpaid - -



NOTE '8'	31.03.2012 ₹	31.03.2011 ₹
Other Current Liabilities:		
Current maturities of long term debts (Refer Note 4(3)), 4(4)) and 4(8))	6,94,11,434	10,18,29,609
Interest accrued but not due on borrowing	76,049	2,73,100
Interest accrued but due on borrowing	7,57,271	13,29,736
Redemed Preference shares & excess right issue(unclaimed)	21,000	21,000
Unclaimed Bonus and salary	1,73,202	1,75,717
Unclaimed dividend	4,52,421	21,89,643
Deferred sales tax loan (Refer Note 4(6))	2,41,925	-
Employees dues	49,11,924	-
Statutory dues	46,43,525	-
TOTAL	8,06,88,751	10,58,18,805

NOTE '9'		
Short Term Provisions:		
Provision for employee benefit -(leave-gratuity)	33,36,860	3,38,295
Others-Vat-Service tax and tds	-	59,62,188
Provision for taxation (net of payment)	-	38,38,909
TOTAL	33,36,860	1,01,39,392

NOTE '10'

NON-CURRENT ASSETS:				
Fixed Assets:				
	GROSS BLOCK (AT COST)	DEPRE- CIATION	NET BLOCK	
	Total as at	Total upto	As on	As on
Particulars of Asset	31/03/2012	31/03/2012	31/03/2012	31/03/2011
	₹	₹	₹	₹
Tangible Assets				
Leasehold Land	76,400	30,961	45439	46243
Freehold Land	26,06,318	-	26,06,318	26,06,318
Plant & Equipments (Includes Computers & Office Equipments)	79,14,16,766	52,85,15,769	26,29,00,997	28,01,93,861
Buildings	12,19,96,941	7,96,96,876	4,23,00,065	4,68,28,229
Furnitures & Fixtures	69,50,350	62,86,513	6,63,837	8,08,707
Vehicles	1,97,45,803	1,45,72,197	51,73,606	9,99,803
Wireless	8,74,19,866	1,03,04,786	7,71,15,080	8,09,60,714
Intangible Assets				
Trade Mark	1,75,000	1,75,000	-	8,750
GRAND TOTAL	1,03,03,87,444	63,95,82,102	39,08,05,342	41,24,52,627
PREVIOUS YEAR TOTAL	1,01,67,18,146	60,42,65,520	41,24,52,626	44,16,56,680

Plant and Equipments include lab equipment having WDV ₹ 19,75,290/- (P.Y. ₹ 23,33,026/-) and R & D Equipments having WDV ₹ 16,32,071/- (P.Y. ₹ 16,09,886/-). Addition in Plant and Machinery includes foreign exchange fluctuation on long term foreign currency liability ₹ 27,58,520/- (P.Y. ₹ Nil)



NOTE '11'	31.03.2012 ₹	31.03.2011 ₹
NON-CURRENT INVESTMENTS:		
Unquoted	-	-
Quoted	10,75,127	10,75,127
Less: Diminution	9,66,707	9,66,707
	1,08,420	1,08,420
Unquoted :		
Investment in equity instruments Subsidiaries		
750 (P.Y. 750) Shares of Anuchem B.V.B.A. - Belgium	7,71,549	7,71,549
of 25 Euro each		
25000 (P.Y. 25000) Shares of Anuchem Pte.Ltd.-Singapore	6,92,250	6,92,250
of 1 Singapore Dollar Each		
255000 (P.Y. 255000) Life Style Networks .Ltd. of ₹ 10/-each	25,50,000	25,50,000
TOTAL-(A)	40,13,799	40,13,799

Quoted :		
Equity Shares of Rs.10/- each fully paid up unless specified		
500 (P.Y. 500) Anco Communication Ltd	71,788	71,788
3900 (P.Y. 3900) Enarai Finance Ltd	78,000	78,000
18000 (P.Y. 18000) Indian Extractions Ltd	5,08,194	5,08,194
5000 (P.Y. 5000) Indo-Biotech Ltd	1,91,250	1,91,250
2000 (P.Y. 2000) First Object Technoliges Ltd	81,400	81,400
1300 (P.Y. 1300) Mexworth Orchards Ltd	13,000	13,000
5000 (P.Y. 5000) Ojas Technochem Products Ltd	1,31,495	1,31,495
	10,75,127	10,75,127
Less Aggregate provision for dminution in value of investment	9,66,707	9,66,707
TOTAL-(B)	1,08,420	1,08,420
TOTAL-(A+B)	41,22,219	41,22,219

[Aggregate amount of quoted investment ₹ 10,75,127/- (P.Y. ₹ 10,75,127/-) and market value of ₹ 1,64,000/- (P.Y. ₹ 1,17,980/-)]

[Aggregate amount of unquoted investment ₹ 40,13,799/- (P.Y. ₹ 40,13,799/-)]

The Company has investment of ₹ 25,50,000 comprising of 2,55,000 equity shares of ₹ 10/- each (51% of the equity capital) in Lifestyle Networks Ltd., a subsidiary company. As at 31st March, 2012, accumulated loss of the subsidiary of ₹ 4,99,65,059/- has exceeded in capital. Besides investments, to the subsidiary the Company had given guarantees to their lenders who have given secured loan to them the balance of which as on the Balance Sheet date is ₹ 62,07,857/-. Based on the subsidiary's performance during the financial year and business plans that are in the process of being implemented, coupled with the fact that out of the loans advanced to them in the past have been recovered during the year no provision is considered necessary in respect of the investments and guarantees and loan advanced to them.



NOTE '12'	31.03.2012	31.03.2011
	₹	₹
Deffered Tax Assets (Net)		
Depreciation and amortization	(1,71,74,068)	(1,46,48,378)
Unabsorbed Depreciation	3,38,36,113	3,57,79,916
Expenditure allowed under IT Act on Payment Basis	42,60,683	36,24,592
TOTAL	2,09,22,728	2,47,56,130
NOTE '13'		
LONG TERM LOANS AND ADVANCES:		
CAPITAL ADVANCE:		
Capital Advance	6,50,315	4,96,255
Security Deposits	66,44,737	-
Advance income tax (Net of payment)	2,07,65,804	-
Other Loans and advances:		
Private Bodies	-	26,37,794
Public Bodies	-	41,76,696
Foreign currency monetary item translation difference account	52,06,718	-
Due from Custom and Excise	1,14,91,095	1,64,63,692
Other receivable	5,15,248	80,603
TOTAL	4,52,73,917	2,38,55,040
NOTE '14'		
OTHER NON CURRENT ASSETS:		
Fixed Deposits with bank with maturity	4,00,000	4,00,000
TOTAL	4,00,000	4,00,000
NOTE '15'		
CURRENT ASSETS:		
INVENTORY:		
Raw Material	1,80,66,984	2,72,38,120
Work in progress	2,31,51,847	32,52,168
Finished Goods	1,45,99,585	3,67,16,068
Stock in Transit	1,73,59,991	65,77,378
Stores and Spares	3,07,19,425	3,11,71,365
Others	54,27,872	89,67,151
TOTAL	10,93,25,704	11,39,22,250
NOTE '16'		
Trade Receivables:		
Secured Considered good	-	-
Unsecured considered good	13,76,26,755	10,80,19,496
TOTAL	13,76,26,755	10,80,19,496

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NOTE '17'	31.03.2012	31.03.2011
	₹	₹
CASH AND BANK BALANCE:		
Balance with banks	56,52,971	60,32,616
Other	27,73,192	-
Cash in hand	8,47,507	2,70,557
TOTAL	92,73,670	63,03,173
(Margin with Bank against LC)		
NOTE '18'		
Short Term Loans and Advances:		
Unsecured considered good		
Loans to staff	6,03,465	8,36,154
Advance to suppliers	45,05,211	28,11,420
Due from customs.ce and st	3,09,69,846	1,96,90,470
Central Excise	1,32,17,641	83,12,806
Other receivables	31,78,778	1,45,68,588
Foreign Currency Monetary Money	42,73,385	-
TOTAL	5,67,48,326	4,62,19,438
NOTE '19'		
Revenue from Operation:		
Sale of Product	67,34,86,708	56,49,45,544
Less: Excise duty	71,22,631	82,60,291
	66,63,64,077	55,66,85,253
Other Operative revenue:		
Income from Joint Venture	1,21,10,252	2,27,09,209
DEPB /Duty Draw Back	1,22,27,189	49,63,822
Other Sale	26,44,070	-
Foreign Exchange fluctuation	(24,90,073)	-
	2,44,91,438	2,76,73,031
TOTAL	69,08,55,515	58,43,58,284
NOTE '20'		
Other Income:		
Interest Income	4,67,856	18,31,774
Dividend Income	-	1,12,162
Gain/Loss of sale of Investment	-	20,93,442
Other non-operative income-Miscellaneous	13,43,054	52,86,283
Foreign Exchange Fluctuation	-	18,35,045
TOTAL	18,10,910	1,11,58,706
NOTE '21'		
EXPENSES:		
Cost of Raw material & components consumed		
Inventory at the beginning of the year	2,72,38,120	3,40,66,647
Add: Purchases	36,49,04,525	33,34,54,229
Inventory at the end of the year	1,80,66,984	2,72,38,120
TOTAL	37,40,75,661	34,02,82,756



NOTE '22'	31.03.2012	31.03.2011
	₹	₹
Purchase Stock in Trade	67,98,816	16,23,592

NOTE '23'

CHANGES IN INVENTORIES:

Opening Finished Goods	3,61,12,981	2,02,41,287
Less: Closing Finished Goods	1,39,68,042	2,96,21,461
	2,21,44,939	(93,80,174)
Opening work in progress	32,52,169	86,42,104
Less: Closing work in progress	2,31,51,847	32,52,169
	(1,98,99,678)	53,89,935
Other opening stock	1,05,615	5,325
Less: other closing stock	1,30,000	10,265
	(24,385)	(4,940)
Scrap opening stock	-	-
Less: Scrap closing stock	-	35,350
	-	(35,350)
Excise on closing stock	16,96,166	28,82,860
	(16,96,166)	(28,82,860)
TOTAL	5,24,710	(69,13,389)

NOTE '24'

EMPLOYEE BENEFIT EXPENSES:

Employee benefit	67,76,636	51,43,688
Salaries,wages and bonus	3,26,40,914	3,32,95,506
Contribution to PF and other funds	29,45,261	28,64,891
Gratuity expenses	13,72,169	32,61,446
Staff welfares	13,98,840	12,01,616
TOTAL	4,51,33,818	4,57,67,147

NOTE '25'

FINANCIAL COST:

Interest expenses	1,52,10,094	1,89,65,725
Other borrowing cost	4,66,31,014	5,34,81,306
Gain/Loss foreign currency transaction	77,37,482	(28,09,786)
TOTAL	6,95,78,590	6,96,37,245

NOTE '26'

Other expenses	17,84,52,706	15,58,90,579
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NOTE '26'...Cont.

Consolidated Segment Reporting :

i) Information about Primary segment-Geographical

	Export Segment	Local Segment	Total
Segment Revenue			
a. External Turnover	53,13,02,303	13,50,61,774	66,63,64,077
b. Export Incentives	1,22,27,189	-	1,22,27,189
Other Un-allocated Revenue / income	-	-	-
b. Other Revenue	-	-	1,22,64,249
	54,35,29,492	13,50,61,774	69,08,55,515
Segment Result	5,88,38,512	1,49,57,273	7,37,95,785
Un-allocable Revenue			1,38,84,930
Operating Profit			8,76,80,715
Interest			6,95,78,590
Depreciation			3,63,01,131
Profit/(Loss) Before Taxation			(1,81,99,007)
Add : Deferred Tax			38,33,402
Excess / (Short) Provision for tax of earlier year			2,45,80,724
Profit after Taxation			25,48,316

- The Company is mainly engaged in manufacturing of chemical intermediates having similar risk and returns, constituting a single segment. Revenue from other activities pursued are insignificant. Operations of the Company are classified into two primary Geographical segments, namely Exports and Local. These segments have been identified and reported taking into account exchange control regulations, underlying currency risks and the internal financial reporting systems.
- Segment Revenue & Expenses :
 - Revenue directly attributed to each of the segment is shown under segment revenue
 - Segment Expenses include directly attributed and certain indirect expenses allocated on a reasonable basis. It excludes interest expense, depreciation and other common expenses which cannot be allocated on a reasonable basis. and other common expenses which cannot be allocated on a reasonable basis.
- Segment Assets and Liabilities:
Fixed Assets used in the company's business are not identified to any particular reportable segment, consequently management believes that it is not practical to provide segment disclosures relating to capital employed.

NOTE '27'

Income Tax assessments for the assessment years 1998-99 and 1999-2000 were reopened under section 148 of the Income Tax Act, 1961 for disallowing claim under section 80 HHC of the Act and assessments were completed under section 144 of the act. In the Companies Writ Petition before the Hon'ble Bombay High Court rule was issued and matter is pending. Company has been legally advised that it is bound to succeed in the Writ and hence against demand of ₹ 1,54,19,469/- for these years no provision is considered necessary. Provision existing in books of ₹ 93,42,356/- is considered adequate



to cover liability estimated to arise out of order giving effect to the orders of Hon'ble Supreme Court for the assessment year 2001-02 to 2005-06 that are awaited and in respect of subsequent years.

NOTE '28'

The Company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) (Second Amendment Rules) 2011 on Accounting Standard 11(AS -11) notified by Government of India on December 29, 2011. Accordingly an amount of ₹ 1,13,13,928/- has been transferred to the Foreign Currency Monetary items Translation difference account to be amortised over the balance period of loan and an amount of ₹ 27,58,520/- has been capitalised as part of cost of asset and shall be depreciated over balance life of asset. This has the effect of increasing the profits for the period and corresponding decrease in debit balance in Profit and Loss Account by ₹ 1,20,66,214/-.

NOTE '29'

Considering the turn around in the global economy coupled with the fact that the order book position has improved including long term supply agreement from customers, the company is confident about improvement in financial position in the coming years which would in turn absorb accumulated losses. Hence the company feels that although there are accumulated losses as on March 31, 2012, considering the current business trend, going concern would not be affected and accordingly accounts have been prepared.

NOTE '30'

Earnings per share of Nominal value of ₹10/- each computed in accordance with Accounting Standard (AS-20) for the year.

	31.03.2012 ₹	30.03.2011 ₹
(a) Profit/(Loss) after tax as per P&L account (₹)	25,48,316	(5,43,14,544)
(b) Opening number of equity shares outstanding	92,00,830	92,00,830
(c) Number of Right Issue shares outstanding	-	-
(d) Closing number of equity shares outstanding	92,00,830	92,00,830
(e) Basic/Diluted earnings per share [(a)/(c)] (₹10/- per share)	0.28	(5.90)

NOTE '31'

RELATED PARTY DISCLOSURES

Nature of Transaction	Holding Company	Subsidiary Company	Associate Company	(*) K.M. Personnel	Total
a) Sale of goods	-	31,20,82,971	-	-	31,20,82,971
	(-)	(10,08,49,541)	(-)	(-)	(10,08,49,541)
b) Receiving services	-	-	13,18,581	-	13,18,581
	(-)	(-)	(10,34,181)	(-)	(10,34,181)
c) Managerial Remuneration	-	-	-	58,22,806	58,22,806
	(-)	(-)	(-)	(54,93,090)	(54,93,090)
d) Directors' Sitting Fees	-	-	-	2,18,000	2,18,000
	(-)	(-)	(-)	(1,85,000)	(1,85,000)
e) Interest Expenses	42,12,838	-	-	-	42,12,838
	(21,34,213)	(-)	(-)	(-)	(21,34,213)
f) Interest Income	-	-	-	-	-
	(-)	(16,11,690)	(-)	(-)	(-)



g) Fixed Deposit Received	-	-	-	12,00,000	12,00,000
	(-)	(-)	(-)	(12,00,000)	(12,00,000)
h) Loans Accepted	3,83,85,000	-	-	32,50,000	4,16,35,000
	(4,44,60,000)	(-)	(27,50,000)	(4,50,000)	(4,76,60,000)
i) Loans repayment	-	-	-	-	-
	(-)	(2,43,07,166)	(27,50,000)	(12,00,000)	(2,82,57,166)
j) Guarantees provided to bank for loan borrowed by subsidiary	-	-	-	-	-
	(-)	(2,95,48,508)	(-)	(-)	(2,95,48,508)
Outstanding balance as on March 31, 2012	6,10,78,745	9,55,04,875	4,52,310	73,97,102	

I) List of Related Parties	
i) Holding Company	M/s. Manekchand Panachand Trading Investment Co. Pvt. Ltd.
ii) Subsidiaries	M/s. Anuchem B.V.B.A., Belgium M/s. Anuchem Pte. Ltd., Singapore M/s. Lifestyle Networks Ltd.
iii) Associate Companies	M/s. IBI Engineering & Services Pvt. Ltd. M/s. Amnisera Corporation M/s. Manekchand Panachand & Co. M/s. Chandra Net Pvt. Ltd.
II) Key Management Personnel	
i) Shri A.D.Javeri	- Chairman & Managing Director Smt. Seema A. Javeri wife of Shri A.D. Javeri Smt. Molina D. Javeri Mother of Shri A.D. Javeri Mr. Abhishek A. Javeri son of Shri A.D. Javeri
ii) Shri N.R. Jani	- Director & Company Secretary
III) Disclosure in respect of material related party transactions during the year.	
(1) Sale of Goods to Anuchem B.V.B.A., Belgium	₹ 28,99,24,002/- (P.Y. ₹ 10,08,49,541/-) (2) Anuchem Pte Ltd., Singapore ₹ 2,21,58,969/- (P.Y. ₹ Nil)
(3) Receiving Services to Amnisera Corporation (Associated Company)	₹ 13,18,581/- (P.Y. ₹ 10,34,181/-) (4) Interest Expenses to Manekchand Panachand Trading & Investment Co.Pvt.Ltd.(Holding Company) ₹ 42,12,838/- (P.Y. ₹ 21,34,213/-) (5) Interest Expenses to Manekchand Panachand & Co. (Associate Company) ₹ 42,12,838/- (P.Y. ₹ 21,34,213/-) (6) Interest Income to Life Style Network Ltd. (Subsidiary Company) ₹ Nil (P.Y. ₹ 16,11,690/-) (7) Loan Accepted to Manekchand Panachand Trading & Investment Co.Pvt.Ltd. (Holding Company) ₹ 3,83,85,000/- (P.Y. ₹ 4,44,60,000/-), Manekchand Panachand & Co. (Associate Company) ₹. Nil (P.Y. ₹ .27,50,000/-) (8) Loan Repayment to Lifestyle Networks Ltd. (Subsidiary Company) ₹ Nil (P.Y. ₹ 2,43,07,166/-), Asit D. Javeri (Key Management) ₹ 32,52,000/- (P.Y. ₹ 4,50,000/-) (9) Fixed Deposit Received to Asit D. Javeri (Key Management) ₹ 12,00,000/- (P.Y. ₹ 12,00,000/-).

As per Report attached of even date
For V. SANKAR AIYAR & CO.
Chartered Accountants
Firm Regn. No. 109208W
ARVIND MOHAN
Partner (Membership No.124082)
Place : Mumbai
Dated : 18th June, 2012

A.D. JAVERI
Chairman & Managing Director
N.R. JANİ
Director & Company Secretary
Place : Mumbai
Dated : 18th June, 2012



SADHANA NITRO CHEM LIMITED

Regd. Office : 207, Kakad Chambers, 132, Dr. Annie Besant Road,
Worli, Mumbai - 400 018.

PROXY FORM

I/We _____
being a member/members of **SADHANA NITRO CHEM LTD.**, hereby appoint _____ of
_____ or failing him _____ of
_____ as my/our proxy in my/our absence to attend and vote for
me/us on my/our behalf at the 39th Annual General Meeting of the Company to be held on
Monday the 13th August, 2012 and at any adjournment thereof.

Signed by the said _____

Folio/Client ID No. _____

No. of Shares held _____

Please
affix
Re. 1/-
Revenue
Stamp

(Signature of Member)

Note : The proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for hold the meeting.



SADHANA NITRO CHEM LIMITED

ENTRANCE PASS

FOR THE 39th ANNUAL GENERAL MEETING

Date : 13th August, 2012
Time : 3.00 p.m.
Place : **SASMIRA AUDITORIUM**, The Synthetic & Art Silk Mills'
Research Association, 3rd Floor, SASMIRA Marg,
Worli, Mumbai - 400030.

Folio/Client ID No. _____

No. of Shares _____

Name of the Shareholders/Jt. Shareholder(s) _____

Name of the Proxy _____

Signature of Shareholder/Proxy _____

Note : (1) Only shareholder or their proxies will be allowed to attend the meeting.
(2) THE PRACTICE OF DISTRIBUTING COPIES OF THE "ANNUAL REPORT" AT THE ANNUAL GENERAL MEETING HAVING BEEN DISCONTINUED, YOU ARE REQUESTED TO BRING YOUR COPY OF THE "ANNUAL REPORT" TO THE MEETING.

NO ENTRY WITHOUT ENTRANCE PASS

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