



**Sadhana Nitro Chem Limited**  
41st Annual Report 2013-14

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**BOARD OF DIRECTORS**

<b>Shri Asit D. Javeri</b>	<i>Chairman &amp; Managing Director</i>
<b>Shri Arvind R. Doshi</b>	<i>Director</i>
<b>Shri Ramesh A. Shroff</b>	<i>Director</i>
<b>Shri Priyam S. Jhaveri</b>	<i>Director</i>
<b>Shri Dharendra M. Shah</b>	<i>Director</i>
<b>Shri Abhishek A. Javeri</b>	<i>Director</i>
<b>Shri Pradeep N. Desai</b>	<i>Director</i>
<b>Shri Arvind L. Apte</b>	<i>Director (Upto 10.02.2014)</i>
<b>Smt Seema A. Javeri</b>	<i>Additional Director (w.e.f. 13.02.2014)</i>
<b>Shri Nitin R. Jani</b>	<i>Whole Time Director &amp; Company Secretary</i>

**BANKERS**

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

**AUDITORS**

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

**REGISTERED OFFICE**

HIRABAUG,  
1<sup>st</sup> Floor, Kasturba Chowk (C.P. Tank),  
Mumbai - 400 004.  
Phone : 022-23822524 Fax :(91)22-23887235.  
Email : sadhananitro@sncl.com Website : www.sncl.com

**CIN NO**

L24110MH1973PLC016698

**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 **FORTY-FIRST ANNUAL GENERAL MEETING** of the Company will be held at SHETH HIRACHAND GUMANJI TRUST HALL, HIRA BAUG, 1<sup>ST</sup> FLOOR, KASTURBA CHOWK (C.P. TANK) MUMBAI - 400004 on Friday, the 12<sup>th</sup> September, 2014 at 3.00 P.M. to transact the following business :-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited statement Standalone and Consolidated Balance Sheet and Profit and Loss Account and cash flow for the Financial Period ended 31<sup>st</sup> March, 2014 (for 9 months) together with the Reports of the Directors' and Auditors' thereon.
2. To appoint Mr. Abhishek A. Javeri (**DIN : 00273030**), who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution** :

**"RESOLVED THAT** M/s. V. Sankar Aiyar & Co., Chartered Accounts (Registration No. 109208W), be and is hereby appointed as Auditors of the Company (including Branch Office), to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting at such remuneration as shall be fixed by the Board of Directors of the Company."

### SPECIAL BUSINESS

4. To approve the remuneration of the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2015 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** :

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Vinay Mulay & Co. Cost Auditors, on recommendation of Audit Committee were appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2015, be paid such remuneration as may be decided by the Board of Directors or any Committee thereof and ratified in the Annual General Meeting."

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

5. To appoint Smt. Seema A. Javeri (**DIN : 01768936**), as a Director of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution** :

**"RESOLVED THAT** Smt. Seema A. Javeri (**DIN : 01768936**), who was appointed by the Board of Directors as an Additional Director of the Company in the meeting of the Board of Directors held on 13.02.2014 and who holds office upto the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To appoint Mr. Priyam Shantilal Jhaveri (**DIN : 00045038**), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution** :

**"RESOLVED that** pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (Act) and the Rules framed thereunder, (including



any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Priyam Shantilal Jhaveri (DIN : 00045038), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of 46<sup>th</sup> Annual General Meeting of the Company to be held in calendar year 2019."

7. To appoint Mr. Ramesh Amarchand Shroff (**DIN : 00024594**) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution** :

**"RESOLVED that** pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (Act) and the Rules framed thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Ramesh Amarchand Shroff (DIN: 00024594), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of 46<sup>th</sup> Annual General Meeting of the Company to be held in calendar year 2019."

8. To appoint Mr. Arvind Raoji Doshi (**DIN : 00015293**) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution** :

**"RESOLVED that** pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (Act) and the Rules framed thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Arvind Raoji Doshi (DIN: 00015293), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of 46<sup>th</sup> Annual General Meeting of the Company to be held in calendar year 2019."

9. To appoint Mr. Dharendra Mangaldas Shah (**DIN : 00360008**) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution** :

**"RESOLVED that** pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (Act) and the Rules framed thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Dharendra Mangaldas Shah (DIN : 00360008), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of 46<sup>th</sup> Annual General Meeting of the Company to be held in calendar year 2019."

10. To appoint Mr. Pradeep Nanasaheb Desai (**DIN : 01602942**) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution** :



**“RESOLVED that** pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (Act) and the Rules framed thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Pradeep Nanasaheb Desai (DIN : 01602942), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of 46<sup>th</sup> Annual General Meeting of the Company to be held in calendar year 2019.”

11. To pass the following resolution for the existing borrowing limits under section 180(1)(c) of the Companies Act, 2013, as a **Special Resolution** :

**“RESOLVED THAT** pursuant to the provisions of Section 180 and other applicable provisions, if any, of the Companies Act, 2013, the Company authorizes the Board of Directors to borrow from time to time on behalf of the Company, any sum or sums of money on such terms and conditions and with or without security as the Board of Directors may think fit which, together with the money already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of money/moneys so borrowed by the Board shall not at any time exceed the limit of ₹ 75,00,00,000/- (Rupees Seventy five Crores only).”

**“RESOLVED FURTHER THAT** consent of the members, be and is hereby accorded to the Board of Directors (hereinafter referred to as the “Board” which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) to mortgage or charge all or any part of the undertaking of the Company of any nature and kind whatsoever and or creating a floating charge in all or any immovable properties of the Company, in certain events, to or in favour of banks, financial institutions, any other lenders to secure the amount borrowed/to be borrowed by the Company, from time to time for the due payment of the principal monies together with the interest payable by the company in respect of such borrowings.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby authorized to negotiate and settle the terms and conditions with the concerned Banks/Financial Institutions etc, finalize the agreements/contracts and documents for creating the aforesaid mortgages and or charges to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company or to any Director of the Company or any principal officer of the Company as it may consider appropriate in order to give effect to this Resolution and to do and perform all such acts, deeds, matters and things as may be necessary, desirable or expedient to give effect to this resolution and to file the necessary e-form with the Registrar of Companies.”

**Registered Office :**  
Hira Baug, 1<sup>st</sup> Floor,  
Kasturba Chowk, (C.P. Tank),  
Mumbai - 400 004  
CIN : L24110MH1973PLC016698

Date : 27<sup>th</sup> May, 2014.

By Order of the Board

**N.R. Jani**  
Whole Time Director & Company Secretary



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**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.**

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

Corporate members intending to send their Authorised Representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf.

In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.

2. The Registered Office of the Company has been changed to New Address at **Hira Baug, 1<sup>st</sup> Floor, Kasturba Chowk (C.P. Tank), Mumbai - 400 004.**
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. 022-25963838, 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. 022-23822524, E-mail address: sadhananitro@sncl.com.

4. Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, name of companies in which they hold directorship and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.
5. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends upto the financial years 2005-06 from time to time on due dates, to the Investor Education and Protection Fund (IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amount lying with the Company as on 31<sup>st</sup> October, 2013 (date of last Annual General Meeting) on the website of the Company ([www.sncl.com](http://www.sncl.com)), as also on the website of the Ministry of Corporate Affairs.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / RTA.
7. The Register of Members and the Share Transfer Book of the Company will remain closed from Monday, the 1<sup>st</sup> September, 2014 to Friday, the 12<sup>th</sup> September, 2014 (both days inclusive) for the purpose of Annual General Meeting.
8. 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.



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9. Members are requested to notify immediately Change of Address, Nomination etc.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.
  10. The Register of Contracts or Arrangements in which Directors are interested, maintained under section 301 of the Companies Act, 1956 and Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.
  11. 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.
  12. Members who hold shares in Dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
  13. Members desiring any information are requested to write to the Company 10 days in advance
  14. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual reports, Notices, Circulars, etc. from the Company electronically.
  15. Voting through electronic means
    - I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its members the facility to exercise their right to vote at the 41<sup>st</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL) :

The instructions for e-voting are as under :

      - a. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Depository Participants(s)]:
        - (i) Open email and open PDF file viz; The said PDF file contains your user ID and password/PIN for e-voting.
        - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
        - (iii) Click on Shareholder – Login (iv) Put user ID and password as initial password/PIN noted in step(i) above. Click Login.
        - (vi) Password change menu appears. Change the password/PIN with new password of your choice. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
        - (v) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
        - (vi) Select “EVEN” (E-voting Event Number) of Sadhana Nitro Chem Limited.
        - (vii) Now you are ready for e-voting as Cast Vote page opens.
        - (viii) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
        - (ix) Upon confirmation, the message “Vote cast successfully” will be displayed
        - (x) Once you have voted on the resolution, you will not be allowed to modify your vote.
        - (xi) Institutional & Corporate Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [sncshare@sncl.com](mailto:sncshare@sncl.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).





b. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Depository Participants(s) or requesting physical copy] :

(i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :

EVEN (E Voting Event Number)	USER ID	USER ID PASSWORD/PIN
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(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
  - III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
  - IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  - V. The e-voting period commences on 03/09/2014 (9:00 am) and ends on 05/09/2014 (6:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 08/08/2014, may cast their vote electronically in the manner and process set out herein above. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
  - VI. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 08/08/2014.
  - VII. Mrs. Kumudini Paranjape, Practicing Company Secretary, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  - VIII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
16. Members who do not have access to e-voting facility have been additionally provided the facility of voting on a Ballot form. They may send duly completed Ballot Form (enclosed with the Annual Report) to the Scrutiniser, Mrs. Kumudini Paranjape, Practicing Company Secretary, (Membership No. 6667), at the Registered Office of the Company or before the date of the Annual General Meeting or can carry the same to the Annual General Meeting venue and deposit in the Ballot Box during the meeting. Members have the option to request for physical copy of the Ballot Form by sending an e-mail to [sncshare@sncl.com](mailto:sncshare@sncl.com) by mentioning their Folio / DP ID and Client ID No.
17. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
18. The Scrutiniser will submit his report to the Chairman after completion of the scrutiny. The result of the voting on the Resolution at the Meeting shall be announced by the Chariman or any other person authorised by him within two days of the meeting.
19. The results declared alongwith the Scrutiniser's report will be posted on the Company's website and communicated to the Stock Exchange(s).

**Registered Office :**

Hira Baug, 1<sup>st</sup> Floor,  
Kasturba Chowk, (C.P. Tank),  
Mumbai - 400 004  
CIN : L24110MH1973PLC016698

Date : 27<sup>th</sup> May, 2014.

By Order of the Board

**N.R. Jani**  
Whole Time Director & Company Secretary



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## **STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")**

### **Item No. 4**

The Board, on the recommendation of the Audit Committee, has approved the appointment and payment of remuneration of ₹ 80,000/- (Rupees Eighty Thousand only) plus applicable taxes and out of pocket expenses to Vinay Mulay & Co., as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2015.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

### **Item No. 5**

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and Article of Association of the Company Smt. Seema A. Javeri as an Additional Director of the Company with effect from 13th February, 2014.

In terms of the provisions of Section 161(1) of the Act Smt. Seema A. Javeri holds the office up to the date of Annual General Meeting.

The Company has received a Notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Smt. Seema A. Javeri for the Office of the Director of the Company.

As per the provisions of Section 149 (1) of the Act and amended Clause 49 of the Listing Agreement, the Company should have atleast one woman director. Keeping in view the above legal requirement the Board of Director have proposed Smt. Seema A. Javeri to be appointed as a Director of the Company on a rotational basis.

Smt. Seema A. Javeri possesses appropriate skill, experience and knowledge, inter-alia, in the field of Administration.

Smt. Seema A. Javeri is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director. She holds 7327 Equity shares in the Company.

Brief resume of Smt. Seema A. Javeri, nature of her expertise in specified functional area and name of the Companies in which she holds directorship and membership / chairmanship of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, are provided in the Corporate Governance Report forming part of the Annual Report.

Keeping in view her vast knowledge and expertise, it will be in the interest of the Company that Smt. Seema A. Javeri be appointed as a Director.

Copy of the draft letter for appointment of Smt. Seema A. Javeri as a Director setting out the terms and conditions is available for inspection by members at Registered Office of the Company.



This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Smt. Seema A. Javeri may be deemed to be concerned or interested, financially or otherwise, to the extent of the aforesaid shareholding in respect of her appointment as a Director. Shri Asit D. Javeri who is Chairman & Managing Director and Shri Abhishek A. Javeri, who is a Director of the Company, are her relatives, and to the extent of their shareholding in the Company may be deemed to be concerned or interested in the appointment of Smt. Seema A. Javeri.

Save and except Smt. Seema A. Javeri and her relatives, to the extent of their shareholding interest, if any, in the Company, none of the Directors / key managerial personal of the Company / their relatives are, in any way, concerned or interested, financially or otherwise except Shri Asit D. Javeri (husband) and Shri Abhishek A. Javeri (son) in the Resolution set out at Item No. 5 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

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

**Appointment of Mr. Priyam S. Jhaveri, as an Independent Director**

Mr. Priyam S. Jhaveri is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors on 11.03.1996. Mr. Priyam S. Jhaveri retires by rotation at the ensuing AGM under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Priyam S. Jhaveri, being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for a term of five years.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of requisite amount under Section 160 of Act, proposing the candidature of Mr. Priyam S. Jhaveri, for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Priyam S. Jhaveri (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Priyam S. Jhaveri as an Independent Director of the Company for a period of 5 (Five) consecutive years for a term upto conclusion of 46<sup>th</sup> Annual General Meeting of the Company to be held in Calendar year 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors Mr. Priyam S. Jhaveri, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Priyam S. Jhaveri as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Priyam S. Jhaveri, as an Independent Director.

No director, key managerial personnel or their relatives, except Mr. Priyam S. Jhaveri, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 6 for the approval of the members.



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**Item No. 7****Appointment of Mr. Ramesh A. Shroff, as an Independent Director**

Mr. Ramesh A. Shroff is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors on 22.01.1985. Mr. Ramesh A. Shroff retires by rotation at the ensuing AGM under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Ramesh A. Shroff, being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for a term of five years.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of requisite amount under Section 160 of Act, proposing the candidature of Mr. Ramesh A. Shroff, for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Ramesh A. Shroff (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Ramesh A. Shroff as an Independent Director of the Company for a period of 5 (Five) consecutive years for a term upto conclusion of 46<sup>th</sup> Annual General Meeting of the Company to be held in Calendar year 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors Mr. Ramesh A. Shroff, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made there under and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Ramesh A. Shroff as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Ramesh A. Shroff, as an Independent Director.

No director, key managerial personnel or their relatives, except Mr. Ramesh A. Shroff, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 7 for the approval of the members.

**Item No. 8****Appointment of Mr. Arvind R. Doshi as an Independent Director**

Mr. Arvind R. Doshi is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors on 17.09.1974. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Arvind R. Doshi, being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for a term of five years.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of requisite amount under Section 160 of Act, proposing the candidature of Mr. Arvind R. Doshi, for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.



The Company has received from Mr. Arvind R. Doshi (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Arvind R. Doshi as an Independent Director of the Company for a period of 5 (Five) consecutive years for a term upto conclusion of 46<sup>th</sup> Annual General Meeting of the Company to be held in Calendar year 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors Mr. Arvind R. Doshi, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made there under and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Arvind R. Doshi as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Arvind R. Doshi, as an Independent Director.

No director, key managerial personnel or their relatives, except Mr. Arvind R. Doshi, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 8 for the approval of the members.

#### **Item No. 9**

Appointment of Mr. Dharendra M. Shah, as an Independent Director

Mr. Dharendra M. Shah is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors on 29.07.2002. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Dharendra M. Shah, is proposed to be appointed as an Independent Director for a term of five years.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of requisite amount under Section 160 of Act, proposing the candidature of Mr. Dharendra M. Shah, for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Dharendra M. Shah (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Dharendra M. Shah as an Independent Director of the Company for a period of 5 (Five) consecutive years for a term upto conclusion of 46<sup>th</sup> Annual General Meeting of the Company to be held in Calendar year 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.



In the opinion of the Board of Directors Mr. Dharendra M. Shah, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Dharendra M. Shah as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Dharendra M. Shah, as an Independent Director.

No director, key managerial personnel or their relatives, except Mr. Dharendra M. Shah, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 9 for the approval of the members.

#### **Item No. 10**

Appointment of Mr. Pradeep N. Desai, as an Independent Director

Mr. Pradeep N. Desai, is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors on 12.02.2013 In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Pradeep N. Desai, is proposed to be appointed as an Independent Director for a term of five years.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of requisite amount under Section 160 of Act, proposing the candidature of Mr. Pradeep N. Desai, for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Pradeep N. Desai (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Pradeep N. Desai as an Independent Director of the Company for a period of 5 (Five) consecutive years for a term upto conclusion of 46<sup>th</sup> Annual General Meeting of the Company to be held in Calender year 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors Mr. Pradeep N. Desai, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Pradeep N. Desai as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Pradeep N. Desai, as an Independent Director.

No director, key managerial personnel or their relatives, except Mr. Pradeep N. Desai, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 10 for the approval of the members.



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**Item No. 11**

As per the provisions of Section 180 of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the consent of the Company in the General Meeting by a Special Resolution, borrow the monies apart from temporary loans (viz., means loans repayable on demand or within six months from the date of the loan such as short-term, cash credit arrangements, the discounting of bills and the issue of other short-term loans of a seasonal character, but does not include loans raised for the purpose of financial expenditure of a capital nature) obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up Capital and the Free Reserves of Company, that is to say, reserves not set apart for any specific purposes.

Keeping in view of the Company's business requirements and its growth plans, it is considered appropriate to approve by way of Special Resolution the existing borrowing limit of ₹ 75,00,00,000/- (Rupees Seventy five Crores only) earlier approved by Ordinary Resolution passed in the 38<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> August, 2011. Your consent is therefore sought, to authorize the Board to borrow upto ₹ 75,00,00,000/- (Rupees Seventy five Crores only) (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) as outstanding, at any time as set out in the resolution.

The Company may also require to give securities for due repayment of loan amount and interest thereon to the Banks and institutions as per their stipulated terms and conditions with right to take possession of the assets in the event of default, if any. Accordingly, in terms of Section 180 of the Companies Act, 2013, it is proposed to provide necessary powers to the Board to sell, lease, mortgage, and or otherwise dispose off the whole or substantially the whole of the undertakings.

The aforesaid borrowing limit is proposed to be approved to such an extent that the sum(s) so borrowed under this resolution and remaining outstanding at any time shall not exceed in the aggregate of ₹ 75,00,00,000/- (Rupees Seventy five Crores only) in excess of and in addition to the paid-up capital and free reserves of the Company for the time being.

The members are requested to approve the same by way of passing the Special Resolution.

None of the Directors, Key Managerial Personnel of the Company or their relatives are deemed to be interested or concerned in the said resolution.

**Registered Office :**

Hira Baug, 1<sup>st</sup> Floor,  
Kasturba Chowk, (C.P. Tank),  
Mumbai - 400 004  
CIN : L24110MH1973PLC016698

Date : 27<sup>th</sup> May, 2014.

By Order of the Board

**N.R. Jani**  
Whole Time Director & Company Secretary

## DIRECTORS' REPORT



To the Members of SADHANA NITRO CHEM LIMITED

Your Directors have pleasure in presenting to you the 41<sup>st</sup> Annual Report together with Audited Accounts for the period ended 31<sup>st</sup> March, 2014 (for 9 Months).

### 1. FINANCIAL RESULTS

	<b>2013-14 9 Months ₹</b>	<b>2012-13 15 Months ₹</b>
Sales & Other Income	<b><u>33,65,99,609</u></b>	<u>69,26,00,748</u>
Profit before Finance Cost, Depreciation, Exceptional item and Tax	<b>(92,68,968)</b>	6,19,52,613
Finance Cost	<b>(6,17,27,307)</b>	(10,17,52,717)
Depreciation	<b>(2,07,18,630)</b>	(3,67,39,899)
Loss before exceptional item and taxation	<b>(9,17,14,905)</b>	(7,65,40,003)
Profit on sale of assets and investments	<b>10,67,32,123</b>	8,10,56,718
Deferred tax asset written off	<b>(2,06,34,594)</b>	(2,24,23,071)
Profit/(Loss) after tax	<b><u>(56,17,376)</u></b>	<u>(1,79,06,356)</u>

### 2. REVIEW OF OPERATIONS

The turnover of your company for 9 months period ending 31<sup>st</sup> March, 2014 has been ₹ 3,366 lacs (Previous 15 months period ₹ 6,926 lacs) registering a decline of about 19%. The liquidity crunch has adversely affected continuous availability of various inputs which in turn has hampered the smooth production impacting the yield and cost of production. The orders on hand could not be fulfilled due to lower production due to inability to procure various inputs consequent to liquidity constraint. The operations were at lower level due to which the incidence of overheads were high adversely affecting the profitability.

During the period company has further hived off its non-core assets. Your Company was able to sell in last quarter, of its two offices located at Kakad Chambers, Worli, booking profit of ₹ 1,067 lacs.

During the period the Company faced severe strain and constraint on working capital which adversely affected operating level and impacted the overall operating profitability.

After written off of the deferred tax, there was loss after tax of ₹ 56.17 lacs for the period.

### 3. DIVIDEND

Your Directors, considering above, do not recommend any dividend (P.Y. Nil) for the financial period 2013-14.

### 4. OUTLOOK

Your company has healthy order book position. Despite continued slowdown in the Global economies the demand for the products of your company is showing sign of improvement with improved product pricing coupled with favourable exchange rate. Gradual product price increase, improved operating margin and stringent control on overheads are expected to improve the overall 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. 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**

During the period, company has further hived of its non-core assets which has infused long term owned fund into the operations. The said proceeds were utilised towards pre-payment of WCTL of banks and re-payment of facility granted by the bank which was abruptly withdrawn by the bank. This has enabled the company to partially reduce its borrowings which is expected to result in lower finance cost.

#### **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 period were ₹ 2,197 lacs [(P.P. ₹ 5,164 lacs (15 Months)]

Exports constituted about 75% 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 which is valid upto 31<sup>st</sup> March, 2015.

#### **9. ISO CERTIFICATON**

Your Company has certification as per ISO 14001:2004 & OHSAS 18001:2007 granted by the certifying body KBS Certification Services Pvt. Ltd. for the development and manufacture of Chemical Intermediates.

#### **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 ongoing 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 suitable cover for Public Liability.

#### **13. FIXED DEPOSITS**

No deposit or interest on the same is outstanding as on 31st March, 2014.



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#### **14. DIRECTORS**

- a. Shri A. L. Apte, Director, has resigned due to other commitments outside India. The Board appreciates the valuable guidance and advice given by him from time to time during his more than three decade of association with the Company.
- b. Smt. Seema A. Javeri who was appointed by the Board of Directors as an Additional Director of the Company and who holds office upto the date of the ensuing Annual General Meeting in respect of whom the Company has received a notice in writing from some members proposing her for the office of Director.
- c. The approval of Central Government for the appointment and payment of Remuneration to Shri N.R. Jani, Whole Time Director & Company Secretary, for the period of three years from 01.09.2012 to 31.08.2015 is awaited.
- d. Shri Abhishek A. Javeri, Director, who retires by rotation and being eligible, offers himself for re-appointment.
- e. Shri Arvind R. Doshi, Shri Ramesh A. Shroff, Shri Priyam S. Jhaveri, Shri Dharendra M. Shah & Shri Pradeep N. Desai are proposed to be re-appointed as Independent Directors of the Company to hold office for 5 (Five) consecutive Years upto the conclusion of 46<sup>th</sup> Annual General Meeting to be held in calendar year 2019.

#### **15. COST AUDIT**

On the recommendation of Audit Committee the Board has appointed M/s. Vinay Mulay & Co, Cost Accountants, Mumbai, to audit the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2015.

#### **16. AUDITORS**

M/s. 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.

The Notes forming part of the Accounts referred to in Auditors' Report of the Company are self-explanatory and, therefore, do not call for any further explanation under Section 217(3) of the Companies Act, 1956.

#### **17. SECRETARIAL AUDIT**

On the recommendation of Audit Committee the Board has appointed M/s. Makarand Joshi & Company, Practicing Company Secretary, as the Secretarial Auditor of the Company for the financial year ending 31<sup>st</sup> March, 2015.

#### **18. SUBSIDIARIES**

Pursuant to the provisions of Section 212 of the Companies Act 1956, the Annual Accounts of Anuchem B.V.B.A. (Belgium) and Anuchem Pte. Ltd. (Singapore), wholly owned foreign subsidiaries of your company, is 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.

#### **19. 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.



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## 20. 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.

## 21. 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.

## 22. 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, Clients and Shareholders of the Company for their support and trust reposed.

For and On Behalf of the Board of Directors

Place : Mumbai  
Date : 27<sup>th</sup> May, 2014

**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**

	<b>31.03.2014</b>	30.06.2013
	<b>9 Months ₹</b>	<b>15 Months ₹</b>
<b>1. Electricity</b>		
a) Purchased Unit in kwh	<b>16,14,073</b>	31,95,617
Total amount (₹)	<b>1,26,01,422</b>	2,58,12,031
Rate/Unit (₹)	<b>7.81</b>	8.08
b) Own generation		
Through Diesel Generator Units in kwh	<b>17,489</b>	59,728
Unit per liter of diesel oil (kwh)	<b>2.15</b>	2.83
Liter of Diesel	<b>8,139</b>	21,079
Total amount (₹)	<b>3,95,878</b>	11,29,100
Cost/Units (₹)	<b>22.64</b>	18.90
<b>2. Furnace Oil</b>		
Quantity (KL)	<b>566.715</b>	921
Total Amount (₹)	<b>2,37,25,861</b>	3,63,07,163
Average Rate (₹/MT)	<b>41865.60</b>	39,421
<b>3. Briquettes</b>		
Quantity (MT)	<b>1790.54</b>	3486
Total Cost (₹)	<b>1,25,24,279</b>	2,12,36,857
Average Rate (₹/MT)	<b>6,994.71</b>	6,092
<b>4. Water</b>		
Quantity (M3)	<b>55808</b>	91740
Total Cost (₹)	<b>19,12,413</b>	29,16,554
Average Rate (₹/MT)	<b>34.26</b>	31.79

#### 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 up-gradation.
- 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.



	<b>31.03.2014</b> <b>9 Months ₹</b>	30.06.2013 15 Months ₹
3. Future Plan of Action		
To continue R&D in the relevant areas to achieve its benefits.		
4. Expenditure on R&D		
(a) Capital	<b>25,250</b>	48,058
(b) Recurring	<b>28,61,534</b>	51,58,409
Total	<b><u>28,86,784</u></b>	<u>52,06,467</u>
(c) Total R&D expenditure as a % of total turnover	<b>0.87%</b>	0.75%

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- 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.
- 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.
- 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

- 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 period were ₹ 2,197 Lacs (P. P. ₹ 5,164 Lacs). The Company is putting all its efforts to tap new export markets and widen its clientele base.

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

	<b>31.03.2014</b> <b>9 Months ₹</b>	30.06.2013 15 Months ₹
(i) Used :		
a) Imports (CIF)	<b>3,24,74,010</b>	10,91,10,831
b) Other expenditure	<b>1,19,740</b>	5,69,490
	<b><u>3,25,93,750</u></b>	<u>10,96,80,321</u>
(ii) Earned :		
Exports (F.O.B.)	<b>20,98,68,055</b>	46,32,13,903

For and On Behalf of the Board of Directors

Place : Mumbai  
Date : 27<sup>th</sup> May, 2014

**Asit D. Javeri**  
Chairman & Managing Director

## 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 9 Months period ended 31<sup>st</sup> March, 2014.

### 2. BOARD OF DIRECTORS :

Composition of the Board and Directorship held in other Companies as on 31<sup>st</sup> March, 2014

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	11	4	4
2.	Mr. Arvind R. Doshi	Independent - Non-Executive	3	-	1
3.	Mr. R. A. Shroff	Independent - Non-Executive	1	-	1
4.	Mr. P. S. Jhaveri	Independent - Non-Executive	12	1	4
5.	Mr. D.M. Shah	Independent - Non-Executive	3	-	-
6.	Mr. A. A. Javeri	Related to Shri A.D. Javeri - Non-Executive	7	-	-
7.	Mr. P.N. Desai	Independent - Non-Executive	1	-	-
8.	Smt. Seema A. Javeri	Related to Shri A.D. Javeri - Non-Executive	3	-	-
9.	Mr. Nitin R. Jani	Executive	7	-	-

(\*) 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 :

**Shri Asit D. Javeri (DIN : 00268114)** aged 58 years, is a Science graduate from Mumbai University. He is S/o (Late) Shri Dhankumar T. Javeri, founder Chairman of the Company.

He joined the company in December 1984 as a Director of the company and in January 1985, he was appointed as the Managing Director. Prior to joining the company he had experience of 9 years of running chemical company. He has been associated with the company for more than 29 years.



At present Shri Asit D. Javeri is Executive Chairman & Managing Director of the Company. He is promoter of the company and holds 379678 Equity Shares of the company as on 31<sup>st</sup> March, 2014.

Name of the Companies he holds Directorship	Name of the Companies in which he is a Member of the Committee of the Board
1. Premier Limited 2. Indian Extractions Limited 3. Phthalo Colours & Chemicals (I) Limited 4. Lifestyle Net Works Ltd. 5. Anuchem b.v.b.a., Belgium 6. Anuchem Pte, Singapore 7. Manekchand Panachand Trading Investment Company Pvt. Ltd. 8. Chandra Net Private Limited 9. Strix Wireless Systems Private Limited 10. Strix System Inc. USA 11. AHANA Inc. USA	<b>Sadhana Nitro Chem Limited</b> Share Transfer Committee-Member (Executive) <b>Premier Limited</b> Investors Grievance Committee-Chairman (Non Executive) Remuneration, Audit Committee-Member (Non Executive) <b>Indian Extractions Limited</b> Audit, Remuneration and Shareholder / Investors Grievance Committee-Chairman (Non Executive) <b>Phthalo Colours &amp; Chemicals (I) Limited</b> Audit Committee-Member (Non Executive)

**Shri Arvind R. Doshi (DIN : 00015293)** aged 68 years, is a Civil & Sanitary Engineer from VJTI, Mumbai and Diploma in Business Management.

He joined the company on 17<sup>th</sup> September, 1974 as a Director. He has been associated with the company for more than 39 years. At present Shri Arvind R. Doshi is Executive Chairman of M/s. PAE Limited.

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 in 2006.

Shri Arvind R. Doshi is holding 12498 Equity Shares of the company as on 31<sup>st</sup> March, 2014.

Name of the Companies he holds Directorship	Name of the Companies in which he is a Member of the Committee of the Board
1. PAE Limited 2. Sovox Renewables Pvt. Ltd. 3. PAE Renewables Pvt. Ltd.	<b>Sadhana Nitro Chem Limited</b> Remuneration Committee-Chairman (Non Executive) Audit and Investors Grievance Committee-Member (Non Executive) <b>PAE Limited</b> Investors Grievance Committee-Member (Executive)

**Shri Ramesh A. Shroff (DIN : 00024594)** aged 88 years. He is a Law graduate and has an experience of more than 55 years as Advocate & Solicitors. He joined the company as a Director from 22<sup>nd</sup> January, 1985.

Shri Ramesh A. Shroff is holding 259 Equity Shares of the company as on 31<sup>st</sup> March, 2014.

Name of the Companies he holds Directorship	Name of the Companies in which he is a Member of the Committee of the Board
	<b>Sadhana Nitro Chem Limited</b> Investors Grievance Committee-Chairman (Non Executive)

**Mr. Priyam S. Jhaveri (DIN : 00045038)** aged 60 years. He is a Commerce graduate and having experience in chemical industries of Nanavati Groups of companies. He joined the company as a Director from 11<sup>th</sup> March, 1996.

Mr. Priyam S. Jhaveri is holding 100 Equity Shares of the company as on 31<sup>st</sup> March, 2014.



Name of the Companies he holds Directorship	Name of the Companies in which he is a Member of the Committee of the Board
1. Phthalo Colours & Chemicals (I) Limited 2. Indian Extractions Limited 3. Excell Industries Limited 4. Lifestyle Net Works Ltd. 5. Nanavati Specialty Chemicals Pvt. Ltd. 6. Nanavati Sons Private Limited 7. Sonera Investments Private Limited 8. A-One Phathalo Colours Private Limited 9. Sonera Trades & Investments Private Ltd. 10. Medchem Technologies Private Limited 11. Nanavati Chemex Private Limited 12. Nanavati Electronics Private Limited	<b>Sadhana Nitro Chem Limited</b> Remuneration, Audit and Investors Grievance Committee-Member (Non Executive) <b>Indian Extractions Limited</b> Share Transfer Committee-Member (Executive) <b>Phthalo Colours &amp; Chemicals (I) Limited</b> Audit Committee-Chairman (Executive) <b>Excell Industries Limited</b> Audit and Remuneration Committee-Member (Non Executive)

**Mr. Dhirendra M. Shah (DIN : 00360008)** aged 68 years. He is Commerce and Law graduate having experience of 46 years as Advocate-Tax Consultant. He joined the company as a Director from 29<sup>th</sup> July, 2002.

He is holding 5000 Equity Shares of the company as on 31<sup>st</sup> March, 2014.

Name of the Companies he holds Directorship	Name of the Companies in which he is a Member of the Committee of the Board
1. Mad Enterprises Limited 2. Mangaldas Damodardas Investments Private Limited	<b>Sadhana Nitro Chem Limited</b> Audit Committee-Chairman (Non Executive) Remuneration Committee-Member (Non Executive)

**Shri Pradeep N. Desai (DIN : 00273030)** aged 52 years. He is Chemical Engineer. He joined the company as a Director from 12<sup>th</sup> February, 2013.

He is holding NIL Equity Shares of the company as on 31<sup>st</sup> March, 2014.

Name of the Companies he holds Directorship	Name of the Companies in which he is a Member of the Committee of the Board
1. Delta Hitech Coatings Private Ltd.	-

**Shri Abhishek A. Javeri (DIN : 00273030)** aged 32 years. He is son of Mr. Asit D. Javeri, Chairman and Managing Director of the Company. He is B.A. in Economics from North Western University, USA. He joined the company as a Director from 24<sup>th</sup> January, 2007.

He is holding 37100 Equity Shares of the company as on 31<sup>st</sup> March, 2014.

Name of the Companies he holds Directorship	Name of the Companies in which he is a Member of the Committee of the Board
1. Lifestyle Networks Ltd., 2. Chandra Net Private Limited, 3. Strix Wireless Systems Pvt. Ltd, 4. Strix System Inc., USA, 5. Manekchand Panachand Trading Investment Co. Pvt. Ltd, 6. AHANA Inc.,USA 7. Smaaash Entertainment Pvt. Ltd.	- - - - - - -





**Smt. Seema A. Javeri (DIN : 01768936 )** aged 56 years. She is a B. Sc., She has an experience of 10 years in Administration. She joined the company as an Additional Director from 13<sup>th</sup> February, 2014.

Name of the Companies he holds Directorship	Name of the Companies in which he is a Member of the Committee of the Board
1. Lifestyle Networks Ltd.,	-
2. Manekchand Panachand Trading Investment Co. Pvt. Ltd,	-
3. Strix Wireless Systems Pvt. Ltd,	-

**Mr. Nitin R. Jani (DIN : 00272691)** aged 56 years is a commerce graduate, chartered accountant and company secretary.

He joined the company in December 1984 as Company Secretary. Prior to joining he had experience of 2 years in a chemical company. He was appointed as Director and Company secretary in March 1996. He has been associated with the company for more than 29 years. He is holding 27392 Equity Shares of the company as on 31<sup>st</sup> March, 2014.

Name of the Companies he holds Directorship	Name of the Companies in which he is a Member of the Committee of the Board
1. Anuchem b.v.b.a., Belgium	-
2. Anuchem Pte, Singapore	-
3. Lifestyle Networks Limited,	-
4. Chandra Net Private Limited,	-
5. Strix Wireless Systems Private Limited,	-
6. Strix System Inc. USA	-
7. AHANA Inc. USA.	-

#### 4. ATTENDANCE RECORD OF THE DIRECTORS :

During the Financial Period 2013-14, Four Meetings of Board of Directors were held on the following days:- 28<sup>th</sup> August, 2013, 10<sup>th</sup> September, 2013, 13<sup>th</sup> November, 2013 & 13<sup>th</sup> February, 2014. Annual General Meeting was held on 31<sup>st</sup> October, 2013. Extra Ordinary General Meeting was held on 29<sup>th</sup> October, 2013.

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

Directors	Number of Board Meetings		Attendance at the last Annual General Meeting
	Held	Attended	
Mr. Asit D. Javeri	4	4	Yes
Mr. Arvind R. Doshi	4	3	Yes
Mr. Arvind L. Apte	4	1	No
Mr. Ramesh A. Shroff	4	-	No
Mr. Priyam S. Jhaveri	4	4	Yes
Mr. D.M. Shah	4	4	Yes
Mr. Abhishek A. Javeri	4	4	Yes
Mr. Pradeep N. Desai	4	2	No
Smt. Seema A. Javeri	4	1	No
Mr. Nitin R. Jani	4	4	Yes



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**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 2013-14, 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 28<sup>th</sup> August, 2013, 13<sup>th</sup> November, 2013 & 13<sup>th</sup> February, 2014 are as follows :

Name	Date of Appointment	Non-Executive / Independent	Numbers of Meetings	
			Held	Attended
Mr. D.M. Shah	29 <sup>th</sup> April 2008	Non-Executive - Independent	3	3
Mr. Arvind R. Doshi	29 <sup>th</sup> April 2008	Non-Executive - Independent	3	2
Mr. Priyam S. Jhaveri	29 <sup>th</sup> April 2008	Non-Executive - Independent	3	3

The previous Annual General Meeting was held on 31<sup>st</sup> October, 2013 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 26<sup>th</sup> August, 2013 is as follows :

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

Statement of the various complaints received and cleared by the Company during the period ended 31<sup>st</sup> March, 2014 :

Sr. No.	Subject	Received (Nos.)	Cleared (Nos.)	Pending *
1.	Non Receipt of Dividend/Interest/ Redemption Warrant	3	3	-
2.	Non Receipt of Share Certificate	3	3	-
3.	Non Receipt of Rejected DRF	1	1	-
4.	Non Receipt of Annual Report	1	1	-
	Total	8	8	-

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, Wholtime 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 28<sup>th</sup> August, 2013 & 10<sup>th</sup> September, 2013 are as follows :

Name	Date of Appointment	Non-Executive / Independent	Numbers of Meetings	
			Held	Attended
Mr. Arvind R. Doshi	29 <sup>th</sup> April 2008	Non-Executive - Independent	2	1
Mr. Priyam S. Jhaveri	29 <sup>th</sup> April 2008	Non-Executive - Independent	2	2
Mr. D.M. Shah	29 <sup>th</sup> April 2008	Non-Executive - Independent	2	2

The Company pays remuneration by way of salary, allowances and perquisites, performance allowance etc. to the Chairman & Managing Director and WholtimeDirector & 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 ₹ 5,000/- for Board Meeting and ₹ 3,000/- for Committee Meeting.

Details of remuneration of the Directors during the period 1<sup>st</sup> July, 2013 to 31<sup>st</sup> March, 2014 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 *	30,86,764	-	30,86,764	N.A.
Mr. Arvind R. Doshi	-	27,000	27,000	12,498
Mr. Arvind L. Apte	-	5,000	5,000	1,444
Mr. Ramesh A. Shroff	-	-	-	259
Mr. Priyam S. Jhaveri	-	35,000	35,000	100
Mr. D.M. Shah	-	35,000	35,000	5,000
Mr. Abishek A. Javeri	-	20,000	20,000	37,100
Mr. Pradeep N. Desai	-	10,000	10,000	-
Smt. Seema A. Javeri	-	5,000	5,000	7327
Mr. Nitin R. Jani *	19,30,773	-	19,30,773	N.A.
<b>Total</b>	<b>50,17,537</b>	<b>1,37,000</b>	<b>51,54,537</b>	<b>-</b>

\* 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 26" 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
2010-11	SASMIRA AUDITORIUM, The Synthetic & Art Silk Mills', Research Association, 3 <sup>rd</sup> Floor, SASMIRA Marg, Worli, Mumbai - 400030.	30.08.2011	3.00 p.m.	Nil
2011-12	SASMIRA AUDITORIUM, The Synthetic & Art Silk Mills', Research Association, 3 <sup>rd</sup> Floor, SASMIRA Marg, Worli, Mumbai - 400030.	13.08.2012	3.00 p.m.	2
2012-13	SASMIRA AUDITORIUM, The Synthetic & Art Silk Mills', Research Association, 3 <sup>rd</sup> Floor, SASMIRA Marg, Worli, Mumbai - 400030.	31.10.2013	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 13<sup>th</sup> August, 2012.

- (C) Extra Ordinary General Meeting :

During the last three years Two Extra Ordinary General Meetings were held by the company (1) on 25<sup>th</sup> 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). (2) on 27<sup>th</sup> December, 2012 for the purpose of passing Special Resolution pursuant to the provisions of Section 16 & 94 and other applicable provision for the modification of Articles of Association of the Company for alteration of the Authorised Share Capital of the Company and issue, offer and allotment of Non-Convertible Cumulative Redeemable Preference Shares of the face value of ₹ 10/- (Rupees Ten) each at par not exceeding ₹ 1,75,00,000/- (Rupees One Crore Seventy-five lacs) and (3) on 29<sup>th</sup> October, 2013 for the purpose of passing Special Resolution for approving re-appointment of Shri Nitin R. Jani as Whole Time Director & Company Secretary and payment of remuneration.

- (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 31 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) **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 current financial year of the Company is for a period of 9 months from 1<sup>st</sup> July, 2013 to 31<sup>st</sup> March, 2014.

AGM : Date, time and venue 41<sup>st</sup> Annual General Meeting on Friday, the 12<sup>th</sup> September, 2014 at 3.00 P.M. at SHETH HIRACHAND GUMANJI TRUST HALL, HIRA BAUG, 1<sup>ST</sup> Floor, Kasturba Chowk (C.P. Tank), Mumbai - 400 004.

Date of Book Closure 01-09-2014 to 12-09-2014 (both days inclusive) in connection with Annual General Meeting.

Dividend payment date NIL for financial year 2013 -14.

Financial Calendar (Tentative)

Results for quarter ending June 30, 2014 Last week of July, 2014 to 2<sup>nd</sup> week of August 2014

Results for quarter ending September 30, 2014 Last week of October, 2014 to 2<sup>nd</sup> week of October 2014

Results for quarter ending December 31, 2014 Last week of January, 2015 to 2<sup>nd</sup> week January 2015

Results for quarter ending March 31, 2015 Last week of April, 2015 to 2<sup>nd</sup> week April 2015

Annual General Meeting will be held in September 2015

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 31<sup>ST</sup> MARCH, 2014 :

Period	SNCL's Share Price (₹)		BSE SENSEX	
	High	Low	High	Low
July 2013	11.50	7.16	20159.12	19294.12
August	11.44	7.05	19367.59	17966.15
September	11.49	9.22	20263.71	18234.66
October	10.70	9.63	21164.52	19517.15
November	-	-	21196.81	20399.42
December	10.00	8.08	21326.42	20898.01
January 2014	10.24	7.30	21337.67	20713.37
February	9.25	7.55	21120.12	20211.93
March	8.80	7.30	22386.27	20946.65

#### 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 - 400078 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](mailto: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 21 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 31<sup>st</sup> March, 2014, 96.71% of the equity shares have been dematerialised.

20. SHARE HOLDING PATTERN AS ON 31 <sup>st</sup> March, 2014 :	No. of Shares	Percentage
Promoters	6524857	70.92
Other Directors and their Relatives	110223	1.20
Mutual Funds and UTI	560	0.01
Banks, Financial Institutions & Insurance Companies	621	0.01
Bodies Corporate	226537	2.46
Indian Public	2293544	24.92
NRIs/Foreign Nationals	44488	0.48
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 31<sup>st</sup> MARCH, 2014 :

No. of shares	Folio		Amounts	
	Number	% to total	₹	% to total
1 - 5000	3890	83.8181	49,01,480	5.3272
5001 - 10000	357	7.6923	26,52,920	2.8833
10001 - 20000	194	4.1801	27,86,830	3.0289
20001 - 30000	63	1.3575	15,68,310	1.7045
30001 - 40000	28	0.6033	9,94,540	1.0809
40001 - 50000	32	0.6895	14,71,290	1.5991
50001 - 100000	34	0.7326	25,60,570	2.7830
100001 and above	43	0.9265	7,50,72,360	81.5930
Total	4641	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 31<sup>st</sup> March, 2006 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
31.03.2007	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 31<sup>st</sup> March, 2007, 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 in accordance with the provisions of Clause 49 (V) of the Listing Agreement. The aforesaid certificate duly signed by the Chairman & Managing Director in respect of the financial period ended 31<sup>st</sup> March, 2014 has been placed before the Board in the meeting held on 27<sup>th</sup> May, 2014, which is annexed to this Report.

**25. Plant Location**

**Address for correspondence**

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

Sadhana Nitro Chem Limited  
Regd. Office : Hira Baug, 1<sup>st</sup> Floor  
Kasturba Chowk (C.P. Tank)  
Mumbai - 400 004.  
Tel : 022-23822524  
Fax : (91)22-23887235  
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

**26. 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.

**27. 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.

Place : Mumbai  
Date : 27<sup>th</sup> May, 2014

**Asit D. Javeri**  
Chairman & Managing Director

## 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 period ended 31<sup>st</sup> March, 2014, 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.

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2014

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

## 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 over 40 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 :**

There is healthy order book position. Despite continued slowdown in the Global economies the demand for the products of your company is showing sign of improvement with improved product pricing coupled with favourable exchange rate.

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. Your company could have achieved higher exports but for lack of Working Capital which impacted continuous production and fulfilling of export orders. Your company barring unforeseen circumstances expects to further improve the turn-over and performance.

### **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.



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**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 extent possible.

**FINANCE :**

During the period company has sold its two office premises located at Kakad Chambers at a consideration of ₹ 1,090 lacs which has infused long term fund into the operations.

The said proceeds were utilised to pre-pay existing WCTL of all banks. Now the company has only Working Capital facilities with banks.

There were severe strain and constraint on working capital which adversely affected operating level and impacted the overall operating profitability.

**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 :**

Your company, in view of good order position, could have achieved higher turnover but for paucity of working capital which hampered the regular and continuous procurement of raw materials and input services to ensure uninterrupted requisite level of operation. Your company has attained turnover of ₹ 3,266 lacs for 9 Months period ending 31<sup>st</sup> March, 2014 [(P.Y. ₹ 6,841 lacs (15 Months))].

All direct and indirect cost except finance cost are under stringent monitoring and control. All efforts are made to enhance efficiency by improving yield. The adverse effect of slowdown in major economies and stiff price competition were mitigated by adopting aggressive marketing strategy and stringent quality standard which are the back bone of the company.

The margins on products have shown improvement despite lower level of operation. The operating margin are burdened with heavy finance cost consequent to costly short term borrowings to fund the past losses caused by extra ordinary circumstances and huge installment repayment obligations to the banks coupled with this was huge provisioning deferred tax liability.

Beneficial effects of steps taken to improve yield, depreciating rupee against US dollar, better sales pricing and product mix were washed out by the effect of above adverse factors.

During the period company has to hived off its non-core assets your company has sold its two office premises at Kakad Chambers, Worli, Mumbai, at a consideration of ₹ 1,090 lacs having W.D.V. of ₹ 23.67 lacs thereby had gain of ₹ 1,067.32 lacs.

After providing for deferred tax liability of ₹ 206.34 lacs the loss after tax for 9 months works out at ₹ 56.17 lacs [P.Y. ₹ 179.06 lacs (15 Months)].

**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.**

Place : Mumbai  
Date : 27<sup>th</sup> May, 2014

For and On Behalf of the Board of Directors  
**Asit D. Javeri**  
Chairman & Managing Director

**CERTIFICATION BY CEO/CFO UNDER CLAUSE 49 V OF THE LISTING AGREEMENT**



The Board of Directors,  
Sadhana Nitro Chem Limited

I have reviewed the financial statements read with the cash flow statement of Sadhana Nitro Chem Limited for the period ended 31<sup>st</sup> March, 2014 (9 Months) and to the best of our knowledge and belief :

I state that :

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

Place : Mumbai  
Date : 27<sup>th</sup> May, 2014

**Asit D. Javeri**  
Chairman & Managing Director

# FIVE YEAR HIGHLIGHTS



(₹ in Lacs)

	2013-2014	2012-2013	2011-12	2010-11	2009-10
<b>RESOURCES</b>					
Capital	1095.08	1095.08	920.08	920.08	920.08
Reserve	(1069.30)	(990.47)	(727.88)	(750.06)	(222.49)
Net Worth	25.78	104.61	192.20	170.02	697.59
State Govt. Sales Tax Incentives	14.90	14.90	20.90	20.90	20.90
Other Borrowings	2767.71	4768.23	4795.03	4456.59	4810.57
<b>TOTAL</b>	<b>2808.39</b>	<b>4887.74</b>	<b>5008.13</b>	<b>4647.51</b>	<b>5529.06</b>
<b>UTILISATION OF RESOURCES</b>					
Fixed Assets	10115.31	10262.29	10247.92	10045.94	9753.82
Less: Depreciation	6691.48	6623.58	6289.35	5973.72	5643.96
Net Fixed Assets	3423.83	3638.71	3958.57	4072.22	4109.86
Investments	15.72	15.72	41.22	41.22	61.22
Net Current Assets	(631.16)	1233.31	1008.34	534.07	1357.98
Profit & Loss Account	-	-	-	-	-
<b>TOTAL</b>	<b>2808.39</b>	<b>4887.74</b>	<b>5008.13</b>	<b>4647.51</b>	<b>5529.06</b>
<b>REVENUE FROM OPERATIONS</b>					
Sales of Products	3202.23	6679.67	6540.43	5427.78	3497.93
Other Operative Revenue	64.05	161.25	148.71	72.94	16.08
Other Income	99.72	85.08	17.75	90.62	117.98
<b>TOTAL REVENUE</b>	<b>3366.00</b>	<b>6926.00</b>	<b>6706.89</b>	<b>5591.34</b>	<b>3631.99</b>
<b>EXPENDITURE:</b>					
Cost of Materials Consumed/ Purchase of Stock in Trade	2126.08	4262.67	3740.76	3402.83	2003.61
Changes in Inventories of Finished goods, Work in Progress and Stock in Trade	34.64	(247.44)	7.13	(134.05)	328.67
Employee Benefit Cost	328.67	635.91	451.02	457.17	339.45
Financial Cost	617.27	1017.52	663.94	514.16	550.88
Depreciation	207.19	367.40	315.63	335.91	344.23
Other Expenses	969.29	1655.34	1646.89	1509.11	961.93
<b>TOTAL EXPENDITURE</b>	<b>4283.14</b>	<b>7691.40</b>	<b>6825.37</b>	<b>6085.13</b>	<b>4528.77</b>
PROFIT/(LOSS) BEFORE TAX & Exceptional Items	(917.14)	(765.40)	(118.48)	(493.79)	(896.78)
Add : Profit on Sale of Assets/ Investment	1067.32	810.57	-	-	-
Less : Excess/Short Provisions	206.35	224.23	(226.92)	33.78	20.16
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>(56.17)</b>	<b>(179.06)</b>	<b>108.44</b>	<b>(527.57)</b>	<b>(916.94)</b>

## AUDITOR'S REPORT



**Independent Auditor's Report  
To the Members of Sadhana Nitro Chem Limited.  
Report on the Financial Statements**

We have audited the accompanying financial statements of Sadhana Nitro Chem Limited. ("the Company") which comprise the Balance sheet as at 31<sup>st</sup> March, 2014 and the Statement of Profit and Loss and the Cash Flow Statement for the period then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the financial statements**

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

**Auditor's Responsibility**

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

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 and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014 ;
- (b) In the case of the Statement of Profit and Loss, of the Loss for the period ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

**Emphasis of Matter**

We draw your attention to Note 33 regarding going concern. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, we report that :
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books
- c. The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 ;
- e. On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2014

## **ANNEXURE TO THE AUDITOR'S REPORT**

(Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Sadhana Nitro Chem Ltd for the period ended 31<sup>st</sup> March, 2014)

### **Annexure referred in Independent Auditors 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 period in a phased periodical manner of over two years, 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. During the period, the company has disposed of some of its non core business assets which does not form substantial part of fixed assets. Accordingly, 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 period.
  - 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. No material discrepancies were noticed on such physical verification.
  - 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 period.



- b. During the period company had taken interest free loan from one company amounting to ₹ 22,50,000/- This along with other loans covered in register maintained under section 301 have been repaid during the period and maximum balance during the period was ₹ 20,28,242/-.
- 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.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that purchase of certain items of inventory and fixed assets are for the Company's specialized requirements and similarly, certain goods sold are for the specialized requirements of the buyers and suitable alternate source are not available to obtain comparable quotations there is generally adequate internal control system 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. In our opinion and according to the information and explanations given to us, we have not observed any major weakness during the course of Audit.
5. In respect of transactions covered under section 301 of the companies 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 period have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The company has repaid all existing deposits accepted from public and has not accepted new deposits. Accordingly, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable 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 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 one of the 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 :
- a. There have generally been delays by the company 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. There are undisputed amounts payable in respect of the aforesaid dues as at 31<sup>st</sup> March, 2014 for a period of more than six months from the date of becoming payable, details are as under :

Name of statute	Nature of dues	Amount (₹)	Period to which it relates
Income Tax Act, 1961	Tax Deducted at Source	14,08,125	July to September 2013
Provident Fund Act, 1952	P.F. Contribution	8,15,612	August - September 2013
Service Tax	Reverse Mechanism	5,16,258	April - September 2013
<b>Total Unpaid Statutory Dues for more than six months</b>		<b>27,39,995</b>	



- b. According to the records of the company, there are no disputed statutory dues on account of Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, and cess remaining unpaid as on 31<sup>st</sup> March, 2014.
10. The company has accumulated losses of ₹ 22,71,06,251/- at the end of the financial period, which is more than fifty percent of its net worth. The company has not incurred any cash loss during the period and in the immediately preceding financial period.
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 during the period. There were, however, no delayed dues to banks existing at the balance sheet date.
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 not traded in securities, debentures and other investments. All the investments are held in the name of the company. Accordingly, clause 4(xiv) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
15. The company has not given any guarantee for loans taken by others from Bank or Financial Institutions. Accordingly, clause 4(xv) of the Companies (Auditor's Report) Order 2003 is not applicable 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 31<sup>st</sup> March, 2014, in our opinion, there are no funds raised on a short term basis which have been used for long term investment
18. During the period, 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 period. 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.

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2014

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

**BALANCE SHEET AS ON 31<sup>ST</sup> MARCH, 2014**


	Note	31.03.2014 9 Months ₹	₹	30.06.2013 15 Months ₹	₹
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholder's Funds</b>					
Share Capital	2	10,95,08,300		10,95,08,300	
Reserves and Surplus	3	(10,69,29,876)		(9,90,46,610)	
<b>Non-Current Liabilities</b>					
Long-term borrowings	4	22,48,647		3,57,64,174	
Deferred Tax Liabilities (Net)	5	1,63,77,998		-	
Long term provisions	6	1,45,95,057		1,67,55,173	
<b>Current Liabilities</b>					
Short-term borrowings	7	27,60,11,963		44,25,48,907	
Trade payables	8	13,67,71,987		15,01,00,036	
Other current liabilities	9	13,38,37,444		5,86,69,879	
Short-term provisions	10	34,61,311		40,27,013	
<b>TOTAL</b>		<b>58,58,82,831</b>		<b>71,83,26,872</b>	
<b>Assets</b>					
<b>Non-current assets</b>					
Fixed assets	11				
Tangible assets		25,53,88,692		27,68,77,030	
Capital work-in-progress		8,69,93,828		8,69,93,827	
Non-current investments	12	15,72,219		15,72,219	
Deferred tax assets (Net)	13	-		42,56,597	
Long term loans and advances	14	3,00,09,814		2,80,32,151	
<b>Current assets</b>					
Inventories	15	10,66,56,856		12,64,45,385	
Trade receivables	16	4,03,72,778		11,79,32,313	
Cash and Bank balances	17	25,28,993		68,52,317	
Short-term loans and advances	18	6,20,53,372		6,49,50,149	
Other current assets	19	3,06,280		44,14,884	
<b>TOTAL</b>		<b>58,58,82,831</b>		<b>71,83,26,872</b>	
Significant Accounting Policies	1				
Other notes forming part of financial statement 29 to 36					

As per our Report of even date

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

For and on Behalf of the Board of Directors

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

**A. R. DOSHI** Director  
**P. S. JHAVERI** Director  
**D. M. SHAH** Director  
**Smt. S. A. JAVERI** Additional Director  
**A. A. JAVERI** Director

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2014

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2014

**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2014**



	Note	31.03.2014 9 Months ₹	30.06.2013 15 Months ₹
<b>INCOME</b>			
Revenue from operations	20	32,66,27,649	68,40,92,644
Other Income	21	99,71,960	85,08,104
<b>Total Revenue</b>		<b>33,65,99,609</b>	<b>69,26,00,748</b>
<b>EXPENSES</b>			
Cost of materials consumed	22	19,51,64,788	39,25,46,217
Purchase of Stock in trade		1,74,42,806	3,37,20,571
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	34,64,333	(2,47,44,563)
Employee benefit expense	24	3,28,67,154	6,35,91,632
Financial costs	25	6,17,27,307	10,17,52,717
Depreciation and amortization expense		2,07,18,630	3,67,39,899
Other expenses	26	9,69,29,496	16,55,34,278
<b>Total Expenses</b>		<b>42,83,14,514</b>	<b>76,91,40,750</b>
Profit before tax Exceptional items and taxes		<b>(9,17,14,905)</b>	<b>(7,65,40,002)</b>
<b>Exceptional items</b>			
Profit on sale of Assets and Investment	27	10,67,32,123	8,10,56,718
Profit Before Tax		1,50,17,218	45,16,716
Current tax		-	-
Deferred tax		2,06,34,594	2,24,23,071
Profit/(Loss) for the period		<b>(56,17,376)</b>	<b>(1,79,06,355)</b>
Basic & Diluted Earning per equity share of face value of ₹ 10/- Each (Fully paid up)	28	<b>(0.74)</b>	<b>(1.90)</b>

Significant Accounting Policies 1  
Other notes forming part of financial statement 29 to 36

As per our Report of even date

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

For and on Behalf of the Board of Directors

**A. D. JAVERI**  
Chairman &  
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**A. A. JAVERI** Director

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2014

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2014

# **CASH FLOW STATEMENT FOR THE PERIOD ENDED 31-03-2014**



	31.03.2014 9 Months ₹	30.06.2013 15 Months ₹
<b>A) CASH FLOW ARISING FROM OPERATING ACTIVITIES :-</b>		
NET PROFIT/ Loss (-) BEFORE TAX	1,50,17,218	45,16,715
<b>Add :</b> a. Depreciation	2,07,18,630	3,67,39,899
b. Interest	6,17,27,307	10,17,52,717
<b>Less :</b> a. Profit on Sale of Investments	-	51,00,000
b. Profit on Sale of Fixed Assets	10,67,32,123	7,59,56,718
c. Provisions written back	26,15,569	-
CASH OPERATING PROFIT BEFORE ADJUSTMENT FOR CHANGE IN WORKING CAPITAL	(1,18,84,537)	6,19,52,613
a. Trade & other Receivables	7,75,59,535	2,67,98,784
b. Inventories	1,97,88,529	(1,65,25,618)
c. Loans & Advances	68,82,286	(32,05,786)
d. Trade Payables	46,21,585	(1,12,17,887)
	10,88,51,935	(41,50,507)
CASH FLOW BEFORE FOLLOWING ADJUSTMENT	9,69,67,399	5,78,02,106
a. Direct Taxes (Paid)	(18,54,567)	(85,455)
NET CASH FLOW FROM OPERATING ACTIVITIES - (A)	9,51,12,832	5,77,16,651
<b>B) CASH FLOW ARISING FROM INVESTING ACTIVITIES :-</b>		
a. Purchase of Fixed Assets	(15,48,171)	(14,37,543)
b. Sale of Fixed Assets	10,90,50,000	
CASH FLOW FROM INVESTING ACTIVITIES - (B)	10,75,01,829	(14,37,543)
<b>C) CASH FLOW ARISING FROM FINANCING ACTIVITIES :-</b>		
a. Secured Borrowings - Net of Repayment	15,46,61,206	(3,15,27,426)
b. Unsecured Borrowings - Net of Repayment	7,89,289	7,76,37,707
c. Interest Paid	(5,30,66,068)	(10,16,73,710)
CASH FLOW FROM FINANCING ACTIVITIES- (C)	(20,69,37,985)	(5,55,63,429)
NET CHANGE IN CASH / CASH EQUIVALENTS (A+B+C)	(43,23,324)	7,15,679
ADD : OPENING BALANCE	68,52,317	61,36,638
CASH/CASH EQUIVALENTS AT END OF THE PERIOD	25,28,993	68,52,317

## **Notes :**

1. Non cash financial and investing activities have been excluded.
2. 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.
3. Previous years 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

For and on Behalf of the Board of Directors

**A. D. JAVERI**  
Chairman &  
Managing Director  
  
**N. R. JANI**  
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**A. R. DOSHI** Director  
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**A. A. JAVERI** Director

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2014

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2014

**NOTE - 1****SIGNIFICANT ACCOUNTING POLICIES :-****a) Basis 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 standard 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 accrual basis and under historical cost convention. The accounting policies adopted in the preparation of financial statement are consistent with those of previous period.

**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 recognized in the period in which the results are known/ materialized.

**c) Revenue Recognition**

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 are recorded net of excise duty, sales tax and returns.

Dividend Income is recognized when the right to receive dividend is established.

Interest income is recognized on the 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 is 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) Depreciation on Leasehold land is over the primary period of lease.

(iii) Depreciation on Building and Plant and Machinery added upto 30<sup>th</sup> June, 1986, are charged on straight line method at the rates as mentioned in schedule XIV of the Companies Act, 1956.

(iv) Depreciation on Plant and Machinery and equipments acquired after 1<sup>st</sup> July, 1986 up to 31<sup>st</sup> March, 2006 are charged on the written down value method as provided in Schedule XIV to the Companies Act, 1956.

(v) Depreciation on Computers, Factory and Non factory Building, Vehicles acquired after 1<sup>st</sup> 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 computer acquired after 1<sup>st</sup> April, 2006 are calculated on straight line method at rate 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 qualified asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing cost are charged to Statement of Profit and Loss.

**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.



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**NOTE - 1... Cont.**

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 subsidiary is expressed in Indian currency at the rate of exchange prevailing at the time when the original investment was made. When market value 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, Work-in-progress, Stock in Trade 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. Stores and Spares are valued on Weighted Average Cost Basis. All other inventories are valued at Cost on 'First-In-First-Out' Basis. 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 recognized in the Statement of Profit and Loss for the period.

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 recognized in the Statement of Profit and Loss for the period. 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 rate different from those at which they were initially recorded in the previous financial statement are being depreciated over the balance life of assets. 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 expenses at the undiscounted amount in the Statement of Profit and Loss for the period in which the related service is rendered.
- (ii) Post employment and other long term employee benefit are recognized as an expense in the Statement of Profit and Loss for the period in which the employee has rendered services. The expenses is recognized at the present value of amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of employment and other long term benefits are charged to the Statement of Profit and Loss.

**l) Research and Development cost**

- (i) Revenue expenses on Research and Development are written off to the Statement of Profit and Loss.
- (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 financial period.

Deferred tax is recognized subject to the consideration of prudence in respect of deferred assets on timing differences; being the difference between taxable incomes 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.

**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 :

	31.03.2014 9 Months ₹	30.06.2013 15 Months ₹
9250000- Equity Shares of ₹ 10/- each (P.Y.9250000 equity shares)	9,25,00,000	9,25,00,000
1750000- 9% Cumulative Non Convertible Preference Shares of ₹ 10/- each (P.Y. 1750000)	1,75,00,000	1,75,00,000
<b>TOTAL</b>	<b>11,00,00,000</b>	<b>11,00,00,000</b>

##### Issued,Subscribed and Paid-up Capital :

9200830- Equity Shares of ₹ 10/- each fully paid (P.Y. 9200830)	9,20,08,300	9,20,08,300
1750000- 9% Cumulative Non Convertible Preference Shares of ₹ 10/- each fully paidup (P.Y. 1750000)	1,75,00,000	1,75,00,000
<b>TOTAL</b>	<b>10,95,08,300</b>	<b>10,95,08,300</b>

	31.03.2014		30.06.2013	
Shares held by Holding Company	No. of Shares	% of Holding	No. of Shares	% of Holding
Manekchand Panachand Trading Investment Co. Pvt. Ltd. - Equity Share	5960611	64.78	5960611	64.78
9% Cumulative Non Convertible Preference Shares of ₹ 10/- each fully paidup	1750000	100.00	1750000	100.00

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

Reconciliation of share outstanding as at the beginning and end of the reporting period

Particulars	Equity Shares		Preference Shares	
	Qty	Amount	Qty	Amount
Opening as on 1 <sup>st</sup> July, 2013	9200830	9,20,08,300	1750000	1,75,00,000
Add. Issued during the period	-	-	-	-
Closing as on 31 <sup>st</sup> March, 2014	9200830	9,20,08,300	1750000	1,75,00,000

#### Rights, preferences and restrictions attached to 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. The company has only one class of Preference shares having at par value of ₹ 10/- per Share. The Preference shares are non-convertible in nature bearing fixed dividend rate of 9%. The non-convertible, cumulative, redeemable preference shares shall be redeemed at the option of the company any time after 3 (three) years but not later than 10 (Ten ) years from the date of issue as decided by the Board of Director in accordance with the term of the issue and in accordance with the provision of the Companies Act, 1956, or any re-enactment thereof.



### NOTE - 3

	31.03.2014 9 Months ₹	30.06.2013 15 Months ₹
<b>RESERVE &amp; SURPLUS :</b>		
Capital Reserve	93,681	93,681
Securities Premium Reserve	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
<b>Surplus/(Deficit) in Statement of Profit &amp; Loss</b>		
Opening Balance	(22,14,88,875)	(20,35,82,519)
Profit/(Loss) for the Period	(56,17,376)	(1,79,06,356)
<b>Closing Balance</b>	<b>(22,71,06,251)</b>	<b>(22,14,88,875)</b>
Foreign Currency Monetary item translation difference accounts	(1,92,43,953)	(1,69,78,062)
<b>TOTAL</b>	<b>(10,69,29,876)</b>	<b>(9,90,46,610)</b>

### NOTE - 4

#### NON-CURRENT LIABILITIES :

#### Long Term Borrowings :

##### 1) Secured Term Loan From Bank :

a) Indian Rupee working capital term loan and other term loan	-	1,26,664
b) Foreign Currency term loan from bank	-	3,07,94,916
[The facilities are 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.]		
c) Vehicle Loan (Secured by Hypothecation of vehicle) (Refer note 4 (3))	11,62,574	18,74,279

##### 2) Unsecured :

##### i) Inter Corporate Deposits

Associates Company	-	2,78,242
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##### ii) Deferred sales tax Loan (Refer note 4 (4))

	10,86,073	14,90,073
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##### iii) Other Loans and advances

Chairman & Managing Director (Refer note 4 (5))	-	12,00,000
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<b>TOTAL</b>	<b>22,48,647</b>	<b>3,57,64,174</b>
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#### Note 4(3)

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(4)

The Total loan of ₹ 20.90 lakhs from SICOM Ltd. consisting of 3 loans of ₹ 12.10 lacs, ₹ 5.81 lakhs and ₹ 2.98 lakhs. 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(5)

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

	31.03.2014 9 Months ₹	30.06.2013 15 Months ₹
<b>Deferred Tax Liabilities (Net)</b>		
Depreciation and Amortisation	2,19,57,415	-
Expenditure allowed under IT Act (Payment basis)	(55,79,417)	-
<b>TOTAL</b>	<b>1,63,77,998</b>	<b>-</b>

## NOTE - 6

### Long Term Provisions :

Provision for Employee Benefits - (Leave /Gratuity) ( Refer Note 23)	1,45,95,057	1,67,55,173
<b>TOTAL</b>	<b>1,45,95,057</b>	<b>1,67,55,173</b>

## NOTE - 7

### Short-term borrowings :

#### Secured :

#### Working Capital From bank

[The facilities are 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 :

Others	21,16,51,593	20,36,84,286
<b>Fixed Deposits :</b>		
Directors & Other Relatives	-	25,00,000
<b>TOTAL</b>	<b>27,60,11,963</b>	<b>44,25,48,907</b>

## NOTE - 8

### Trade Payables :

Due to micro small and medium enterprises	-	7,48,167
Others	13,67,71,987	14,93,51,869
<b>TOTAL</b>	<b>13,67,71,987</b>	<b>15,01,00,036</b>

(a) The principle amount and the interest due thereon (to be shown seperately) remaining unpaid to Any Supplier as at the end of accounting year.	-	-
(b) The amount of interest paid by the buyer under MSMED Act,2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) The amount of interest due and payable for the period (where the principle has been paid but interest under the MSMED Act, 2006 not paid).	-	-
(d) The amount of interest accrued and remaining unpaid at the end of accounting year: and	-	-
(e) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23.	-	-



## NOTE - 9

	31.03.2014 9 Months ₹	30.06.2013 15 Months ₹
<b>Other Current Liabilities :</b>		
Current maturities of debts (Refer note no. 4)	8,93,10,614	3,76,64,393
Interest accrued but not due on borrowing - Fixed Deposits	-	40,320
Interest accrued but due on borrowing - Term Loan	-	3,59,381
Redeemed Preference share & Excess right issue (Unclaimed)	21,000	21,000
Unclaimed Bonus & salary	45,547	-
Unclaimed Dividend	1,73,959	3,02,947
Statutory dues	1,24,83,732	93,00,002
Employee dues	65,35,397	64,11,273
Advance from customer	1,81,15,859	7,91,916
Book Overdraft	33,52,304	10,19,228
Other	37,99,033	27,59,419
<b>TOTAL</b>	<b>13,38,37,444</b>	<b>5,86,69,879</b>

## NOTE - 10

### Short-term provisions :

Provision for Employee Benefits-(Leave/Gratuity)(Refer Note 23)	34,61,311	40,27,013
<b>TOTAL</b>	<b>34,61,311</b>	<b>40,27,013</b>

## NOTE - 11

### FIXED ASSETS

Particulars of Asset	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As on 01.07.2013 ₹	Addi- tions 2013-14 ₹	Adjust- ments ₹	Total as at 31.03.14 ₹	As on 01.07.2013 ₹	Written off during the period ₹	Adjust- ments ₹	Total Upto 31.03.14 ₹	As on 31.03.14 ₹	As on 30.06.13 ₹
<b>Tangible Assets</b>										
Land : Leasehold	76,400	-	-	76,400	31,766	804	-	32,571	43,829	44,634
Freehold Land	24,94,573	-	-	24,94,573	-	-	-	-	24,94,573	24,94,573
Plant & Equipments (Includes Office Eqpts.)	78,18,75,400	9,31,114	-	78,28,06,514	54,67,13,767	1,71,96,575	-	56,39,10,342	21,88,96,172	23,55,62,960
Buildings	11,62,48,560	6,17,055	1,62,46,576	10,06,19,039	8,13,84,165	26,80,536	1,39,28,699	7,01,36,002	3,04,83,037	3,48,64,395
Furnitures & Fixtures	69,18,510	-	-	69,18,510	64,05,247	71,795	-	64,77,042	4,41,468	5,13,263
Computer & Other Equipment	1,18,75,880	-	-	1,18,75,880	1,14,74,563	57,069	-	1,15,31,622	3,44,258	3,49,357
Vehicles	1,97,45,800	-	-	1,97,45,800	1,63,48,595	7,11,852	-	1,70,60,446	26,85,354	33,97,205
<b>GRAND TOTAL</b>	<b>93,92,35,124</b>	<b>15,48,169</b>	<b>1,62,46,576</b>	<b>92,45,36,717</b>	<b>66,23,58,093</b>	<b>2,07,18,630</b>	<b>1,39,28,699</b>	<b>66,91,48,025</b>	<b>25,53,88,692</b>	<b>27,68,77,030</b>
PREVIOUS PERIOD	94,25,35,703	25,59,547	58,60,126	93,92,35,124	62,89,35,039	3,67,39,899	33,16,844	66,23,58,093	27,68,77,030	31,36,00,665

Plant and Equipments include lab equipment having WDV ₹ 14,15,935/- (P.Y. ₹ 16,08,281/-) and R & D Equipments having WDV ₹ 12,05,994/- (P.Y. ₹ 11,70,049/-).  
Addition in Plant and Machinery includes foreign exchange fluctuation on long term foreign currency liability ₹ Nil (P.Y. ₹ 2,75,85,200/-)

## NOTE - 12

	31.03.2014 9 Months ₹	30.06.2013 15 Months ₹
<b>Non-current Investments :</b>		
<b>Trade Investments :</b>		
<b>Unquoted :</b>		
Investment in equity instruments of Subsidiaries		
750 (P.Y. 750) Equity Shares of AnuChem B.V.B.A.-Belgium of 25 Euro each	7,71,550	7,71,550
25000 (P.Y. 25000) Equity Shares of AnuChem Pte.Ltd.-Singapore of 1 Singapore Dollar Each	6,92,250	6,92,250
<b>TOTAL - (A)</b>	<b>14,63,800</b>	<b>14,63,800</b>



## NOTE - 12... Cont.

31.03.2014  
9 Months  
₹

30.06.2013  
15 Months  
₹

### Other Investments :

#### 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

	9,66,707	9,66,707
<b>TOTAL - (B)</b>	<b>1,08,420</b>	<b>1,08,420</b>
<b>TOTAL - (A+B)</b>	<b>15,72,219</b>	<b>15,72,219</b>

[Aggregate value of quoted investment

₹ 10,75,127/- (P.Y. ₹ 10,75,127/-) and market value of ₹ 1,11,215/- (P.Y. ₹ 1,65,240/-)]

[Aggregate amount of unquoted investment ₹ 14,63,800/- (P.Y. ₹ 14,63,800/-)]

## NOTE - 13

### Deferred Tax Assets (Net) :

Depreciation and Amortisation	-	(1,85,68,339)
Unabsorbed depreciation	-	1,64,03,241
Expenditure allowed under Income Tax Act, (Payment basis)	-	64,21,695
<b>TOTAL</b>	<b>-</b>	<b>42,56,597</b>

## NOTE - 14

### Long Term Loans and Advances : (Unsecured Considered Goods)

Capital Advances	6,59,251	5,36,156
<b>Other loans and advances</b>		
Security Deposits	66,44,737	66,44,736
Advance income tax (Net of Provision)	2,27,05,826	2,08,51,259
<b>TOTAL</b>	<b>3,00,09,814</b>	<b>2,80,32,151</b>

## NOTE - 15

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

Raw Material (Include stock in transit ₹ Nil (P.Y. ₹ 59,09,103/-))	1,39,48,106	2,80,86,665
Work in Progress	4,13,68,864	4,88,07,759
Finished goods	1,53,99,025	1,28,53,381
Stores & Spares	3,07,12,821	3,08,36,160
Others (Fuel, Packing Material)	52,28,040	58,61,420
<b>TOTAL</b>	<b>10,66,56,856</b>	<b>12,64,45,385</b>

## NOTE - 16

### Trade Receivable : (Unsecured considered goods)

Overdue more than six months	4,72,654	7,55,760
Others	3,99,00,124	11,71,76,553
<b>TOTAL</b>	<b>4,03,72,778</b>	<b>11,79,32,313</b>



## NOTE - 17

	31.03.2014 9 Months ₹	30.06.2013 15 Months ₹
<b>Cash and bank balance :</b>		
<b>Cash and cash equivalent</b>		
Balance with banks	5,47,521	5,28,208
Cash in hand	5,31,547	4,39,917
Other Bank Balance *	14,49,925	58,84,192
* F. D. with Bank Margin money of original maturity < 12 months		
<b>TOTAL</b>	<b>25,28,993</b>	<b>68,52,317</b>

## NOTE - 18

### Short Term Loans & Advances :

(Unsecured considered good)

Loan to Staff	3,87,253	7,10,771
Advance to vendor	81,07,698	93,15,702
Balance with Statutory/Revenue authorities	5,09,20,772	5,03,74,714
Other *	26,37,648	45,48,963
<b>TOTAL</b>	<b>6,20,53,372</b>	<b>6,49,50,149</b>

(\*Included, Employee Loan, Prepaid Expenses)

## NOTE - 19

### Other Current Assets :

Receivable from Holding Company	-	41,83,236
Intrest accrued	3,06,280	2,31,648
<b>TOTAL</b>	<b>3,06,280</b>	<b>44,14,884</b>

## NOTE - 20

### REVENUE FROM OPERATION :

Sales of Product	32,89,05,213	67,71,81,010
Less : Excise duty	86,82,249	92,13,929
<b>TOTAL</b>	<b>32,02,22,964</b>	<b>66,79,67,081</b>

### Other operative revenue :

Export Benefits	40,85,036	1,13,62,074
Others (Waste Material)	23,19,649	47,63,489
<b>TOTAL</b>	<b>64,04,685</b>	<b>1,61,25,563</b>
	<b>32,66,27,649</b>	<b>68,40,92,644</b>

### Details of Sales

Sale of Orgenic Intermediates	2,15,41,723	1,45,21,858
Sale of Chemical Intermediates	30,10,00,892	65,82,08,713
<b>Earning in Foreign Currency (FOB)</b>	<b>20,98,68,055</b>	<b>46,32,13,903</b>

## NOTE - 21

### OTHER INCOME :

Interest income	55,44,072	7,26,212
Balances Written back	17,95,119	48,01,097
Discount received	11,200	-
Provision Written Back	26,15,569	-
Miscellaneous income	6,000	15,052
Net Gain on Foreign Exchange Transaction & Translation	-	29,65,742
<b>TOTAL</b>	<b>99,71,960</b>	<b>85,08,104</b>



## NOTE - 22

31.03.2014

30.06.2013

9 Months

15 Months

₹

₹

### EXPENSES:

#### Cost of Material Consumed

Inventory at the beginning of the period

2,21,77,562

1,80,66,984

Add: purchase

18,69,35,332

39,66,56,795

Inventory at the end of the period

1,39,48,106

2,21,77,562

**TOTAL**

**19,51,64,788**

**39,25,46,217**

#### Value of Raw Material Consumed

Imported

11.48%

2,24,08,671

25.75%

10,28,31,394

Indigenous

88.52%

17,27,56,117

74.25%

29,65,20,199

#### Raw Material Consumed

Benzene

5,43,42,228

8,59,05,525

Nitric Acid

1,20,32,182

1,88,91,232

Cast Iron Powder

1,36,32,356

3,50,00,686

Oleum 65%

69,24,537

1,33,40,221

Caustic Potash Flakes

1,01,41,552

4,98,29,263

Others

9,65,09,110

19,63,84,666

**TOTAL**

**19,35,81,965**

**39,93,51,593**

## NOTE - 23

### Changes in inventories of finished goods, work-in-progress and stock in trade

Opening Finished Goods

1,14,39,463

1,37,79,730

Less : Closing finished good

1,53,99,025

1,28,53,381

**SUB-TOTAL**

**(39,59,562)**

**9,26,349**

Opening work in progress

4,88,07,759

2,31,51,847

Less : Closing work in progress

4,13,68,864

4,88,07,759

**SUB-TOTAL**

**74,38,895**

**(2,56,55,912)**

Other Opening Stock

35,000

25,000

Less : Other Closing Stock

45,000

35,000

**SUB-TOTAL**

**(10,000)**

**(10,000)**

Scrap Opening Stock

1,10,000

1,05,000

Less : Scrap Closing Stock

1,15,000

1,10,000

**TOTAL**

**(5,000)**

**(5,000)**

**TOTAL**

**34,64,333**

**(2,47,44,563)**

## NOTE - 24

### Employee Benefit Expenses :

Salaries, wages and bonus

3,00,93,700

5,21,68,031

Contribution to PF and other funds

17,71,481

43,33,633

Gratuity Expenses

-

55,18,829

Staff welfares

10,01,973

15,71,139

**TOTAL**

**3,28,67,154**

**6,35,91,632**

Employee Benefits

### Defined Contribution Plan

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

Employer's Contribution to Provident Fund

8,48,661

25,01,566

Employer's Contribution to pension scheme

6,32,848

12,90,668



## NOTE - 24... Cont.

### 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.

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

		Gratuity (Funded)	Leave Encashment (unfunded)	
	2013-14	2012-13	2013-14	2012-13
	₹	₹	₹	₹
Defined Benefit Obligation at beginning of the year	<b>2,04,65,652</b>	1,56,21,425	<b>86,06,072</b>	71,24,755
On Amalgamation	-	-	-	-
Current Service Cost	<b>4,98,043</b>	7,87,405	<b>3,18,897</b>	5,75,639
Interest Cost	<b>11,89,566</b>	17,63,727	<b>5,00,228</b>	7,92,420
Actuarial gain/loss	<b>(36,35,740)</b>	48,01,450	<b>(8,54,549)</b>	3,64,206
Benefit paid	<b>(19,43,869)</b>	(25,08,355)	<b>(74,825)</b>	(2,50,948)
Settlement cost	-	-	-	-
Defined Benefit Obligation at period end	<b>1,65,73,652</b>	2,04,65,652	<b>84,95,823</b>	86,06,072
II) Reconciliation of opening and closing balance of fair value of plan assets at beginning of the year	<b>82,89,538</b>	99,57,560	-	-
On Amalgamation	-	-	-	-
Expected Return on Plan Assets	<b>5,40,892</b>	10,58,195	-	-
Actuarial (gain)/loss	<b>1,12,761</b>	(2,24,442)	-	-
Employer Contribution	<b>13,785</b>	6,580	-	-
Benefit Paid	<b>(19,43,869)</b>	(25,08,355)	-	-
Settlement cost	-	-	-	-
Fair Value of plan assets at year end	<b>70,13,107</b>	82,89,538	-	-
Actual return on plan assets	-	-	-	-
III) Reconciliation of fair value of assets and obligation				
Fair value of plan assets	<b>70,13,107</b>	82,89,538	-	-
Present value of obligation	<b>1,65,73,652</b>	2,04,65,652	<b>84,95,823</b>	86,06,072
Amount recognised in balance sheet	<b>95,60,545</b>	1,21,76,114	<b>84,95,823</b>	86,06,072
IV) Expenses recognized during the year (under head of "payment to and Provision for employee")				
Current service cost	<b>4,98,043</b>	7,87,405	<b>3,18,897</b>	5,75,639
Interest Cost	<b>11,89,566</b>	17,63,727	<b>5,00,228</b>	7,92,420
Expected return on plan assets	<b>(5,40,892)</b>	(10,58,195)	-	-
Actuarial (gain)/loss	<b>37,48,501</b>	50,25,892	<b>(8,54,549)</b>	3,64,206
Net Cost	<b>48,95,218</b>	65,18,829	<b>(35,424)</b>	17,32,265
V) Actuarial assumption				
Discount Rate (P.A.)	<b>9.33%</b>	7.75%	<b>9.33%</b>	7.75%
Expected rate of return on plan assets (P.A.)	<b>8.70%</b>	8.70%	<b>0%</b>	0%
Rate of escalation in salary (P.A.)	<b>4%</b>	4%	<b>4%</b>	4%

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 - 25

	31.03.2014 9 Months ₹	30.06.2013 15 Months ₹
<b>Financial Cost :</b>		
Interest Expenses	1,71,24,955	1,74,51,609
Other borrowing cost	3,82,24,427	5,75,51,397
Net Gain/Loss foreign currency transaction & translation	63,77,925	2,67,49,710
<b>TOTAL</b>	<b>6,17,27,307</b>	<b>10,17,52,717</b>

## NOTE - 26

### Other Expenses :

#### Payment to Auditors

Audit Fees	2,45,000	3,75,000
Tax Audit Fees	48,750	81,250
Other Services	55,005	67,002
Power and Fuels	5,11,59,853	8,73,91,072
Rent	5,95,800	19,24,738
Rates & Taxes	6,30,273	13,72,659
Insurance	10,82,295	19,72,622
Printing & Stationery	5,32,797	10,76,408
Postage Telegram & Telephone	9,65,731	17,50,541
Travelling Expenses	19,67,972	34,91,877
Legal & Professional fees	58,76,141	34,77,774
Conveyance Expenses	13,43,120	22,60,905
Director Sitting Fees	1,35,000	2,81,000
Electricity Charges	6,33,486	12,93,183
Security Charges	-	19,56,881
Miscellaneous Expenses	28,44,429	38,27,596
Stores & Spares Consumed	45,38,052	61,94,351
<b>Repair Maintenance</b>		
Machinery	2,80,752	3,22,970
Other	21,07,104	36,67,188
Other Manufacturing Expenses	48,67,146	60,42,902
Effluent Expenses	13,42,024	47,92,697
R&D Expenses	5,59,414	7,81,901
Freight and forwarding Expenses	62,01,261	1,72,19,446
Commission charges	62,429	5,40,752
Packing Material	15,07,578	27,78,430
Local freight & other expenses	6,88,918	19,50,706
Managerial Remuneration	52,64,553	86,42,427
Foreign Exchange fluctuation	13,94,913	-
Net Loss on Foreign Exchange Transaction & Translation		
<b>TOTAL</b>	<b>9,69,29,496</b>	<b>16,55,34,278</b>

## NOTE - 27

### Profit on Sale of Assets and Investment :

Profit on sale of building	10,67,32,123	68,463
Profit on sale of land	-	7,58,88,255
Profit on sale of investment in Subsidiary	-	51,00,000
<b>TOTAL</b>	<b>10,67,32,123</b>	<b>8,10,56,718</b>



## NOTE - 28

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

(a) Profit/(Loss) after tax as per statement of Profit & Loss account (₹)	<b>(56,17,376)</b>	(1,79,06,355)
(b) Opening number of equity shares outstanding	<b>92,00,830</b>	92,00,830
(c) Closing number of equity shares outstanding	<b>92,00,830</b>	92,00,830
(d) Basic/Diluted earnings per share [(a)/(c)] (₹ 10/- per share)	<b>(0.74)</b>	(1.90)

## NOTE - 29

### Estimated Liabilities not provided for :

(a) Estimated amount of contracts remaining to be executed (Net of Payment)	-	-
(b) In respect of Guarantee given by the Company's Bank for Central Excise and other purposes	-	25,000
(c) In respect of corporate guarantee given by the company to the bank for Loans borrowed by Indian subsidiary	-	-
(d) Dividend on 9% Non Convertible Cumulative Preference Share	<b>11,81,250</b>	4,05,616

## NOTE - 30

In accordance with AS-17 'Segment Reporting' segment information has been given in the consolidated financial statements of the company and therefore no separate disclosure on segment information is given in these financial statements.

## NOTE - 31

### RELATED PARTY DISCLOSURES

Nature of Transaction	Holding Company ₹	Subsidiaries ₹	Associate Companies ₹	Key Management Personnel ₹	Total ₹
a) Sale of goods	-	<b>8,05,51,878</b>	-	-	<b>8,05,51,878</b>
	(-)	(22,07,20,516)	(-)	(-)	(22,07,20,516)
b) Receiving services	-	-	<b>1,62,543</b>	-	<b>1,62,543</b>
	(-)	(-)	(15,88,652)	(-)	(15,88,652)
c) Managerial Remuneration	-	-	-	<b>52,64,553</b>	<b>52,64,553</b>
	(-)	(-)	(-)	(86,04,677)	(86,04,677)
d) Directors' Sitting Fees	-	-	-	<b>25,000</b>	<b>25,000</b>
	(-)	(-)	(-)	(45,000)	(45,000)
e) Interest Expenses	-	-	-	-	-
	(45,18,399)	(-)	(-)	(-)	(45,18,399)
f) Interest Income	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
g) Fixed Deposit Received	-	-	-	-	-
	(-)	(-)	(-)	(12,00,000)	(12,00,000)
h) Loans Accepted	-	-	-	-	-
	(6,10,54,474)	(-)	(-)	(26,00,000)	(6,36,54,474)
i) Loans repayment	<b>(12,54,10,846)</b>	-	-	<b>12,00,000</b>	<b>12,00,000</b>
	-	(-)	(-)	(38,00,000)	(12,92,10,846)
j) Sale of Assets & Investment	-	-	-	-	-
	(8,61,50,000)	(-)	(-)	(-)	(8,61,50,000)
<b>Outstanding balance as on 31<sup>st</sup> March, 2014</b>	-	<b>1,70,88,962</b>	-	-	<b>1,70,88,962</b>
	(41,83,236)	(6,12,49,553)	(-)	(-)	(6,54,32,789)



## NOTE - 31... Cont.

- 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<br>M/s. Anuchem Pte. Ltd., Singapore   |
| iii) Associate Companies | - | M/s. Lifestyle Networks Ltd.<br>M/s. IBI Engineering & Services Pvt. Ltd.<br>M/s. Amnisera Corporation<br>M/s. Manekchand Panachand & Co.<br>M/s. Chandra Net Pvt. Ltd. |
- II) Key Management Personnel & their relatives
- |                     |   |   |
|---------------------|---|---|
| i) Shri A.D. Javeri | - | Chairman & Managing Director<br>Smt. Seema A. Javeri wife of Shri A.D. Javeri<br>Smt. Molina D. Javeri Mother of Shri A.D. Javeri<br>Mr. Abhishek A. Javeri son of Shri A.D. Javeri |
| ii) Shri N.R. Jani  | - | Wholetime Director & Company Secretary  |
- III) Disclosure in respect of material related party transactions during the period.
- (1) Sale of Goods to Anuchem B.V.B.A., Belgium ₹ 7,37,96,603/- (P.Y. ₹ 18,95,57,392/-) (2) Anuchem Pte Ltd., Singapore ₹ 67,55,275/- (P.Y. ₹ 3,11,63,124/-) (3) Receiving Services to Amnisera Corporation (Associated Company) ₹ 1,62,543/- (P.Y. ₹ 15,88,652/-) (4) Interest Expenses to Manekchand Panachand Trading & Investment Co. Pvt. Ltd. (Holding Company) ₹ Nil (P.Y. ₹ 45,18,399/-) (5) Loan Accepted to Manekchand Panachand Trading & Investment Co. Pvt. Ltd. (Holding Company) ₹ Nil (P.Y. ₹ 6,10,54,474/-) (6) Loan Repayment to Asit D. Javeri (Key Management) ₹ 12,00,000/- (P.Y. ₹ 38,00,000/-) (7) Fixed Deposit Received from Asit D. Javeri (Key Management) ₹ Nil (P.Y. ₹ 12,00,000/-).

## NOTE - 32

Income Tax assessments for the assessment year 98-99 and 99-2000 were reopened under section 148 of the Income Tax Act, 1961 for disallowing claim under section 80HHC of the Act and assessments were completed under section 144 of the Act. The Hon'ble Bombay High court in the company's writ petition has issued rules and the matter is pending. Company has been legally advised that it bound to succeed in the writ and hence against demand of ₹ 1,54,19,469/- for these year 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 year.

## NOTE - 33

The order book position has improved during the financial year as compared to the past including long term supply agreements. During the period, the company has disposed most of its non core assets and the proceeds have been utilized to settle some of the high cost debt and also towards working capital requirements. This in cumulative perspective will improve the overall performance of the company in addition to absorbing accumulated losses. Hence although there are accumulated losses as on 31<sup>st</sup> March, 2014, considering the overall strategy, going concern would not be affected and accordingly financial statements have been prepared.

## NOTE - 34

The Approval towards Managerial Remuneration of Whole time Director & Company Secretary is awaited from the Central Government.



## NOTE - 35

The Current financial statements have been prepared for 9 months whereas the previous year was prepared for 15 months and accordingly previous year figures are not comparable. Previous year's figures have been re-classified in accordance with the requirements applicable during the current period.

## NOTE - 36

			31.03.2014 9 Months ₹	30.06.2013 15 Months ₹
<b>(A) VALUE OF IMPORTS CALCULATED ON CIF BASIS :</b>				
Raw Material			<b>3,24,74,010</b>	10,82,12,239
	<b>TOTAL</b>		<b><u>3,24,74,010</u></b>	<b><u>10,82,12,239</u></b>
<b>Value of Stores Consumed</b>				
Imported	0%	-	0%	-
Indigenous	100%	45,38,052	100%	61,94,351
<b>(B) EXPENDITURE IN FOREIGN CURRENCY :</b>				
(To the extent paid)				
Travelling Expenses			<b>1,19,740</b>	4,30,648
Commission			-	-
Interest and other charges on FC Loan from banks			<b>23,66,533</b>	1,04,66,265
	<b>TOTAL</b>		<b><u>24,86,273</u></b>	<b><u>1,08,96,913</u></b>

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 : 27<sup>th</sup> May, 2014

For and on Behalf of the Board of Directors

**A. D. JAVERI**

Chairman &

Managing Director

**N. R. JANI**

Wholetime Director &  
Company Secretary

**A. R. DOSHI**

**P. S. JHAVERI**

**D. M. SHAH**

**Smt. S. A. JAVERI**

**A. A. JAVERI**

Director

Director

Director

Additional Director

Director

Place : Mumbai

Dated : 27<sup>th</sup> May, 2014



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

**IV. Performance of Company (Amount in ₹ Thousand)**

Turnover	Total Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="6"/> <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="4"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="4"/>
+ - Profit/Loss Before Tax	+ - Profit/Loss After Tax
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="7"/>	(-) <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="7"/>
(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="0"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="4"/>	<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) ANUCHEM BVBA	(In Singapore \$) ANUCHEM PTE LTD.
1. Name of the Subsidiary		
2. Date from which it became a Subsidiary	01-04-1998	12-10-2007
3. Financial Year of the subsidiary ended on	31-12-2013	31-12-2013
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
b) Capital and Reserve of the subsidiary as at the end of above financial year of the subsidiary		
i) Capital	18,750	25,000
ii) Reserve and Surplus	46,192	-
c) Extend of holding	100%	100%
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 <sup>st</sup> March, 2014	-	-
b) Not dealt with in the accounts of the company for the year ended 31 <sup>st</sup> March, 2014	(12,375)	(35,345)
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	44,317	(55,939)
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
b) Extent of Holder	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
b) Its Investments	None	None
c) The Monies lent by it	None	None
d) Borrowing other than for meeting current liabilities	None	None

For and on Behalf of the Board of Directors

**A. D. JAVERI**  
Chairman & Managing Director

**A. R. DOSHI**  
Director

**P. S. JHAVERI**  
Director

**D. M. SHAH**  
Director

**Smt. S. A. JAVERI**  
Additional Director

**N. R. JANI**  
Wholetime Director & Company Secretary

**A. A. JAVERI**  
Director

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2014

*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 Deurne.

**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 31<sup>st</sup> December, 2013.

**REVIEW OF BUSINESS :**

The principal activities of the company continued to be marketing of Chemicals. The Turnover during the year was EURO 2.349.328,02 (2012 - EURO 2.722.820,34). The Loss for the year was at EURO 12.374,96 (2012 Profit after Tax for the year - EURO 19.947,26)

The Directors opined that, the performance during the year 2013 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 2013.

**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,  
23<sup>rd</sup> May, 2014

**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 31<sup>st</sup> December, 2013 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 8<sup>th</sup> 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 the financial statement.

In my opinion the financial statement give a true and fair view of the state of affairs of the company at 31<sup>st</sup> December, 2013 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, 23<sup>rd</sup> May, 2014



## ANUCHEM B.V.B.A.

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

As at 31<sup>st</sup> December, 2013

	2013 (Currency : Euro)	2012 (Currency : Euro)
<b>LIABILITIES</b>		
<b>1) Shareholder's Funds</b>		
a) Share Capital Issued Capital	18.750,00	18.750,00
b) Reserves		
i) Legal reserve	1.875,00	1.875,00
ii) Profit and Loss Account	44.316,79	56.691,75
	<u>46.191,79</u>	<u>58.566,75</u>
<b>2) Current Liabilities</b>		
a) Trade Payables	289.020,40	418.517,93
b) Services	34.062,77	9.547,69
c) Vat Payable	1.806,09	-
d) Dividend Payable	1.875,00	1.875,00
	<u>326.764,26</u>	<u>429.940,62</u>
<b>TOTAL LIABILITIES</b>	<u><u>391.706,05</u></u>	<u><u>507.257,37</u></u>
<b>ASSETS</b>		
<b>1) Non-current assets</b>		
a) Fixed Assets		
Fixed Assets (gross)	1.830,97	1.830,97
Less : depreciation	(1.830,97)	(1.830,97)
	-	-
<b>2) Current Assets</b>		
a) Inventoris	34.505,74	203.296,43
b) Receivables		
i) Trade receivables	345.565,94	287.300,26
ii) Other receivables	-	982,56
	<u>345.565,94</u>	<u>288.282,82</u>
<b>3) Liquid resources</b>	11.634,37	15.678,12
<b>TOTAL OF ASSETS</b>	<u><u>391.706,05</u></u>	<u><u>507.257,37</u></u>

AGIVER BVBA  
Accountantskantoor  
Reg. No. 4755 2N53

A. D. Javeri  
Director

Antwerpen, 23<sup>rd</sup> May, 2014

## ANUCHEM B.V.B.A.

### ANNUAL STATEMENT OF ACCOUNTS OF ANUCHEM BVBA PROFIT AND LOSS ACCOUNT

As at 31<sup>st</sup> December, 2013

	2013 (Currency : Euro)	2012 (Currency : Euro)
<b>INCOME</b>		
Turnover	2.349.328,02	2.722.820,34
Interest received	-	-
Increase / (decrease) in closing stock	(168.790,69)	161.241,43
Income / (loss) on exchange fluctuation	16.477,70	(20.164,28)
	<u>2.197.015,03</u>	<u>2.863.897,49</u>
<b>EXPENSES :</b>		
Purchases	2.105.645,87	2.738.321,37
Clearing and forwarding charges	95.236,38	97.593,39
Travelling and administrative expenses	6.328,99	6.618,34
Local taxes	958,00	468,50
Financial expenses	1.220,75	948,09
Depreciation/amount written off trade debtors	-	-
	<u>2.209.389,99</u>	<u>2.843.950,23</u>
<b>PROFIT/(LOSS) BEFORE TAXATION :</b>	(12.374,96)	19.947,26
Less : For the year	-	-
<b>PROFIT/(LOSS) AFTER TAX</b>	(12.374,96)	19.947,26
Add : Carried over profit of last year	56.691,75	38.619,49
Less : Payment for divided	-	(1.875,00)
<b>Profit to be carried over</b>	<u>44.316,79</u>	<u>56.691,75</u>

AGIVER BVBA  
Accountantskantoor  
Reg. No. 4755 2N53

A. D. Javeri  
Director

Antwerpen, 23<sup>rd</sup> May, 2014

**NOTES ON ANNUAL STATEMENT OF ACCOUNT OF ANUCHEM BVBA FOR 2013**

**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 standard.

**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	
	2013	2012	2013	2012
a) Trade receivable	-	-	345.565,94	287.300,26
b) Other receivable	-	-	0,00	982,56
	-	-	345.565,94	288.282,82

**4) SUPPLIERS**

(due within one year)

a) For Purchase	-	-	289.020,40	418.517,93
b) For Services	-	-	34.062,77	9.547,69
	-	-	323.083,17	428.065,62

	2013 (Currency : Euro)	2012 (Currency : Euro)
--	---------------------------	---------------------------

**5) TRAVELLING AND ADMINISTRATIVE EXPENSES**

Fees	5.911,60	5.672,51
Register and publication costs	126,63	123,23
Other business expenses	290,76	522,60
	6.328,99	6.318,34

**6) CLEARING AND FORWARDING CHARGES**

Freight	83.236,38	84.188,43
Rental stock house	-	2.425,50
Fee verron	12.000,00	10.980,00
	95.236,38	97.593,93

**7) LOCAL TAXES**

Local Taxes	958,00	401,59
	958,00	401,59

**8) FINANCIAL EXPENSES**

Interests	306,91	543,61
Charges	913,84	404,48
Withholding Tax	-	-
	1.220,75	948,09
Income	-	-
	1.220,75	948,09

**9) LIQUID RESOURCES**

Fortis (USD)	2.504,21	2.524,95
Fortis (EURO)	-	56,76
State bank of India (USD)	8.991,05	9.472,57
State bank of India (EURO)	45,54	3.530,27
	11.540,80	15.584,55
Cash Balance	93,57	93,57
	11.634,37	15.678,12

AGIVER BVBA  
Accountantskantoor  
Reg. No. 4755 2N53

**A. D. Javeri**  
Director

Antwerpen, 23<sup>rd</sup> May, 2014

*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 AND CHARTERED ACCOUNTANTS**  
10 Jalan Besar  
#10-12, Sim Lim Tower  
Singapore 208787

**DIRECTOR'S REPORT****FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER, 2013**

The directors submit their report together with the audited financial statements of the Company for the year ended 31<sup>ST</sup> DECEMBER 2013.

**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**

<b>JAVERI ASIT DHANKUMAR</b>	<b>377,963</b>	<b>377,963</b>
<b>JANI NITIN RAMESHCHANDRA</b>	<b>27,392</b>	<b>27,392</b>

**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****FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER, 2013**

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 2012 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 : 17<sup>th</sup> May, 2014

**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 31<sup>st</sup> December 2013 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**

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 31<sup>st</sup> December 2013 and the results, changes in funds and the cash flows of the Company for the financial year ended on that date.

**Emphasis of matter**

Without qualifying our opinion we wish to highlight that as at 31<sup>st</sup> December 2013, the Company has a net capital deficit of S\$30,939. 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.

**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.

**MGI N RAJAN ASSOCIATES  
PUBLIC ACCOUNTANTS AND  
CHARTERED ACCOUNTANTS**

Singapore  
Date : 17<sup>th</sup> May, 2014

<b>ANUCHEM PTE LTD</b>				
<b>BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER, 2013</b>				
	NOTE	31.12.2013	31.12.2012	
		S\$	S\$	
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	5	2,632	21,019	
Trade receivables	6	451,404	210,250	
Due to holding company	7	116,613	-	
<b>Total Assets</b>		<b>570,649</b>	<b>231,269</b>	
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Due to holding company		-	34,770	
Trade and other payables	8	21,473	25,291	
Interest bearing loans and borrowing	9	580,009	166,696	
Provision for tax	4	106	106	
<b>Total Liabilities</b>		<b>601,588</b>	<b>226,863</b>	
<b>NET ASSETS/(LIABILITIES)</b>		<b>(30,939)</b>	<b>4,406</b>	
<b>EQUITY</b>				
Share Capital	10	25,000	25,000	
Accumulated (Losses)		(55,939)	(20,594)	
<b>TOTAL EQUITY</b>		<b>(30,939)</b>	<b>4,406</b>	
(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements).				
<b>STATEMENT OF COMPREHENSIVE INCOME</b>				
<b>FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2013</b>				
	NOTE	31.12.2013	31.12.2012	
		S\$	S\$	
<b>Revenue</b>				
Sale of goods		301,688	776,426	
Less : Cost of sales		280,999	721,596	
<b>Gross Profit</b>		<b>20,689</b>	<b>54,830</b>	
Add. : Other Income : Bank interest		1	-	
		20,690	54,830	
<b>Less : Expenses</b>				
Administration and operating expenses		52,795	41,588	
<b>Profit for the year before finance cost</b>		<b>(32,105)</b>	<b>13,242</b>	
Less : Finance cost		3,691	2,590	
<b>Profit for the year before tax</b>	3	<b>(35,796)</b>	<b>10,652</b>	
Tax expenses	4	-	(106)	
<b>Profit for the year after tax</b>		<b>(35,796)</b>	<b>10,546</b>	
<b>Other comprehensive income</b>				
Translation gain		451	1,572	
<b>Total Comprehensive Income</b>		<b>(35,345)</b>	<b>12,118</b>	
(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements).				

<b>ANUCHEM PTE LTD</b>				
<b>STATEMENT OF CHANGES IN EQUITY FOR</b>				
<b>THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER, 2013</b>				
	Share Capital	Accrued Translation (Losses)	Translation Reserve	Total
	S\$	S\$	S\$	S\$
<b>Balance at 1<sup>st</sup> January, 2012</b>	<b>25,000</b>	<b>(32,712)</b>	<b>-</b>	<b>(7,712)</b>
Total comprehensive income	-	10,546	1,572	12,118
<b>Balance at 31<sup>st</sup> December, 2012</b>	<b>25,000</b>	<b>(22,166)</b>	<b>1,572</b>	<b>4,406</b>
Total comprehensive income	-	(35,796)	451	(35,345)
<b>Balance at 31<sup>st</sup> December, 2013</b>	<b>25,000</b>	<b>(57,962)</b>	<b>2,023</b>	<b>(30,939)</b>
(The annexed notes form an integral part of and should be read in conjunction with these accompanying financial statements.)				
<b>STATEMENT OF CASH FLOW FOR</b>				
<b>THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2013</b>				
	NOTE	31.12.2013	31.12.2012	
		S\$	S\$	
<b>Cash flow from Operating Activities</b>				
Net Profit for the year before tax		(35,796)	10,652	
<b>Operating profit before working capital Changes</b>		<b>(35,796)</b>	<b>10,652</b>	
(Increase) in trade receivables		(241,154)	(210,250)	
(Decrease)/Increase in trade and other payables		(3,818)	14,457	
<b>Net cash (used in) operating activities</b>		<b>(280,768)</b>	<b>(185,141)</b>	
<b>Cash flows from financing activities</b>				
Due from holding company		(116,613)	-	
Increase in due to holding company		(34,770)	30,713	
Increase in interest bearing loans and borrowings		413,313	166,696	
<b>Net cash provided by financing activities</b>		<b>261,930</b>	<b>197,409</b>	
<b>Net changes in cash and cash equivalents</b>		<b>(18,838)</b>	<b>12,268</b>	
Effect of translation reserve		451	1,572	
Cash & cash equivalents at the beginning of the Year		21,019	7,179	
<b>Cash &amp; cash Equivalents at end of the Year</b>		<b>2,632</b>	<b>21,019</b>	
(The annexed notes form an integral part of and should be read in conjunction with these financial statements.)				

**NOTES TO THE FINANCIAL STATEMENTS 31<sup>ST</sup> DECEMBER, 2013**

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

**1. GENERAL INFORMATION**

The financial statements of the Company for the year ended 31 DECEMBER 2013 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.

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.

**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 FINANCIAL ASSETS****Classification**

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

**Loans and receivables**

Loan and receivables are non-derivative financial assets with fixed or payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

**Recognition and derecognition**

Financial assets are de-recognised when the rights to receive cash flow from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards or ownership.

**Measurement**

Financial assets are initially recognised at fair value plus transaction costs. Loan and receivables are subsequently carried at amortised cost during the effective interest method.

**Impairment****Loans and receivables**

An allowance for impairment of loans and receivables, including trade and other receivables, is recognised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in the income statement.

**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 FINANCIAL LIABILITIES**

Financial liabilities include Other Payables. Financial liabilities are recognised on the balance sheet when, and only when, the company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are de-recognised as well as through the amortization process. The liabilities are de-recognised when the obligation under the liability is discharged or cancelled or expired.

**2.7 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.

**2.8 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.

**2.9 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;

**2.10 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.



## ANUCHEM PTE LTD

### 2.11 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)/PROFIT BEFORE TAX

This is arrived after charging

	2013 S\$	2012 S\$
Commission paid	34,326	14,625
Exchange gain	3,691	2,590

### 4. TAX EXPENSE

#### Movement

Balance brought forward	106	-
Add : Current year provision	-	106
Balance carried forward	106	106

#### Tax expense

Current tax	-	106
	-	106

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 profit as a result of the following.

## ANUCHEM PTE LTD

	2013 S\$	2012 S\$
(Loss)/profit before taxation	(35,796)	10,652
Tax at statutory rate of 17% (2011:17%)	(6,085)	1,811
Tax effect on brought forward loss	-	(1,385)
Tax effect on stepped income exemption	-	(320)
Deferred tax asset not recognized	6,085	-
	-	106
<b>5. CASH AND CASH EQUIVALENTS</b>		
Cash at banks	2,632	21,019
	2,632	21,019
Cash and cash equivalents denominated in the following currencies		
United States Dollar	2,632	21,019
	2,632	21,019
<b>6. TRADE RECEIVABLES</b>		
Advances to suppliers	451,404	210,250
Trade receivables are denominated in the following currencies		
United States Dollar	210,250	-
<b>7. DUE FROM HOLDING COMPANY</b>		
*This represents due from holding company for trade purposes which is unsecured interest free and receivable on demand		
<b>8. OTHER PAYABLES</b>		
Trade creditors	3,245	-
Other creditors	-	2,621
Accruals	18,228	22,670
	21,473	25,291
<b>9. INTEREST BEARING LOANS AND BORROWINGS</b>		
Bank overdraft	580,009	-
Bills Discounted with bank	-	166,696
These are unsecured and carry an effective interest rate of 5.115% pa.		

**10. SHARE CAPITAL**

The Company's share capital comprise fully paid-up 25,000 (2012:25,000) ordinary shares with no par value, amounting to a total of S\$25,000/- (2012: S\$25,000/-).

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

**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.

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	2013 S\$	2012 S\$
Net debt	598,850	205,738
Total equity	-	4,407
	<u>598,850</u>	<u>210,145</u>

11. The Company has negative equity of S\$30,939 as at the year ended 31st December 2013 and the Company's current liabilities exceeded its current assets by S\$30,939. This indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company is depending on the holding company for financial support.

**12. HOLDING COMPANY**

The Company is a wholly owned subsidiary of Sadhana Nitro Chem Limited, which is Subsidiary Company of the ultimate Holding Company, MPTI Co. Pvt. Ltd. a Company incorporated in India.

**13. 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.

All liabilities of the Company are current in nature and 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

**14. TRANSACTION WITH RELATED PARTIES**

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the company and related parties took place during the year at terms agreed between the parties:

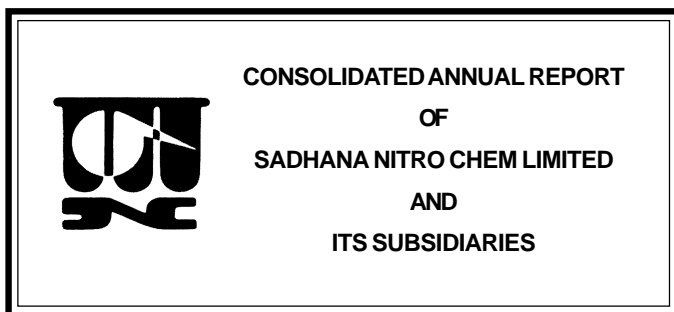
Name	Relation	Nature of Transaction	2013	2012
			Transac tion (Payable)	Transac tion (Payable)
Sadhana Nitro Chem Ltd.	Holding company	Purchases	280,999	116,613
				721,596 (34,770)

**15. NEW OR REVISED STANDARDS AND INTERPRETATIONS**

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

Description		Effective annual periods
		Beginning on or after
Revised FRS 27	Separate Financial Statements	1 <sup>st</sup> January 2014
Revised FRS 28	Investments in Associates and Joint Ventures	1 <sup>st</sup> January 2014
FRS 110	Consolidated Financial Statements	1 <sup>st</sup> January 2014
FRS 111	Joint Arrangements	1 <sup>st</sup> January 2014
FRS 112	Disclosure of Interests in Other Entities	1 <sup>st</sup> January 2014

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.



#### AUDITOR'S REPORT

##### To the Board of Directors of Sadhana Nitro Chem Limited. Report on the Financial Statements

74 We have audited the accompanying consolidated financial statements of Sadhana Nitro Chem Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at 31<sup>st</sup> March, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

##### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

##### Auditor's Responsibility

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



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014 ;
- in the case of the Consolidated Statement of Profit and Loss, of the profit for the period ended on that date; and
- in the case of the Consolidated Cash Flow Statement, of the cash flows for the period ended on that date.

##### Other Matters

We did not audit the financial statements of Foreign subsidiaries referred to in Note 3(b) to the Consolidated Financial statements whose financial statements reflect total assets of ₹ 581.17 lacs as at 31<sup>st</sup> March, 2014 and total revenue of ₹ 953.73 lacs for the period then ended. These financial statements have been audited as at 31<sup>st</sup> December, 2013 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 period ended 31<sup>st</sup> March, 2014, were not audited, any adjustments to their balances, could have been consequential effect on the attached Consolidated Financial Statements. Our opinion is not qualified in respect of these matters.

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

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2014

ARVIND MOHAN  
Partner  
Membership No. 124082

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2014**

	Note	31.03.2014 ₹	30.06.2013 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	10,95,08,300	10,95,08,300
Reserves and Surplus	3	(10,54,28,964)	(9,64,17,133)
<b>Non-Current Liabilities</b>			
Long-term borrowings	4	22,48,647	3,57,64,174
<b>Deferred tax Liabilities</b>	5	1,63,77,998	-
Long term provisions	6	1,45,95,057	1,67,55,173
<b>Current Liabilities</b>			
Short-term borrowings	7	30,56,31,483	44,25,48,907
Trade payables	8	14,21,68,374	15,01,00,036
Other current liabilities	9	13,10,04,568	5,72,55,961
Short-term provisions	10	34,61,311	40,27,013
<b>Total</b>		<b>61,95,66,774</b>	<b>71,95,42,432</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	25,53,88,692	27,68,77,030
Capital work-in-progress		8,69,93,827	8,69,93,826
Non-current investments	12	1,08,420	1,08,420
<b>Deferred tax assets (net)</b>	13	-	42,56,597
Long term loans and advances	14	3,00,09,814	2,80,32,151
<b>Current assets</b>			
Current Investment			
Inventories	15	12,04,45,678	12,71,79,443
Trade receivables	16	6,00,73,492	11,73,54,107
Cash and cash equivalents	17	41,87,200	93,75,823
Short-term loans and advances	18	6,20,53,371	6,49,50,150
Other current assets	19	3,06,280	44,14,884
<b>Total</b>		<b>61,95,66,774</b>	<b>71,95,42,432</b>
<b>Significant Accounting Policies &amp; Notes to Accounts</b>	1		
<b>Other notes forming part of financial statement 29 to 36</b>			

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As per our Report of even date For V. SANKAR AIYAR & CO. Chartered Accountants Firm Regn. No. 109208W <b>ARVIND MOHAN</b> Partner Membership No. 124082	For and on Behalf of the Board of Directors <b>A. D. JAVERI</b> Chairman & Managing Director <b>N. R. JANI</b> Wholetime Director & Company Secretary	<b>A. R. DOSHI</b> <b>P. S. JHAVERI</b> <b>D. M. SHAH</b> <b>Smt. S. A. JAVERI</b> <b>A. A. JAVERI</b> Director Director Director Additional Director Director	Place : Mumbai Dated : 27 <sup>th</sup> May, 2014
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**CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2014**

	Note	31.03.2014 ₹	30.06.2013 ₹
Revenue from operations	20	32,03,83,745	71,52,66,168
Other Income	21	1,05,11,124	85,84,227
<b>Total Revenue</b>		<b>33,08,94,869</b>	<b>72,38,50,395</b>
Expenses :			
Cost of materials consumed	22	19,51,64,788	39,25,46,217
Purchase of Stock-in-Trade		1,74,42,806	4,02,61,768
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	(72,00,774)	(2,53,81,086)
Employee benefit expense	24	3,28,67,154	6,36,37,317
Financial costs	25	6,12,63,606	10,22,22,585
Depreciation and amortization expense		2,07,18,630	3,75,91,544
Other expenses	26	10,34,91,635	18,63,90,971
<b>Total Expenses</b>		<b>42,37,47,845</b>	<b>79,72,69,316</b>
Profit before exceptional and tax		(9,28,52,976)	(7,34,18,920)
<b>Exceptional Items</b>			
Profit on Sale of Assets	27	10,67,32,123	7,59,56,718
Profit on disposal of Investment in subsidiary		-	6,20,54,478
Profit before extraordinary items and tax		1,38,79,147	6,45,92,276
Profit before tax		1,38,79,147	6,45,92,276
<b>Tax Expense</b>			
Current Tax		-	(4,646)
Deferred Tax		2,06,34,594	2,24,23,071
Profit/(Loss) for the Period		(67,55,447)	4,21,64,559
Earning per equity share	28		
Basic & Diluted Earning Per Share of Face Value of ₹10/- each (Fully Paid up)		(0.73)	4.95

**Significant Accounting Policies & Notes to Accounts** 1  
**Other notes forming part of financial statement 29 to 36**

As per our Report of even date For V. SANKAR AIYAR & CO. Chartered Accountants Firm Regn. No. 109208W <b>ARVIND MOHAN</b> Partner Membership No. 124082	For and on Behalf of the Board of Directors <b>A. D. JAVERI</b> Chairman & Managing Director <b>N. R. JANI</b> Wholetime Director & Company Secretary	<b>A. R. DOSHI</b> <b>P. S. JHAVERI</b> <b>D. M. SHAH</b> <b>Smt. S. A. JAVERI</b> <b>A. A. JAVERI</b> Director Director Director Additional Director Director	Place : Mumbai Dated : 27 <sup>th</sup> May, 2014
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**CONSOLIDATED CASH FLOW STATEMENT  
(PURSUANT TO CLAUSE 32 OF LISTING AGREEMENT)**

	31.03.2014 ₹	30.06.2013 ₹
<b>CASH FLOW ARISING FROM OPERATING ACTIVITIES</b>		
NET PROFIT/LOSS(-) BEFORE TAX	1,38,79,147	(1,18,47,350)
Add : a. Depreciation	2,07,18,630	3,15,62,932
b. Interest	6,12,63,606	6,63,93,630
c. Loss on Sale of Fixed Assets		
Less: a. Profit on Sale of Investments	10,67,32,123	-
b. Profit on Sale of Fixed Assets	-	-
c. Provisions written back	26,15,569	-
<b>CASH OPERATING PROFIT</b>	<b>(1,34,86,309)</b>	<b>8,61,09,212</b>
<b>ADJUSTMENTS FOR CHANGE IN WORKING CAPITAL</b>		
a. Trade & other Receivables	5,72,80,615	(3,91,74,182)
b. Inventories (Net of Adjustment for CWIP and inventory transfers)	67,33,765	27,11,784
c. Loans & Advances	68,82,288	(1,58,33,705)
d. Trade Payables	85,99,014	3,07,38,587
	<b>7,94,95,682</b>	<b>(2,15,57,516)</b>
<b>CASH FLOW BEFORE FOLLOWING ADJUSTMENT</b>	<b>6,60,09,373</b>	<b>6,45,51,696</b>
a. Direct Taxes (Paid)	(18,54,567)	-
<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>6,41,54,806</b>	<b>6,45,51,696</b>
a. Purchase of Fixed Assets (Net of Adjustment for CWIP and inventory transfers)	(15,48,171)	(2,01,97,463)
b. Sale of Fixed Assets	1,09,05,000	-
<b>CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>10,75,01,829</b>	<b>(2,01,97,463)</b>



	31.03.2014 ₹	30.06.2013 ₹
a. Secured Borrowings-Net of Repayment	(12,42,52,397)	(5,07,93,145)
b. Unsecured Borrowings-Net of Repayment	-	7,61,73,637
c. Dividend Paid	-	-
d. Interest Paid	(5,25,92,862)	(6,65,90,680)
<b>CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>(17,68,45,259)</b>	<b>(4,12,10,188)</b>
<b>NET CHANGE IN CASH / CASH EQUIVALENTS (A+B+C)</b>	<b>(51,88,623)</b>	<b>31,44,044</b>
<b>ADD: OPENING BALANCE CASH/CASH EQUIVALENTS AT THE CLOSE OF THE YEAR</b>	<b>93,75,823</b>	<b>29,92,593</b>
	<b>41,87,200</b>	<b>61,36,638</b>

**Notes :**

1. Non cash financial and investing activities have been excluded.
2. 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.
3. Previous years 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

For and on Behalf of the Board of Directors

**A. D. JAVERI**  
Chairman &  
Managing Director

**N. R. JANI**  
Wholesale Director &  
Company Secretary

**A. R. DOSHI**  
**P. S. JHAVERI**  
**D. M. SHAH**

**Smt. S. A. JAVERI**  
**A. A. JAVERI**

Director  
Director  
Director  
Additional Director  
Director

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2014

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2014



## 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 31<sup>st</sup> March, 2014. 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 31<sup>st</sup> March, 2014.
  - 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 31<sup>st</sup> March, 2014 the revised schedule VI notified under the Companies Act, 2013 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). Upto 14<sup>th</sup> September, 2012.
  - 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.

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### NOTE '1'... Cont.

- 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 accountand 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, 2014 to 31<sup>st</sup> March, 2014 in respect of subsidiaries having financial year ended December 31, 2013.
  - 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'	31.03.2014 ₹	30.06.2013 ₹
<b>SHAREHOLDERS FUND:</b>		
<b>SHARE CAPITAL:</b>		
Authorised Share Capital:		
9250000 Equity shares of ₹ 10/-each (P.Y. 10000000)	9,25,00,000	9,25,00,000
1750000 Preference shares of ₹ 10/-each (P.Y.1000000)	1,75,00,000	1,75,00,000
	<b>11,00,00,000</b>	11,00,00,000
Issued,subscribed and fully paid up share capital		
9200830 Equity shares of ₹ 10/- each fully paid (P.Y. 9200830 )	9,20,08,300	9,20,08,300
Issued, Subscribed and Paid-up Preference Share capital		
1750000 Preference Share of ₹ 10/- each	1,75,00,000	1,75,00,000
	<b>10,95,08,300</b>	10,95,08,300
<b>Shares held by Holding Company</b>	<b>No. of Shares</b>	<b>% of Holding</b>
		<b>No. of Shares</b>
		<b>% of Holding</b>
Manekchand Panachand	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.		
<b>Rights, preferences and restrictions attached each class of shares.</b>		
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.		
The company has only one class of Preference shares having at par value of Rs 10/- per Share. The Preference shares are non-convertible in nature bearing fixed dividend rate of 9%. The non-convertible, cumulative, redeemable preference shares shall be redeemed at the option of the company any time after 3 (three) years but not later than 10 (Ten ) years from the date of issue as decided by the Board of Director in accordance with the term of the issue and in accordance with the provision of the Companies Act, 1956, or any re-enactment thereof.		
<b>NOTE '3'</b>		
<b>RESERVE AND SURPLUS:</b>		
Capital Reserve	2,48,537	2,39,031
	<b>2,48,537</b>	2,39,031
Securities Premium Reserve		
Balance as per last financial statement	54,96,740	54,96,740
	<b>54,96,740</b>	54,96,740
Preference Share Redemption Reserve		
Balance as per last financial statement	5,00,000	5,00,000
	<b>5,00,000</b>	5,00,000



NOTE '3'... Cont.	31.03.2014 ₹	30.06.2013 ₹
General Reserve		
Balance as per last financial statement	13,33,29,906	13,33,29,906
	<b>13,33,29,906</b>	13,33,29,906
Surplus/Deficit in statement of Profit & Loss		
Balance as per last financial statement	(21,90,04,747)	(26,11,69,306)
Profit and loss for the year	(67,55,447)	4,21,64,559
Net Surplus/(Deficit) in statement of Profit & Loss	(24,50,04,147)	(21,90,04,747)
Foreign Currency Monetary item translation difference amount	(1,92,43,953)	(1,69,78,062)
<b>TOTAL</b>	<b>(10,54,28,964)</b>	<b>(9,64,17,133)</b>
<b>NOTE '4'</b>		
<b>NON-CURRENT LIABILITIES:</b>		
Long Term Borrowings:-		
1) SECURED: LOAN FROM BANK		
a) Indian Rupee Working Capital Term Loan and other term loan (Refer Note 4(3))	-	1,26,664
b) Foreign Currency Term Loan from bank (Refer Note 4(3))		3,07,94,916
[The facilities are 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.]		
c) Vehicle Loan (Secured by Hypothecation of Vehicle) (Refer Note 4(4))	11,62,574	18,74,279
2) UNSECURED:		
i) Inter corporate deposits		
Associated	-	2,78,242
Holding Company	-	-
Others	-	-
ii) Fixed Deposits		
Others	-	-
iii) Deferred sales tax loan (Refer Note 4(5))	10,86,073	14,90,073
iv) Chairman & Managing Director (Refer Note 4(6))	-	12,00,000
<b>TOTAL</b>	<b>22,48,647</b>	<b>3,57,64,174</b>
<b>(Note 4 (3))</b>		
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.		
<b>Note 4(4)</b>		
The Total loan of ₹ 20.90 lakhs from SICOM Ltd. consisting of 3 loans of ₹ 12.10 lacs, ₹ 5.81 lakhs and ₹ 2.98 lakhs. 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.		
<b>Note 4(5)</b>		
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.		





<b>NOTE '5'</b>	<b>31.03.2014</b>	<b>30.06.2013</b>
	₹	₹
<b>Deferred Tax Liabilities (Net)</b>		
Depreciation and Amortisation	2,19,57,415	-
Expenditure allowed under IT Act (Payment basis)	(55,79,417)	-
<b>TOTAL</b>	<b>1,63,37,998</b>	<b>-</b>

#### NOTE '6'

##### Long Term Provisions:

Provision for employee benefit (leave-gratuity)	1,45,95,057	1,67,55,173
<b>TOTAL</b>	<b>1,45,95,057</b>	<b>1,67,55,173</b>

#### NOTE '7'

##### Short Term Borrowings:

##### Secured:

<b>Working Capital From Bank</b>	<b>9,39,79,890</b>	<b>23,63,64,621</b>
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[The facilities are 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 :

Others	21,16,51,593	20,36,84,286
<b>Fixed Deposits :</b>		
Directors & Other Relatives	-	25,00,000
<b>TOTAL</b>	<b>30,56,31,483</b>	<b>44,25,48,907</b>

#### NOTE '8'

##### Trade Payables :

Due to micro small and medium enterprises	-	7,48,167
Others	14,21,68,374	14,93,51,869
<b>TOTAL</b>	<b>14,21,68,374</b>	<b>15,01,00,036</b>

(a)The principle amount and the interest due thereon (to be shown seperately) remaining unpaid to Any Supplier as at the end of accounting year.

- -

(b)The amount of interest paid by the buyer under MSMED Act,2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.

- -



#### NOTE '8'... Cont.

	<b>31.03.2014</b>	<b>30.06.2013</b>
	₹	₹
(c)The amount of interest due and payable for the period (where the principle has been paid but interest under the MSMED Act, 2006 not paid.	-	-
(d)The amount of interest accrued and remaining unpaid at the end of accounting year : and	-	-
(e)The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23.	-	-

#### NOTE '9'

##### Other Current Liabilities:

Current maturities of long term debts (Refer Note 4(3))	<b>8,93,10,614</b>	<b>3,76,64,393</b>
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[The facilities are 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.]

Deferred sales tax Loan (term loan refer note no. 4 (5))	-	-
Interest accrued but not due on borrowing - Fix Deposits	-	40,320
Interest accrued but due on borrowing - Term Loans	-	3,59,381
Redemed Preference shares & excess right issue(unclaimed)	<b>21,000</b>	<b>21,000</b>
Unclaimed Bonus and salary	<b>45,547</b>	-
Unclaimed dividend	<b>1,73,959</b>	<b>3,02,947</b>
Employees dues	<b>65,35,397</b>	<b>64,11,273</b>
Statutory dues	<b>1,24,83,732</b>	<b>78,86,084</b>
Advance from customers	<b>1,52,82,982</b>	<b>7,91,916</b>
Book overdraft	<b>33,52,304</b>	<b>10,19,228</b>
Others	<b>37,99,033</b>	<b>27,59,419</b>
<b>TOTAL</b>	<b>13,10,04,568</b>	<b>5,72,55,961</b>

#### NOTE '10'

##### Short Term Provisions:

Provision for Employee Benefits-(Leave /Gratuity) (Refer Note 23)	<b>34,61,311</b>	<b>40,27,013</b>
<b>TOTAL</b>	<b>34,61,311</b>	<b>40,27,013</b>

**NOTE '11'****NON-CURRENT ASSETS:****Fixed Assets:**

Particulars of Asset	GROSS BLOCK (AT COST)	DEPRE- CIATION	NET BLOCK	
	Total as at 31/03/2014 ₹	Total upto 31/03/2014 ₹	As on 31/03/2014 ₹	As on 30/06/2013 ₹
<b>Tangible Assets</b>				
Leasehold Land	76,400	32,571	43,829	44,634
Freehold Land	24,94,573	-	24,94,573	24,94,573
Plant & Equipments (Includes Office Equipments)	78,28,06,514	56,39,10,342	21,88,96,172	23,52,13,603
Buildings	10,06,19,039	7,01,36,002	3,04,83,037	3,48,64,395
Furnitures & Fixtures	69,18,510	64,77,042	4,41,468	5,13,263
Computers & Equipments	1,18,75,880	1,15,31,622	3,44,258	3,49,357
Vehicles	1,97,45,800	1,70,60,446	26,85,354	33,97,205
<b>GRAND TOTAL</b>	<b>92,45,36,717</b>	<b>66,91,48,025</b>	<b>25,53,88,692</b>	<b>27,68,77,030</b>
PREVIOUS YEAR TOTAL	93,92,35,124	66,23,58,093	27,68,77,030	31,36,00,665

Plant and Equipments include lab equipment having WDV ₹ 14,15,935/- (P.Y. ₹ 16,08,281/-) and R & D Equipments having WDV ₹ 12,05,994/- (P.Y. ₹ 11,70,049/-).

Addition in Plant and Machinery includes foreign exchange fluctuation on long term foreign currency liability ₹ Nil (P.Y. ₹ 2,75,85,200/-)

**NOTE '12'****NON-CURRENT INVESTMENTS:****Unquoted :**

Investment in equity instruments Subsidiaries

750 (P.Y. 750) Shares of Anuchem B.V.B.A.-Belgium of 25 Euro each	7,71,550	7,71,549
25000 (P.Y. 25000) Shares of Anuchem Pte.Ltd.-Singapore of 1 Singapore Dollar Each	6,92,250	6,92,250
<b>TOTAL-(A)</b>	<b>14,63,800</b>	<b>40,13,799</b>

**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
	<b>10,75,127</b>	<b>10,75,127</b>

Less Aggregate provision for diminution in value of investment **9,66,707** **9,66,707**

**TOTAL-(B)** **1,08,420** **1,08,420**

**TOTAL-(A+B)** **15,72,219** **41,22,219**

[Aggregate amount of quoted investment

₹ 10,75,127/- (P.Y. ₹ 10,75,127/-) and market value of ₹ 1,11,215/- (P.Y. ₹ 1,65,240/-)]

[Aggregate amount of unquoted investment ₹ 14,63,800/- (P.Y. ₹ 14,63,800/-)]

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**NOTE '13'**

	31.03.2014 ₹	30.06.2013 ₹
<b>Deferred Tax Assets (Net)</b>		
Depreciation and amortization	-	(1,85,68,339)
Unabsorbed Depreciation	-	1,64,03,241
Expenditure allowed under IT Act on Payment Basis	-	64,21,695
<b>TOTAL</b>	<b>-</b>	<b>42,56,597</b>

**NOTE '14'****LONG TERM LOANS AND ADVANCES:****(Unsecured Considered Goods Unless Otherwise Stated)**

Capital Advance	6,59,251	5,36,156
<b>Other Loans and advances:</b>		
Security Deposits	66,44,737	66,44,737
Other Recievable	-	-
Advance income tax (Net of payment)	2,27,05,826	2,08,51,258
<b>TOTAL</b>	<b>3,00,09,814</b>	<b>2,80,32,151</b>

**NOTE '15'****CURRENT ASSETS:****INVENTORY:**

Raw Material (Include stock in transit ₹ Nil (P.Y. ₹ 59,09,103/-))	1,39,48,106	2,80,86,665
Work in progress	4,13,68,864	4,88,07,759
Finished Goods	2,91,87,847	1,35,87,439
Stock in Transit	-	-
Stores and Spares	3,07,12,821	3,08,36,160
Others (Fuel, Packing Material)	52,28,040	58,61,420
<b>TOTAL</b>	<b>12,04,45,678</b>	<b>12,71,79,443</b>

**NOTE '16'****Trade Receivables:****Unsecured considered good**

Overdue more than six months	3,96,22,553	1,77,554
Others	2,04,50,939	11,71,76,553
<b>TOTAL</b>	<b>6,00,73,492</b>	<b>11,73,54,107</b>

**NOTE '17'****CASH AND BANK BALANCE:****Cash and cash equivalent**

Balance with banks	22,05,728	30,51,714
Cash in hand	5,31,547	4,39,917
Other Bank Balance *	14,49,925	58,84,192
* F. D. month Bank Margin money with original moturity 12 months		
<b>TOTAL</b>	<b>41,87,200</b>	<b>93,75,823</b>



<b>NOTE '18'</b>	<b>31.03.2014</b>	<b>30.06.2013</b>
	₹	₹
<b>Short Term Loans and Advances:</b>		
<b>Unsecured considered good</b>		
Loans to staff	3,87,253	7,10,771
Advance to vendor	81,07,698	93,15,702
Balance with Statutory/Revenue authorities	5,09,20,772	5,03,74,714
Other*	26,37,648	45,48,963
<b>TOTAL</b>	<b>6,20,53,371</b>	<b>6,49,50,150</b>
(*Included, Employee Loan, Prepaid Expenses)		
<b>NOTE '19'</b>		
<b>Other Current Asset</b>		
Receivable from Holding Company	-	41,83,236
Intrest accrual	3,06,280	2,31,648
<b>TOTAL</b>	<b>3,06,280</b>	<b>44,14,884</b>
<b>NOTE '20'</b>		
<b>Revenue from Operation:</b>		
Sales of Product	32,26,61,309	67,71,81,010
Less : Excise duty	86,82,249	92,13,929
	<b>31,39,79,060</b>	<b>66,79,67,081</b>
<b>Other operative revenue :</b>		
Export Benefits	40,85,036	1,13,62,074
Others (Waste Material)	23,19,649	47,63,489
	<b>64,04,685</b>	<b>1,61,25,563</b>
<b>TOTAL</b>	<b>32,03,83,745</b>	<b>68,40,92,644</b>
<b>Details of Sales</b>		
Sale of Orgenic Intermediates	2,15,41,723	1,45,21,858
Sale of Chemical Intermediates	30,10,00,892	65,82,08,713
<b>Earning in Foreign Currency (FOB)</b>	<b>20,98,68,055</b>	<b>46,32,13,903</b>
<b>NOTE '21'</b>		
<b>Other Income :</b>		
Interest income	55,44,166	7,26,212
Balances Written back	17,95,119	48,18,245
Discount received	11,200	-
Provision Written Back	26,15,569	-
Miscellaneous income	6,000	-
Net Gain on Foreign Exchange Transaction & Translation	5,39,070	30,39,770
<b>TOTAL</b>	<b>1,05,11,124</b>	<b>85,84,227</b>



<b>NOTE '22'</b>	<b>31.03.2014</b>	<b>30.06.2013</b>
	₹	₹
<b>EXPENSES :</b>		
<b>Cost of Material Consumed</b>		
Inventory at the beginning of the Period	2,21,77,562	1,80,66,984
Add : purchase	18,69,35,332	39,66,56,795
Inventory at the end of the Period	1,39,48,106	2,21,77,562
<b>TOTAL</b>	<b>19,51,64,788</b>	<b>39,25,46,217</b>
<b>Value of Raw Material Consumed</b>		
Imported	11.48% 2,24,08,671	25.75% 10,28,31,394
Indigenous	88.52% 17,27,56,117	74.25% 29,65,20,199
<b>Raw Material Consumed</b>		
Benzene	5,43,42,228	8,59,05,525
Nitric Acid	1,20,32,182	1,88,91,232
Cast Iron Powder	1,36,32,356	3,50,00,686
Oleum 65%	69,24,537	1,33,40,221
Caustic Potash Flakes	1,01,41,552	4,98,29,263
Others	9,65,09,110	19,63,84,666
<b>TOTAL</b>	<b>19,35,81,965</b>	<b>39,93,51,593</b>
<b>NOTE '23'</b>		
<b>Changes in inventories of finished goods, work-in-progress and stock in trade</b>		
Opening Finished Goods	1,45,63,178	1,37,79,730
Less : Closing Finished Goods	2,91,87,847	1,34,89,904
<b>TOTAL</b>	<b>(1,46,24,669)</b>	<b>2,89,826</b>
Opening work in progress	4,88,07,759	2,31,51,847
Less : Closing work in progress	4,13,68,864	4,88,07,759
<b>TOTAL</b>	<b>74,38,895</b>	<b>(2,56,55,912)</b>
Other opening stock	35,000	25,000
Less : other closing stock	45,000	35,000
<b>TOTAL</b>	<b>(10,000)</b>	<b>(10,000)</b>
Scrap opening stock	1,10,000	1,05,000
Less : Scrap closing stock	1,15,000	1,10,000
<b>TOTAL</b>	<b>(5,000)</b>	<b>(5,000)</b>
<b>TOTAL</b>	<b>(72,00,774)</b>	<b>(2,53,81,086)</b>
<b>NOTE '24'</b>		
<b>EMPLOYEE BENEFIT EXPENSES :</b>		
Salaries,wages and bonus	3,00,93,700	5,22,13,716
Contribution to PF and other funds	17,71,481	43,33,633
Gratuity Expenses	-	55,18,829
Staff welfares	10,01,973	15,71,139
<b>TOTAL</b>	<b>3,28,67,154</b>	<b>6,36,37,317</b>



<b>NOTE '25'</b>	<b>31.03.2014</b>	<b>30.06.2013</b>
	<b>₹</b>	<b>₹</b>
<b>FINANCIAL COST :</b>		
Interest expenses	1,71,24,955	1,76,87,865
Other borrowing cost	3,88,51,527	5,79,51,035
Gain/Loss foreign currency transaction	52,87,124	2,65,83,685
<b>TOTAL</b>	<b>6,12,63,606</b>	<b>10,22,22,585</b>

<b>NOTE '26'</b>		
<b>Other Expenses :</b>	<b>10,34,91,635</b>	<b>18,63,90,971</b>
<b>TOTAL</b>	<b>10,34,91,635</b>	<b>18,63,90,971</b>

<b>NOTE '27'</b>		
<b>Profit on Sale of Assets and Investment</b>		
Profit on sale of building	10,67,32,123	68,463
Profit on sale of land	-	7,58,88,255
<b>TOTAL</b>	<b>10,67,32,123</b>	<b>7,59,56,718</b>

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<b>NOTE '28'</b>		
Earnings per share of Nominal value of ₹10/- each computed in accordance with Accounting Standard (AS-20) for the year.		
a) Profit/(Loss) after tax as per P&L account (₹)	(67,55,447)	4,21,64,559
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)	(0.73)	4.95

NOTE '29'

Consolidated Segment Reporting :

i) Information about Primary segment-Geographical

	Export Segment	Local Segment	Total
Segment Revenue			
a. External Turnover	21,11,03,849	10,28,75,211	31,39,79,060
b. Export Incentives	46,24,106	-	46,24,106
Profit on Sale of Assets			10,67,32,123
Other Un-allocated Revenue / income	-	-	-
Other Revenue	-	-	1,22,91,703
	<u>21,57,27,955</u>	<u>10,28,75,211</u>	<u>43,76,26,992</u>



<b>NOTE '29'... Cont.</b>			
Segment Result	(3,84,29,433)	1,52,66,990	(2,31,62,443)
Profit on Sale of Assets			10,67,32,123
Other Revenue			1,22,91,703
Operating Profit			9,58,61,383
Interest			6,12,63,606
Depreciation			2,07,18,630
Profit/(Loss) Before Taxation			1,38,79,147
Current Tax			-
Deferred Tax			(2,06,34,594)
<b>Profit after Taxation</b>			<b>(67,55,447)</b>

- 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.

<b>NOTE '30'</b>	<b>31.03.2014</b>	<b>30.06.2013</b>
	<b>₹</b>	<b>₹</b>
<b>Estimated Liabilities not provided for :</b>		
(a) Estimated amount of contracts remaining to be executed (Net of Payment)	-	-
(b) In respect of Guarantee given by the Company's Bank for Central Excise and other purposes	-	25,000
(c) In respect of corporate guarantee given by the company to the bank for Loans borrowed by Indian subsidiary	-	-
(d) Dividend on 9% Non Convertible Cumulative Redeemable Preference Share	11,81,250	4,05,616

**NOTE '31'****RELATED PARTY DISCLOSURES**

Nature of Transaction	Holding Company	Subsidiary Company	Associate Company	(*) K.M. Personnel	Total
a) Sale of goods	-	<b>8,05,51,878</b>	-	-	<b>8,05,51,878</b>
	(-)	(22,07,20,516)	(-)	(-)	(22,07,20,516)
b) Receiving services	-	-	<b>1,62,543</b>	-	<b>1,62,543</b>
	(-)	(-)	(15,88,652)	(-)	(15,88,652)
c) Managerial Remuneration	-	-	-	<b>52,64,553</b>	<b>52,64,553</b>
	(-)	(-)	(-)	(86,04,677)	(86,04,677)
d) Directors' Sitting Fees	-	-	-	<b>25,000</b>	<b>25,000</b>
	(-)	(-)	(-)	(45,000)	(45,000)
e) Interest Expenses	-	-	-	-	-
	(45,18,399)	(-)	(-)	(-)	(45,18,399)
f) Interest Income	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
g) Fixed Deposit Received	-	-	-	-	-
	(-)	(-)	(-)	(12,00,000)	(12,00,000)
h) Loans Accepted	-	-	-	-	-
	(6,10,54,474)	(-)	(-)	(26,00,000)	(6,36,54,474)
i) Loans repayment	<b>12,54,10,846</b>	-	-	<b>12,00,000</b>	<b>12,00,000</b>
	(-)	(-)	(-)	(38,00,000)	(12,92,10,846)
j) Sale of Assets & Investment	-	-	-	-	-
	(8,61,50,000)	(-)	(-)	(-)	(8,61,50,000)
<b>Outstanding balance as on 31<sup>st</sup> March, 2014</b>	-	<b>1,70,88,962</b>	-	-	<b>1,70,88,962</b>
	(4183236)	(61249553)	(-)	(-)	(65432789)

**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
- iii) Associate Companies - M/s. Lifestyle Networks Ltd.  
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 & their relatives**

- 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 - Wholtime Director & Company Secretary

**NOTE '31'... Cont.**

- III) Disclosure in respect of material related party transactions during the year.
- (1) Sale of Goods to Anuchem B.V.B.A., Belgium ₹ 7,37,96,603/- (P.Y. ₹ 18,95,57,392/-)  
(2) Anuchem Pte Ltd., Singapore ₹ 67,55,275/- (P.Y. ₹ 3,11,63,124/-) (3) Receiving Services to Amnisera Corporation (Associated Company) ₹ 1,62,543/- (P.Y. ₹ 15,88,652/-) (4) Interest Expenses to Manekchand Panachand Trading & Investment Co.Pvt.Ltd.(Holding Company) ₹ Nil (P.Y. ₹ 45,18,399/-) (5) Loan Accepted to Manekchand Panachand Trading & Investment Co.Pvt.Ltd. (Holding Company) ₹ Nil (P.Y. ₹ 6,10,54,474/-) (6) Loan Repayment to Asit D. Javeri (Key Management) ₹ 12,00,000/- (P.Y. ₹ 38,00,000/-) (7) Fixed Deposit Received to Asit D. Javeri (Key Management) ₹ Nil (P.Y. ₹ 12,00,000/-).

**NOTE '32'**

Income Tax assessments for the assessment year 98-99 and 99-2000 were reopened under section 148 of the Income Tax Act, 1961 for disallowing claim under section 80HHC of the Act and assessments were completed under section 144 of the Act. The Hon'ble Bombay High court in the company's writ petition has issued rules and the matter is pending. Company has been legally advised that it bound to succeed in the writ and hence against demand of ₹ 1,54,19,469/-for these year 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 year.

**NOTE '33'**

The order book position has improved during the financial year as compared to the past including long term supply agreements. During the period, the company has disposed most of its non core assets and the proceeds have been utilized to settle some of the high cost debt and also towards working capital requirements. This in cumulative perspective will improve the overall performance of the company in addition to absorbing accumulated losses. Hence although there are accumulated losses as on 31<sup>st</sup> March, 2014, considering the overall strategy, going concern would not be affected and accordingly financial statements have been prepared.

**NOTE '34'**

The Approval towards Managerial Remuneration of Wholtime Director & Company Secretary is awaited from the Central Government.

**NOTE '35'**

The Current financial statements have been prepared for 9 months whereas the previous year was prepared for 15 months and accordingly previous year figures are not comparable. Previous year's figures have been re-classified in accordance with the requirements applicable during the current period.

**NOTE '36'****31.03.2014****30.06.2013**

₹

₹

**(A) VALUE OF IMPORTS CALCULATED  
ON CIF BASIS :**

Raw Material		<b>3,24,74,010</b>	10,82,12,239
	<b>TOTAL</b>	<b>3,24,74,010</b>	10,82,12,239

**Value of Stores Consumed**

Imported	<b>0%</b>	-	0%	-
Indigenous	<b>100%</b>	<b>45,38,052</b>	100%	61,94,351

**(B) EXPENDITURE IN  
FOREIGN CURRENCY :**  
(To the extent paid)

Travelling Expenses		<b>1,19,740</b>	4,30,648
Commission		-	-
Interest and other charges on FC Loan from banks		<b>23,66,533</b>	1,04,66,265
	<b>TOTAL</b>	<b>24,86,273</b>	<b>1,08,96,913</b>

As per our Report of even date  
For V. SANKAR AIYAR & CO.  
Chartered Accountants  
Firm Regn. No. 109208W  
**ARVIND MOHAN**  
Partner  
Membership No. 124082

For and on Behalf of the Board of Directors

**A. D. JAVERI**  
Chairman &  
Managing Director

**N. R. JANI**  
Wholetime Director &  
Company Secretary

**A. R. DOSHI** Director  
**P. S. JHAVERI** Director  
**D. M. SHAH** Director  
**Smt. S. A. JAVERI** Additional Director  
**A. A. JAVERI** Director

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2014

Place : Mumbai  
Dated : 27<sup>th</sup> May, 2014



Form No. MGT-11

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**SADHANA NITRO CHEM LIMITED**

**CIN : L24110MH1973PLC016698**

Regd. Office : Hira Baug, 1st Floor, Kasturba Chowk, (C.P. Tank), Mumbai - 400004 Maharashtra

Email : sadhananitro@sncl.com Website : www.sncl.com

Name of the member (s) : \_\_\_\_\_

Registered address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_

Folio No / Client Id : \_\_\_\_\_

DP ID : \_\_\_\_\_

I/We, being the member (s) of \_\_\_\_\_ shares of the above named company, hereby appoint

1. Name : \_\_\_\_\_

Signature : \_\_\_\_\_

E-mail Id : \_\_\_\_\_

**or failing him**

2. Name : \_\_\_\_\_

Signature : \_\_\_\_\_

E-mail Id : \_\_\_\_\_

**or failing him**

3. Name : \_\_\_\_\_

Signature : \_\_\_\_\_

E-mail Id : \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 41<sup>st</sup> Annual General Meeting of the Company to be held on Friday, the 12<sup>th</sup> September, 2014 at 3.00 p.m. at **Sheth Hirachand Gumanji Trust Hall, Hira Baug**, 1<sup>st</sup> Floor, Kasturba Chowk, (C.P. Tank), Mumbai - 400004 and at any adjournment thereof in respect of such resolutions as are indicated below :



Item No.	Resolution No.	No. of Shares	(For)	(Against)
	<b><u>Ordinary Business</u></b>			
1.	Adoption of Balance Sheet, profit and Loss Account and Cash Flow as at 31st March 2014 and reports of Board of Directors and Auditors thereon.			
2.	To appointment Mr. Abhishek Asit Jhaveri (DIN : 00273030), as Director retiring by rotation.			
3.	Appointment of Statutory Auditors for Financial Year 2014-15 and fixing their remuneration.			
	<b><u>Special Business</u></b>			
4.	To appoint and approve the remuneration of Cost Auditor for the financial ending 31 <sup>st</sup> March, 2015			
5.	To appoint Smt. Seema A. Javeri (DIN : 01768936), as Director of the Company under section 160 of the Companies Act, 2013.			
6.	Appointment of Mr. Priyam Shantilal Jhaveri (DIN : 00045038), as an Independent Director			
7.	Appointment of Mr. Ramesh Amarchand Shroff (DIN : 00024594), as an Independent Director			
8.	Appointment of Mr. Arvind Raoji Doshi (DIN : 00015293), as an Independent Director			
9.	Appointment of Mr. Dharendra Mangaldas Shah (DIN : 00360008), as an Independent Director			
10.	Appointment of Mr. Pradeep Nanasaheb Desai (DIN : 01602942), as an Independent Director			
11.	Passing of Special Resolution for approval of Borrowing Limits			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

\_\_\_\_\_  
Signature of shareholder

\_\_\_\_\_  
Signature of Proxy holder(s)

(Signature of Member)

[ — — — ]  
 | Please affix |  
 | Re. 1/- |  
 | Revenue |  
 | Stamp |  
 [ — — — ]

**Notes:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A person can act as proxy on behalf of Members upto and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent, of the total share capital of the Bank carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.  
\* it is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.





# SADHANA NITRO CHEM LIMITED

CIN : L24110MH1973PLC016698

Regd. Office : Hira Baug, 1st Floor, Kasturba Chowk, (C.P. Tank),  
Mumbai - 400004 Maharashtra

Email : sadhananitro@sncl.com Website: www.sncl.com

## ATTENDANCE SLIP

### 41<sup>st</sup> ANNUAL GENERAL MEETING

Please fill this attendance slip and hand it over at the entrance of the venue of the meeting.

	Name and Address :	No. of Shares held :
*DP Id No. _____	_____	
*Client Id No. _____	_____	
Regd. Folio No. _____	_____	

I hereby record my presence at the **41<sup>st</sup> Annual General Meeting** of **Sadhana Nitro Chem Limited** held on Friday, the 12<sup>th</sup> September, 2014 at 3.00 p.m. at **Sheth Hirachand Gumanji Trust Hall, Hira Baug, 1<sup>st</sup> Floor, Kasturba Chowk, (C.P. Tank), Mumbai - 400004.**

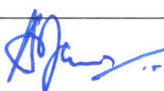
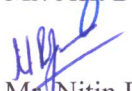
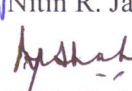
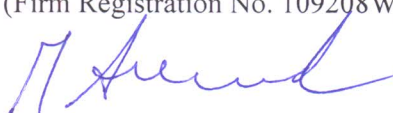
\*Applicable to members holding shares in electronic form

Signature of the Member / Proxy



If undelivered please return to  
**Sadhana Nitro Chem Limited**  
HIRA BAUG, 1<sup>st</sup> Floor,  
Kasturba Chowk, (C.P. Tank),  
Mumbai - 400 004. INDIA

FORM A  
(Pursuant to Clause 31(a) of Listing Agreement)

No.	Particulars	Details
1.	Name of the Company	Sadhana Nitro Chem Limited
2.	Annual standalone financial statements for the year ended	31 <sup>st</sup> March, 2014
3.	Type of Audit observation	<p><b>Matter of Emphasis - Paragraph inserted in Auditor's Report of Standalone Financial statements</b></p> <p>We draw attention to Note No. 33 regarding going concern. Our opinion is not qualified in respect of this matter.</p> <p><b>Note No. 33 inserted in financial statements referred in Matter of Emphasis paragraph</b></p> <p>The order book position has improved during the financial year as compared to the past including long term supply agreements. During the period, the company has disposed most of its non core assets and the proceeds have been utilised to settle some of the high cost debit and also towards working capital requirements. This in cumulative perspective will improve the overall performance of the company in addition to absorbing accumulated losses. Hence although there are accumulated losses as on 31<sup>st</sup> March, 2014, considering the overall strategy, going concern would not be affected and accordingly financial statements have been prepared.</p>
4.	Frequency of observation	Second year
5.	<p>To be signed by :</p> <ul style="list-style-type: none"> <li>Chairman &amp; Managing Director</li> <li>Company Secretary</li> <li>Audit Committee Chairman</li> <li>Auditors of the Company</li> </ul>	<p> Mr. Asit D. Javeri</p> <p> Mr. Nitin R. Jani</p> <p> Mr. D.M. Shah</p> <p>Refer our Audit Report dated 27<sup>th</sup> May, 2014 On the standalone financial statements of the Company For V. SANKAR AIYAR &amp; Co. Chartered Accountants (Firm Registration No. 109208W)</p> <p> Arvind Mohan (Partner) (Membership No. 124082)</p> <p>Mumbai, dated : _____</p>