



**Annual Report  
For  
2008 – 09**

**GHARDA CHEMICALS LIMITED**

5 / 6, Jer Mansion, W.P. Varde Marg,  
Bandra (West), Mumbai – 400 050

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**GHARDA CHEMICALS LIMITED**  
**DIRECTORS' REPORT**  
**TO THE MEMBERS OF GHARDA CHEMICALS LIMITED**

The Directors have pleasure in presenting herewith their 43<sup>rd</sup> Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2009.

**1. Financial Results**

	Year ended March 31, 2009 Rs.in '000	Year ended March 31, 2008 Rs. in '000
Sales (Net of Excise)	8,432,709	7,225,743
Other Income	333,090	405,553
Gross Income	<u>8,765,799</u>	<u>7,631,296</u>
Profit before Depreciation, Interest & Taxation	1,633,564	946,935
Less: Depreciation	433,392	462,006
Interest and finance charges	227,110	256,117
Profit before tax	<u>973,062</u>	<u>228,812</u>
Less : Taxation		
Income Tax	382,630	156,710
Deferred (credit) / charge	(65,386)	(34,353)
Fringe benefit	6,600	7,600
Prior years (net)	-	1,287
Profit after tax	<u>649,218</u>	<u>97,568</u>
Add : Balance being surplus brought forward	2,165,151	2,108,476
Profit available for appropriation	<u>2,814,369</u>	<u>2,206,044</u>
Dividend : Interim Payment	6,451	-
: Final - Proposed	25,806	25,806
Tax on Dividend	5,482	4,387
Transfer to General Reserve	129,844	10,700
Balance Carried to Balance Sheet	<u>2,646,786</u>	<u>2,165,151</u>

**2. Operations:**

During the year, major countries of the world faced recession and financial turmoil. The company experienced volatility in raw material and finished goods prices. Prices rose in the first half and came down in the second half within a very short span of time. Your company responded timely and diligently in such uncertain environments by securing payments, not entering into long term contracts, carefully evaluating selling prices vis-à-vis costs before executing sales, controlled interest costs and other overheads and managed foreign currency risks with minimal adverse impact on the operating results. These strategies and efforts resulted into improvement in performance as compared to previous year.

The year ended 31<sup>st</sup> March 2009 witnessed total sales turnover of the products of the company at Rs. 843 crores reflecting an increase of 17% compared to previous year's turnover of Rs. 722 crores. The profit after tax has also significantly increased to Rs.64.92 crores from Rs.9.75 crores of the previous year.

Your company's manufacturing plants for all major products operated at optimum capacities during the year.

**Current Year's Working :-**

During the current year the company has achieved sales turnover of Rs.256 crores for the period April to July 2009 as compared Rs.266 crores for the period April to July 2008. The poor monsoon in India so far, might have impact on the domestic sales of the company. However, export sales is expected to pick up in the remaining months of the year but prices are expected to be under pressure due to renewed threat from Chinese manufacturers.

3. **Dividend**

The Board of Directors have declared and paid an Interim Dividend of Rs.100/- per share. In view of the adequacy of profits during the year, the Board finds it appropriate and prudent to recommend a Final dividend of Rs.400/- per share. The cumulative impact of dividend payout alongwith dividend distribution tax would be Rs.3.77 crores.

4. **Finance**

Company's bankers extended their full support to meet with all our financial requirements during the year. The company had met with all its repayment obligations as and when they were due.

5. **Subsidiary Companies**

As required under Section 212 of the Companies Act,1956, the audited statement of accounts alongwith the reports of the respective Board of Directors of Gujarat Insecticides Limited, Gharda Australia Pty. Ltd. And Gharda Generics Inc. alongwith the Auditors' reports thereon for the year ended 31<sup>st</sup> March, 2009 have been annexed.

6. **Insurance**

All the properties and assets of the Company have been adequately insured.

7. **Research and Development**

Our Research and Development Centre has provided technology for manufacture of several products, which have been commercialised by the Company. The R&D Centre is continuing in its endeavor to develop the know-how to manufacture pesticides, fungicides and herbicides, as also several other fine chemicals. The In-house R & D Centres at Dombivli and Lote Parshuram are recognized by the Department of Scientific and Industrial Research, New Delhi, rendering it eligible for weighted deduction u/s 35(2AB) of the Income Tax Act, 1961.

8. **Human Resource:**

The team building and morale alongwith an innovative spirit at Gharda Chemicals Ltd. is its critical strength and gives your Company a definite competitive advantage. The Company has a proud record of employees' relations for the past several years and has continued to enjoy the same during the year under review.

9. **Safety, Health and Environment (SHE)**

Your Company is fully committed to taking responsible care of the environment. Pollution control, optimisation of resources and minimising wastage is an ongoing priority for your Company. Gharda strives to be a responsible corporate member of the society committed to continuous improvement in SHE and provide a healthy work environment for all employees. The Company has evolved a culture which encourages employees and the society to adhere to the requirements of SHE.

The company has initiated appropriate steps to adhere with safety, health and environmental norms.

10. **Fixed Deposits**

There were no fixed deposits which were due for repayment and remained unpaid at the end of the year.

11. **Directors**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mrs.A.K.Gharda retires by rotation and being eligible offers herself for re-appointment.

The Board expresses its deep sense of grief at the untimely death of Mr.Hoshang C Patel on 22<sup>nd</sup> December, 2008. Mr.Patel was associated with the company as a Director for over 17 years. The Board places on record its deep appreciation of his contributions towards the growth and development to the present stature of the company.

The Board of Directors appointed Mr.Satish Shenoy as additional director with effect from 24<sup>th</sup> November, 2008. Mr.Satish Shenoy resigned from the directorship of the company with effect from 28<sup>th</sup> March, 2009. The Board places on record its appreciation of his contribution during his tenure as Director of the company.

The Board of Directors at its meeting held on 29<sup>th</sup> July, 2009 appointed Mr.Alexander K Luke I.A.S (Retd) as an additional director. The Board at the same meeting approved the appointment of Mr.Alexander K Luke as Executive Director & Chief Executive Officer for a period of 3 years from 29<sup>th</sup> July, 2009 on terms and conditions as set out in the agreement dated 29<sup>th</sup> July, 2009, entered into between the Company and Mr.Alexander K Luke.

12. **Auditors**  
M/s.Deloitte Haskins & Sells, Chartered Accountants, Auditors of the Company, retire at the end of the ensuing Annual General Meeting and are eligible for reappointment. At the forthcoming Annual General Meeting, members are requested to appoint Auditors and fix their remuneration.
13. **Cost Audit**  
The Company has maintained records prescribed under Cost Accounting Records under Companies Act, 1956 for veterinary drugs and pesticides.
14. **Directors' Responsibility Statement**  
Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors state in respect of Financial year 2008-09 that :
- In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanations relating to material departures, if any.
  - The accounting policies have been selected and applied consistently and the judgements and estimates made were 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 year.
  - Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
  - The annual accounts have been prepared on a going concern basis.
15. **Additional information**  
Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure forming part of this report.
- The information required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of this report, is annexed hereto.
16. **Acknowledgement**  
The directors would like to place on record their appreciation for the valuable co-operation extended to the Company by the employees of the Company, Government Departments, Lending Institutions, Bankers, Suppliers and Customers for the smooth operation of the Company.

For and on behalf of the Board

K. H. GHARDA  
CHAIRMAN

Mumbai : August 29, 2009

## ANNEXURE TO DIRECTORS' REPORT

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

### A. CONSERVATION OF ENERGY

a) Energy conservation measures taken:-

#### Fuel Saving:-

- 1) Boiler feed water temperature increased from 90°C to 120°C by using waste heat from steam traps & by replacing feed water pumps with pumps suitable for 120°C.
- 2) Use of by product (ONC) with furnace oil in boiler to generate steam.

#### Power Saving:-

- 1) Maintaining unity power factor resulting in reduction of power charges.
  - 2) Replacing 40w tube lights by 36w tubelights.
  - 3) DG cooling water circulation high rated pump replaced with required capacity pump to save power.
  - 4) Reciprocating compressors operating system of loading / unloading is change to auto "ON/OFF" using pressure switches.
  - 5) Cooling water circulation pump stopped by rationalization of cooling water distribution system.
  - 6) Centrifugal pump casings and impellers coated with Thortex Coating.
  - 7) Only ON push buttons in place of rotary switch installed for reactor view glasses.
  - 8) Replacing 125 w HPMV lamps with 23W CFL lamps.
  - 9) Installing only OFF push buttons in viewglass lamps to avoid continuous glowing of view lamps.
  - 10) Centrifugal chiller replaced with Screw chiller.
  - 11) 60 hp air compressors stopped by changing process in P-3 by Sodm bisulfite recovery.
- b) Additional investments are made from time to time for reduction of consumption of energy.
- c) The above measures contribute towards overall improvement in power and consumption and also reduce the cost of production.
- d) Total energy consumption and energy consumption per unit of production Form-A is annexed herewith.

## FORM A

**(A) POWER & FUEL CONSUMPTION**

SR. NO.	PARTICULARS	2008-09	2007-08
1	<b>ELECTRICITY</b>		
	(a) Purchased		
	Units (kwh)	56,966,475	49,772,635
	Total amount	243,234	209,146
	Rate/Unit (Rs.)	4.27	4.20
	(b) Own Generation		
	(i) Through Diesel Generator		
	Units (kwh)	3,290,790	1,506,580
	Units / Ltr.	3.00	3.12
	Cost/Units (Rs.)	12.40	10.65
	(i) Through Steam Turbine	NIL	NIL
2	<b>COAL</b>		
	Quantity (tonnes)	335,000	75,000
	Total Amount (Rs.)	1,632	335
	Average rate / tonne	4.9	4.5
3	<b>FURNACE OIL/LSHS</b>		
	Quantity (Ltrs)	9,182,845	6,545,107
	Total amount	208,249	125,095
	Average rate / Ltr	22.68	19.11
4	<b>BRIQUETTES</b>		
	Quantity (kgs)	14,763,455	17,085,371
	Total Amount (Rs.in '000)	50,491	55,761
	Average rate / Kg.	3.42	3.26
5	<b>FIREWOOD</b>		
	Quantity (kgs)	49,310	1,602,040
	Total Amount	58	1,978
	Average rate / Kg.	1.17	1.23
6	<b>OTHERS</b>		
	HSD/SKO		
	Quantity (Ltrs)	126,879	77,009
	Total Amount (Rs.in '000)	3,499	2,434
	Average rate / KL(Rs.)	27.58	31.61

**B CONSUMPTION PER UNIT OF PRODUCTION**

SR. NO.	UNIT OF PRODUCTION (KG)		
1	<b>ELECTRICITY</b>	3.03	2.85
2	<b>FURNACE OIL/LSHS(includes Briquettes, Firewood etc.)</b>	1.22	1.40
3	<b>OTHERS LDO/HSD</b>	NIL	NIL

There is no specific standard as consumption per unit depends on the product-mix. The company manufactures a wide range of products, viz. Pesticides and Intermediates.

Form B is enclosed to the report for disclosure of particulars with respect to Technology Absorption.

Note: Consumption per unit of production in respect of Furnace oil etc is not comparable with that of the previous year in view of usage of other inputs like briquettes etc.

## **B TECHNOLOGY ABSORPTION: FORM B**

### **RESEARCH & DEVELOPMENT (R&D)**

#### **1. SPECIFIC AREAS IN WHICH R&D WAS CARRIED OUT BY THE COMPANY.**

R&D was carried out in the areas of agrochemicals, polymers and pigments. More specifically they are in the following areas:

- a) Novel process for a red pigment was developed.
- b) Process for two high performance polymers was developed.
- c) Process for two widely used flavoring agents was developed. Trial production of one of them has completed and another is being scaled up.
- d) Process for two specialized flavoring agents was developed.
- e) Support to existing products was given. One of the byproduct in agrochemical was converted to a value added product; process was developed and commercialized.

#### **2. BENEFITS DERIVED OUT OF R&D WORK:**

The company derived following benefits from the continued thrust on R&D.

- a) Commercial introduction of a red pigment.
- b) Continued support to production department and facilitate cost control.
- c) Five Patent applications were filed in India and three in foreign countries for the new inventions.

#### **3. FUTURE PLAN OF ACTION :**

Apart from the thrust on ongoing areas, the R&D plans to develop cost effective processes for large volume chemicals.

#### **4. EXPENDITURE ON R&D**

	Rs. in Thousand
1. Capital	15,814
2. Revenue	<u>189,073</u>
3. Total,	204,887
4. R&D Expenditure as a % of Turnover	2.34%

## **C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The company strives to explore new markets and increase exports. Export sales constitute approx. 47% of the total turnover of the company. The company earned foreign exchange of Rs.3,999,122 thousand by way of exports and incurred expenditure in foreign currency of Rs.1,577,282 thousand.

For and on behalf of the Board

(K.H.GHARDA)  
CHAIRMAN

MUMBAI - August 29, 2009



## **AUDITOR'S REPORT**

### **TO THE MEMBERS OF GHARDA CHEMICALS LIMITED**

1. We have audited the attached Balance Sheet of Gharda Chemicals Limited as at March 31, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above , we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit
  - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - iii) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

- v) On the basis of the written representations received from the directors as on March 31, 2009 and taken on record by the board of directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and other notes to accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2009;
  - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
  - c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For Deloitte Haskins & Sells  
Chartered Accountants

R. D. Kamat  
Partner  
Membership No. 36822

Mumbai, dated: August 31, 2009.

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

**Re: Gharda Chemicals Limited**

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

- i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Some of the fixed assets were physically verified during the year by the management in accordance with a programme of verification, which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. No material discrepancies were noticed on such verification.
  - (c) The Company has not disposed off substantial part of fixed assets during the year and hence the question of affecting the going concern does not arise.
- ii) In respect of its inventories:
  - a) Inventories, except goods in transit and stocks lying with third parties, were physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained.
  - 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 were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of its inventories and discrepancies noticed on such verification have been appropriately dealt with in the books of account.
- iii) According to the information and explanation given to us, there are no loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in register maintained under Section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, there is an internal control system commensurate with the size of the Company and the nature

of its business for the purchase of inventory and fixed assets and sale of goods. The activities of the company do not involve the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

- v) In respect of contracts or arrangements entered in the register maintained in pursuance of section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered into the register, maintained under the said section have been so entered.
  - (b) Where each of such transactions (excluding loans reported under paragraph (iii) above) is in excess of Rs 5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion, and according to the information and explanation given to us, the Company has complied with the directives issued by the Reserve Bank of India, the provisions of Section 58A, 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management are commensurate with the size of the Company and the nature of its business.
- viii) We have broadly reviewed the books of account and records maintained by the Company relating to the manufacture of insecticides and bulk drugs pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- ix) In respect of statutory dues:
  - a) In our opinion and according to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues like Provident Fund, Employees' State Insurance, , Sales-tax, Service Tax, Wealth tax,

Custom duty, Excise duty and cess. No material undisputed amounts payable in respect of statutory dues were in arrears as at March 31, 2009 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, the disputed dues that have not been deposited / adjusted on account of matters pending before relevant authorities are as under:

Name of the Statute	Nature of Dues	Amount (Rs. in thousand)	Periods to which amounts relate	Forum where dispute is pending
Central Excise Act 1944	Excise Duty	15,291	2004-05	Customs, Excise and Service Tax Appellate Tribunal(CESTAT), Mumbai
Central Excise Act 1944	Excise Duty	2,247	2000-01 and 2001-02	Commissioner of Central Excise (Appeals), Pune
Central Excise Act 1944	Excise Duty	1,309	2003-04 to 2006-07	Commissioner of Central Excise and Customs (Appeals), Surat
Bombay Sales Tax Act, 1959	Sales Tax	1,097	1995-96	Maharashtra Sales Tax Tribunal (Bench) IV Mumbai.
Gujarat Sales Tax Act, 1969	Sales Tax	4,839	2003-04 and 2004-05	Gujarat Value Added Tax Tribunal, Ahmedabad
Central Sales Tax Act, 1956	Sales Tax	2,316	2002-03 to 2004-05	Gujarat Value Added Tax Tribunal, Ahmedabad

Name of the Statute	Nature of Dues	Amount (Rs. in thousand)	Periods to which amounts relate	Forum where dispute is pending
Service Tax Act, 1994	Service Tax	17,813	1997-98 and 1998-99	Customs, Excise and Service Tax Appellate Tribunal(CESTAT), Ahmedabad
Income Tax Act, 1961	Income Tax	23,581	A.Y.2002-03 and A.Y.2003-04	Income Tax Appellate Tribunal, Mumbai
Income Tax Act, 1961	Income Tax	687,949	A.Y.2003-04 to A.Y.2006-07	Commissioner of Income Tax (Appeals)

- x) The Company has no accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to banks or financial institutions.
- xii) According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence clause (xii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company

- xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by its subsidiary company from a bank, are not prima facie prejudicial to the interests of the Company.
- xvi) To the best of our knowledge and belief, and according to the information and explanations given to us, in our opinion, no new term loans have been received by the Company during the year, however, the term loan received in the earlier years have been applied for the purposes for which the loans were obtained, where such end use has been stipulated by the lender, other than temporary deployment pending application.
- xvii) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have prima facie, not been used for long term investment.
- xviii) 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 and hence the question of whether the price at which shares have been issued is prejudicial to the interest of the Company does not arise.
- xix) No debentures have been issued by the Company and hence the question of creating security or charge in respect thereof does not arise.
- xx) The Company has not raised any money by way of public issues during the year.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For Deloitte Haskins & Sells  
Chartered Accountants

R. D. Kamat  
Partner  
Membership No. 36822

Mumbai, dated: August 31, 2009



# GHARDA CHEMICALS LIMITED

## BALANCE SHEET AS AT MARCH 31, 2009

*Rupees in thousands*

	Schedule No.	As at March 31, 2009	As at March 31, 2008
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	1	6,451	6,451
Reserves and surplus	2	5,532,824	4,921,345
		5,539,275	4,927,796
<b>LOAN FUNDS</b>			
Secured Loans	3	1,897,771	2,100,264
Unsecured Loans	4	95,630	103,617
		1,993,401	2,203,881
<b>TOTAL</b>		<b>7,532,676</b>	<b>7,131,677</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross block	5	6,695,769	6,253,901
Less: Depreciation and amortisation		5,250,527	4,820,872
Net block		1,445,242	1,433,029
Capital work-in-progress		604,257	636,243
		1,949,499	2,069,272
<b>INVESTMENTS</b>	6	95,435	93,181
<b>DEFERRED TAX ASSET (net)</b> (Refer note no. 9 of schedule 19 (II))		177,416	112,030
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	2,815,651	2,402,395
Sundry debtors	8	2,609,980	2,371,710
Cash and bank balances	9	207,281	373,630
Other current assets	10	663,449	774,983
Loans and advances	11	543,198	459,629
		6,739,539	6,382,347
<b>Less: CURRENT LIABILITIES AND PROVISIONS</b>			
Current liabilities	12	1,272,607	1,286,071
Provisions	13	158,806	239,092
		1,429,213	1,525,163
<b>NET CURRENT ASSETS</b>		<b>5,310,326</b>	<b>4,857,184</b>
<b>TOTAL</b>		<b>7,532,676</b>	<b>7,131,677</b>
Significant accounting policies and notes to accounts	19		

As per our attached report of even date

For and on behalf of the Board

For Deloitte Haskins & Sells  
Chartered Accountants

K. H. GHARDA *Managing Director*

R. D. Kamat  
Partner

D. T. DESAI *Director*

ANIL NAWAL *Company Secretary*

Place : Mumbai  
Date : August 31, 2009.

Place : Mumbai  
Date : August 29, 2009.





# GHARDA CHEMICALS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

*Rupees in thousands*

	Schedule No.	Year ended March 31, 2009	Year ended March 31, 2008
<b>INCOME</b>			
Sales (Gross)		8,954,330	7,767,856
Less: Excise duty		521,821	542,113
Sales (Net)		8,432,709	7,225,743
Other income	14	333,090	405,553
		<u>8,765,799</u>	<u>7,631,296</u>
<b>EXPENDITURE</b>			
Cost of materials	15	4,457,690	4,546,888
Excise		22,294	(78,174)
Personnel expenses	16	660,087	574,453
Manufacturing and other expenses	17	1,994,872	1,648,776
Interest and finance charges	18	227,110	256,117
Depreciation and amortisation		433,392	462,006
		<u>7,795,445</u>	<u>7,410,066</u>
Less: Expense capitalised (Refer note no.13 of schedule 19 (II))		<u>2,708</u>	<u>7,582</u>
		<u>7,792,737</u>	<u>7,402,484</u>
Profit before tax		<u>973,062</u>	<u>228,812</u>
Profit before tax		973,062	228,812
Provision for taxation:			
Current tax (including wealth tax Rs.130 (2008:Rs 210)		382,630	156,710
Deferred tax		(65,386)	(34,353)
Fringe benefit tax		6,600	7,600
Earlier years (net)		-	1,287
		<u>323,844</u>	<u>131,244</u>
Profit after tax		<u>649,218</u>	<u>97,568</u>
Surplus brought forward from previous year		<u>2,165,151</u>	<u>2,108,476</u>
Amount available for appropriation		<u>2,814,369</u>	<u>2,206,044</u>
<b>APPROPRIATIONS</b>			
Interim dividend Rs.100 (2008: Rs. Nil) per equity share		6,451	-
Proposed dividend @ Rs. 400 (2008: Rs. 400) per equity share		25,806	25,806
Corporate tax on dividend		5,482	4,387
Transfer to General reserve		129,844	10,700
Balance carried to balance sheet		<u>2,646,786</u>	<u>2,185,151</u>
		<u>2,814,369</u>	<u>2,206,044</u>
Basic and diluted earnings per share (EPS) (in rupees) (Refer note no.17 of schedule 19 (II))		10,063	1,512
<b>Significant accounting policies and notes to accounts</b>			
	19		

As per our attached report of even date

For and on behalf of the Board

For Deloitte Haskins & Sells  
Chartered Accountants

K. H. GHARDA Managing Director

R. D. Kamat  
Partner

D. T. DESAI Director

Place : Mumbai  
Date : August 31, 2009.

ANIL NAWAL Company Secretary  
Place : Mumbai  
Date : August 29, 2009.

# GHARDA CHEMICALS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	<i>Rupees in thousands</i>	
	Current Year ended March 31, 2009	Previous Year ended March 31, 2008
<b>Cash Flow from Operating activities</b>		
Net profit before tax	973,062	228,812
Adjustments:		
Add :		
Depreciation and amortisation	433,392	462,006
Interest and finance charges	227,110	256,117
Provision for doubtful debts (net)	44,246	69,188
Provision towards investment	-	30
Exchange rate difference (Refer Note 1 below)	15,391	(2,180)
Loss on fixed assets sold / written off (net)	102	589
Less :		
Dividend on trade investment	40	40
Share of Profit - Gharda Investment Syndicate	45	42
Interest income	4,301	13,772
Bad debts recovered	860	-
Provision for doubtful debts no longer required written back	36,368	49,304
<b>Operating profit before working capital changes</b>	<b>1,651,689</b>	<b>951,401</b>
Adjustments for:		
Inventories	(413,267)	666,255
Trade and other receivables	(38,270)	(579,777)
Trade and other payables	(3,831)	274,160
<b>Cash Generated from Operations</b>	<b>1,196,332</b>	<b>1,312,042</b>
Less : Direct taxes paid	584,860	23,787
<b>Net Cash from operating activities      A</b>	<b>611,472</b>	<b>1,288,255</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets (including Capital work-in-progress)	(320,201)	(373,912)
Proceeds from disposal of fixed assets	30,927	5,811
Purchase of investments	(1,263)	-
Share of Profit - Gharda Investment Syndicate	0	-
Dividend on trade investment	40	40
Fixed deposits placed	(4,324)	(2,066)
Interest Income	4,301	13,772
<b>Net Cash from investing activities      B</b>	<b>(290,610)</b>	<b>(356,355)</b>
<b>Cash flow from financing activities</b>		
Repayment of borrowings	(205,972)	(493,008)
Interest and finance charges	(232,560)	(248,89)
Dividend paid (including tax thereon)	(37,740)	-
<b>Net Cash from financing activities      C</b>	<b>(476,272)</b>	<b>(741,899)</b>
<b>Net increase in cash and cash equivalents      A+B+C</b>	<b>(155,301)</b>	<b>190,001</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>373,005</b>	<b>183,004</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>217,704</b>	<b>373,005</b>

# GHARDA CHEMICALS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

<i>Rupees in thousands</i>	
Current Year ended March 31, 2009	Previous Year ended March 31, 2008

**Notes:**

1. Cash and cash equivalents included in the cash flow statement comprise of the following:

Cash and bank balances (including EEFC account balances) (Refer schedule 9 - Cash and Bank balances)	207,261	373,630
Add: Unrealised loss on foreign currency cash and cash equivalents	23,342	7,950
Less: Fixed deposits under lien with bank and various Government authorities *	(12,899)	(8,575)
Total cash and cash equivalents	<u>217,704</u>	<u>373,005</u>

\* The aforesaid fixed deposits being restricted for its use have been excluded from cash and cash equivalent and grouped under the investing activity including for the previous year.

2. The above cash flow statement has been prepared under the indirect method as set-out in the Accounting Standard 3 (AS 3) "Cash Flow Statements".

3. Previous year's figures have been regrouped and rearranged wherever necessary

As per our attached report of even date

For Deloitte Haskins & Sells  
Chartered Accountants

R. D. Kamat  
Partner

Place : Mumbai  
Date : August 31, 2009.

For and on behalf of the Board

K. H. GHARDA      *Managing Director*

D. T. DESAI      *Director*

ANIL NAWAL      *Company Secretary*

Place : Mumbai  
Date : August 29, 2009



# GHARDA CHEMICALS LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET

Rupees in thousands

	As at March 31, 2009	As at March 31, 2008
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### Schedule 1 - Share Capital : AUTHORISED

100,000 Equity shares of Rs. 100 each	10,000	10,000
Issued, subscribed and paid-up :		
84,514 Equity shares of Rs. 100 each fully paid-up	6,451	6,451
Of the above,		
62,166 Equity shares of Rs. 100 each fully paid are issued as Bonus shares by capitalisation of General Reserve and Securities Premium Account		
Total	6,451	6,451

### Schedule 2 - Reserves and Surplus :

<u>Capital reserve</u>			
Special capital incentive			
Balance as per last Balance sheet		2,000	2,000
<u>General reserve</u>			
Balance as per last Balance sheet	2,754,194		2,749,748
Add: Transfer from Profit and Loss account	129,844		10,700
Less :Adjustment on account of liability in respect of employee benefits, as on April 1, 2007 (net of deferred tax)	-	6,254	
		2,884,038	2,754,194
Surplus in Profit and loss account		2,646,788	2,165,151
Total		5,532,824	4,921,345

### Schedule 3 - Secured Loans :

<u>Term loans -</u>			
State Bank of India	-	280,840	
Interest accrued and due	-	1,407	
(Refer note A below)			282,247
<u>Working capital loans from banks</u>	1,894,673		1,812,058
Interest accrued and due	3,198	1,897,771	5,961
(Refer note B below)			1,818,017
Total		1,897,771	2,100,284

### Notes:

- A. Term loan - State Bank of India is secured by a charge on a pari passu basis by first mortgage on factory plot nos.B-22, 23, 24, 27, 28 & 29 at MIDC, Dombivli, Dist Thane, Plot D 1/2, MIDC, Lota Parshuram, Tal.Khed, Dist.Rajnagiri, Plot 3525, GIDC, Panoli, Tal. Ankleshwar, Dist. Bharuch - together with all buildings and structures thereon and all plant and machinery located at these plots. During the year, the term loan has been repaid in full. The company is taking necessary steps to get such security released from the bank.
- B. Cash credit, bill discounting and packing credit limits from banks are secured by a charge on a pari passu basis by
- First charge on stocks of raw materials, semi-finished and finished goods, stores and spares, bills receivables, book debts and all other movables including documents of title to goods and other assets such as outstanding monies receivables by way of cash assistance under any scheme and claims by way of refund of customs/excise or other scheme of the Government, bills, invoices, securities, both present and future and
  - Second charge on factory plot etc., as detailed in note A above.

### Schedule 4 - Unsecured Loans :

Fixed deposits	95,630	103,617
Total	95,630	103,617

Note: Fixed Deposits include loans from Directors Rs. Nil  
(2008: Rs.1,050)



**GHARDA CHEMICALS LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET**

**Schedule 5 - Fixed Assets:**

DESCRIPTION	GROSS BLOCK AT COST			DEPRECIATION / AMORTISATION			Rupees in thousand NET BLOCK AS AT		
	As at 01/04/2008	Additions	Deductions Total as at 31/03/2009	Up to 31/03/2008	For the Year	Deductions Up to 31/03/2009	31/03/2009	31/03/2008	
LAND - FREEHOLD - LEASEHOLD	1,391	-	-	1,391	-	-	1,391	1,391	
	101,486	30,817	-	132,303	1,532	7,178	125,125	95,840	
BUILDINGS	327,315	189,392	-	516,707	20,287	180,615	336,092	166,987	
PLANT AND MACHINERY	4,774,333	166,020	10,232	4,930,121	231,807	843	4,110,773	894,524	
COMPUTERS	95,773	2,003	1,857	95,919	3,060	1,846	819,348	5,740	
FURNITURE AND FIXTURE	62,867	8,120	-	70,987	3,011	-	4,672	6,794	
OFFICE EQUIPMENTS	31,028	696	-	31,724	1,053	25,665	11,903	6,416	
VEHICLES	70,977	1,747	1,607	71,117	6,847	1,048	15,981	21,640	
INTANGIBLE ASSETS (PRODUCT REGISTRATIONS)	788,731	56,769	-	845,500	165,795	720,829	124,671	233,697	
CURRENT YEAR	TOTAL	6,253,901	455,564	13,696	6,695,769	4,820,872	433,392	3,737	5,250,527
PREVIOUS YEAR	TOTAL	5,803,892	457,576	7,567	6,253,901	4,365,570	462,006	6,704	4,820,872
Capital Work-in-progress (including capital advances)							1,445,242	1,433,029	-
							504,257	636,243	

NOTE : 1. Building includes Rs. 1,751/- being shares in Co-operative Societies, physical certificates of which are not traceable. The company is taking necessary steps to obtain duplicate copies of the same.  
2. Capital work-in-progress includes Rs. Nil (2008: Rs. 7,582) on account of pre-operative expenses. (Refer note no.13 of schedule 19 (II))



# GHARDA CHEMICALS LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET

Rupees in thousands

	As at March 31, 2009	As at March 31, 2008
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### Schedule 6 - Investments :

#### Long Term Investments:

(At cost / carrying amount unless otherwise stated)

#### A. Trade Investments (Unquoted)

##### I In subsidiary companies: (fully paid)

Gujarat Insecticides Limited - 203,170 equity shares of Rs.

10 each

(Refer note no. 6 (I) of schedule 19 (II))

83,151

83,151

Gharda Australia Pty. Ltd.-

75,000 shares of AUD 1 each

2,027

2,027

Gharda Generics Inc.

3,000,000 shares of USD 0.01 each

1,253

86,431

85,178

##### II In Jointly Controlled entity: (fully paid)

CGNS Ltd.

25 shares of GBP 1 each

(Refer note no. 6 (III) of schedule 19 (II))

2,422

2,422

##### III In Others : (fully paid)

20,000 equity Shares of Rs.10 each of Bharuch Enviro

Infrastructure Limited

200

200

Gharda Investment Syndicate

(Refer note no.6 (II) of schedule 19 (II))

5,435

5,635

5,390

5,590

#### B. Non Trade Investments (Unquoted) (fully paid)

1 equity share of Rs.50 each in Social Co-operative Bank

Limited

(Rupees fifty only)

0

0

25 equity share of Rs.10 each in Shamrao Vitthal Co-

operative Bank Limited

(Rupees six hundred twenty five only)

1

1

#### C. In Government Securities:

National Saving Certificates

Less: Provision

30

30

30

30

#### D. Land at Warangal

946

Total

95,435

83,191

### Schedule 7 - Inventories:

Raw materials and packing materials

249,188

222,122

Raw materials in transit

342,706

399,858

Work-in-process

534,632

748,007

Finished goods (including Traded goods)

1,689,125

1,032,410

(Refer note no.21 of schedule 19 (II))

Total

2,815,651

2,402,395

### Schedule 8 - Sundry Debtors (Unsecured) :

Debits outstanding

for a period exceeding six months:

- Considered Good

226,693

197,401

- Considered Doubtful

115,821

107,942

342,414

305,343

Less :Provision for doubtful debts

115,821

107,942

226,593

197,401

Other debts considered good

2,283,387

2,174,309

Total

2,509,980

2,371,710



## GHARDA CHEMICALS LIMITED

### SCHEDULES FORMING PART OF THE BALANCE SHEET

*Rupees in thousands*

	As at March 31, 2009	As at March 31, 2008
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#### **Schedule 9 - Cash and Bank balances:**

Cash on hand (including cheques on hand Rs.49,047 (2008: Rs. 113,485))	51,415	116,594
Balance with scheduled banks:		
: In current accounts (including remittance in transit)	90,121	203,551
: In exchange earners foreign currency accounts	47	46
: In deposit accounts (including interest accrued) (including margin deposit of Rs. 9,418 (2008: Rs. 7,539)) *	12,899	24,439
- In unclaimed dividend accounts	63	51
	103,130	228,087
Balance with non-scheduled banks:- (including remittance in transit)		
Current account with :		
- HSBC Bank, London	17,393	26,848
- Wachovia Bank USA	35,323	2,101
	52,716	28,949
Total	207,261	373,630

\* Includes deposits pledged with Government authorities Rs. 3,481 (2008: Rs. 3,330)

<u>Name of the Non-scheduled Bank</u>	<u>Balance as on</u>		<u>Maximum balance during the year ended</u>	
	<u>March 31, 2009</u>	<u>March 31, 2008</u>	<u>March 31, 2009</u>	<u>March 31, 2008</u>
Wachovia Bank, USA - US \$ A/c	35,323	2,101	106,303	51,055
HSBC Bank, London - US \$ A/c	16,954	1,997	37,771	46,452
HSBC Bank, London - GBP A/c	111	1,324	2,005	12,428
HSBC Bank, London - Euro A/c	329	23,528	66,202	92,120

#### **Schedule 10 - Other Current Assets :**

Sales tax setoff receivable	115,643	162,856
Excise duty on exports receivable	202,292	225,172
Duty Drawback receivable	1,177	5,651
DEPB credit received / recoverable	292,827	328,510
Service tax credit receivable	47,813	43,516
Other receivables	3,697	9,278
Total	663,449	774,983

#### **Schedule 11 - Loans and Advances :**

Unsecured, considered good - unless otherwise stated

Loan to CGNS Ltd. - A jointly controlled entity	7,608	10,344
Loans to staff		
- Good	19,160	17,361
- Doubtful	19,968	19,968
	39,128	37,329
Less: Provision for doubtful advances	19,968	19,968
	19,160	17,361
Advance to suppliers	74,980	36,927
Advances recoverable in cash or in kind or for value to be received	37,711	38,129
Advance payment of taxes (including wealth tax) (net of provisions)	196,837	116,637
Advance payment of fringe benefit tax (net of provisions)	3,618	3,618
Deposits	47,492	52,111
Balance with excise authorities	155,992	184,502
Total	643,198	459,629



## GHARDA CHEMICALS LIMITED

### SCHEDULES FORMING PART OF THE BALANCE SHEET

Rupees in thousands

	As at March 31, 2009	As at March 31, 2008
<b>Schedule 12 - Current Liabilities:</b>		
Sundry creditors		
- Total outstanding dues to Micro enterprises and small enterprises (Refer note no.12 of schedule 19 (II))	50,681	70,172
- Total outstanding dues to creditors other than Micro enterprises and small enterprises (includes Rs.80,693 (2008 :Rs. 167,794) due to subsidiary companies)	822,013	813,040
Advances from customers	872,694	883,212
Other liabilities*	49,071	52,134
Unclaimed dividend**	348,483	347,435
Interest accrued but not due on loans	64	52
Unclaimed matured fixed deposits ***	2,295	1,281
<b>Total</b>	<b>1,272,607</b>	<b>1,286,071</b>

(\*Includes temporary overdraft balance of Rs.3,885 (2008: Rs. 4,105))

(\*\*There are no amounts due and outstanding to be credited to Investor Education and Protection Fund)

(\*\*\* Includes Rs. Nil (2008: Rs. 17) due and outstanding to be credited to Investor Education and Protection Fund)

#### Schedule 13 - Provisions:

Compensated absences	66,475	44,236
Provision for Gratuity	10,896	-
Proposed dividend	25,808	25,806
Tax on proposed dividend	4,386	4,387
Provision for tax (including wealth tax) (net of advances)	48,243	164,663
Provision for fringe benefit tax (net of advances)	800	-
<b>Total</b>	<b>156,608</b>	<b>239,092</b>



## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

Rupees in thousands

	Year ended March 31, 2009	Year ended March 31, 2008
<b>Schedule 14 - Other Income:</b>		
Interest on - (Gross)		
Bank deposits	485	1,832
Others	3,816	11,840
(Tax deducted at source Rs.674 (2008: Rs.480))		
	4,301	13,772
Dividend on trade investment	40	40
Share of Profit - Gharda Investment Syndicate	45	42
Insurance Claims	1,823	2,898
Sale of chemicals and scrap	21,816	10,353
Export incentives (net)	257,958	250,339
Provision for doubtful debts no longer required written back	38,368	49,304
Bad debts recovered	860	-
Exchange gain (net)	-	68,972
Rent received	2,019	1,572
Sundry credit balance written back	1,087	4,810
Miscellaneous Income	6,775	5,451
<b>Total</b>	<b>333,080</b>	<b>405,553</b>

#### Schedule 15 - Cost of Materials:

(Refer note no.21 of Schedule 19 (II) )

Raw material and packing material consumed	4,676,685	3,605,826
Purchase of traded goods	224,345	118,603
Opening stock		
Work-in-process	748,007	883,236
Finished goods	1,032,410	1,721,640
	1,780,417	2,604,876
Less: Closing stock		
Work-in-process	534,632	748,007
Finished goods	1,689,125	1,032,410
	2,223,757	1,780,417
<b>Total</b>	<b>4,457,690</b>	<b>4,546,888</b>





## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

*Rupees in thousands*

	Year ended March 31, 2009	Year ended March 31, 2008
<b>Schedule 16 - Personnel Expenses:</b>		
Salaries, wages and bonus	513,782	452,082
Contribution to provident and other funds	78,353	59,382
Staff welfare expenses	67,952	62,989
Total	660,087	574,453
<b>Schedule 17 - Manufacturing and Other expenses:</b>		
Consumable stores	128,844	97,988
Power, fuel and water	578,319	441,164
Freight and forwarding	289,212	277,002
Processing and packing charges	156,295	119,536
Rent	17,861	13,222
Rates and taxes	7,879	4,269
Insurance	26,821	31,500
Repairs :		
Building	16,087	12,871
Plant and machinery	61,101	51,798
Others	17,033	12,797
	94,201	77,266
Legal and professional charges	97,678	55,374
Commission	51,415	65,993
Sales promotion expenses	74,276	58,093
Discount	80,565	94,915
Remuneration to auditors :		
Audit fees	3,500	3,500
Tax audit	750	750
Certificates, taxation and others	190	-
Out of pocket expenses	10	86
	4,450	4,336
Travelling and conveyance expense	41,739	41,313
Exchange loss (net)	137,860	-
Donation	12,014	27,256
Loss on fixed assets sold / written off (net)	102	589
Provision for doubtful debts (net)	44,246	69,188
Provision towards investment	-	30
Bad debts written off	8,852	49,304
Miscellaneous expenses (includes registration charges, vehicle maintenance, trunk telephone charges, scientific research expenses etc.)	142,243	120,438
Total	1,994,872	1,648,776
<b>Schedule 18 - Interest and Finance charges:</b>		
Interest on fixed loans*	20,624	46,421
Interest others	170,331	183,952
Bank charges	36,155	25,744
Total	227,110	256,117
*Includes interest Rs.Nil (2008:Rs.2,993) paid to Managing Director		

## **Schedule 19 – Significant Accounting Policies and Notes to Accounts:**

### **I Significant Accounting Policies**

#### **a) Basis of preparation of Financial Statements:**

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and applicable accounting standards and relevant provisions of the Companies Act, 1956.

#### **b) Use of estimates**

The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenues and expenses during the reporting period. The difference between the actual results and the estimates are recognized in the period in which the results are known / materialized.

#### **c) Fixed Assets**

Fixed assets are stated at cost of acquisition less accumulated depreciation, amortisation and impairment if any. Cost includes cost of acquisition/ construction, all related direct cost and is net off credit under cenvat / service tax and value added tax.

#### **d) Intangible Assets**

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

#### **e) Impairment of fixed assets**

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 (AS 28) "Impairment of Assets". Where the recoverable amount of any fixed assets is lower than its carrying amount, a provision for impairment loss on fixed assets is made for the difference. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

#### **f) Depreciation**

The company provides depreciation for the full year irrespective of the date of acquisition at locations where the written down value method is followed. At locations where the straight line method is used, depreciation is provided for the full year for additions made in the first half of the year and at half the rate for additions in second half. Leasehold land is amortised over the lease period. Intangible assets are written off over a period of sixty months. No depreciation is provided on assets sold during the year. Individual assets costing less than Rs.5,000 are depreciated in full in the year of acquisition.

The company follows the following rates for depreciation on the written down value for its assets at all the locations of the company:

Furniture, fixtures and equipments	15 to 20 per cent
Computers	40 per cent
Vehicles	30 per cent

The company follows the following rates for depreciation on the written down value for its assets at Dombivli, Lote (excluding Lote Plant and Machinery Equipment at Plant III to VI):

Buildings	5 to 10 per cent
Plant and machinery	40 per cent

The Company follows the below mentioned rates for depreciation on the straight line method for its assets at Lote (For Plant and Machinery Equipment at Plant III to VI), Panoli and Jammu:

Buildings	3.34 per cent
Plant and machinery	10.34 per cent
Weighing scale	4.75 per cent

The aggregate amount of depreciation provided is not lower than the quantum of depreciation if rates stated in schedule XIV of Companies Act 1956 are adopted.

**g) Investments**

Investments classified as long-term investments are stated at cost. Provision is made to recognise a decline, other than temporary in the value of investments. Current Investments are stated at lower of cost and fair value.

**h) Inventories**

Inventories are valued at lower of weighted average cost or net realizable value on first in first out basis. Consumable stores, spares and fuel purchased are charged to revenue.

**i) Excise**

Excise Duty is accounted on the basis of payments made in respect of goods cleared and provision is made for goods lying in bonded warehouses.

**j) Revenue recognition**

Sales are recognized when goods are supplied and are accounted net of trade discounts, rebates, sales tax / value added tax and sales returns (on goods manufactured and outsourced).

Interest on income is recognized on accrual basis.

Dividend income on investment is recognized when the right to receive is established.

Revenue is recognized when no significant uncertainty as to collectability or measurability exists.

**k) Foreign Currency Transaction / Translation**

Transactions in foreign currency are recorded at the rate of exchange in force at the time transactions are effected. Exchange differences arising on settlement of foreign currency transactions are recognized in the Profit and Loss Account.

Monetary items denominated in foreign currency are restated using the exchange rate prevailing at the date of the Balance Sheet and the resulting net exchange difference is recognized in the Profit and Loss Account.

In case of forward exchange contracts to cover the foreign currency receivables, the difference between the exchange rate on the date of such contracts and the year end rate is recognized in the Profit and Loss Account. Any profit / loss arising on cancellation of forward exchange contract is recognized as income or expense of the year. Premium / discount arising on such forward exchange contracts is amortised as income / expense over the life of the contract.

#### **Foreign Branches**

In respect of the foreign branches, being integral foreign operations, all revenues and expenses (except depreciation) during the year are reported at the original rate of exchange in force at the time transactions are effected. Monetary assets and liabilities are restated at the year end exchange rate. Non-monetary assets and liabilities are stated at the rate prevailing on the date of the transaction. Balance in 'head office' account whether debit or credit is translated at the amount of the balance in the 'foreign branch' account in the books of the head office. Net gain / loss on foreign currency translation is recognized in the Profit and Loss Account.

#### **i) Employee benefits**

a) Post Employment Benefits and Other Long Term Benefits.

##### **i) Defined Contribution Plan**

Company's contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Profit and Loss Account.

##### **ii) Defined Benefit Plan and Other Long Term Benefits**

Company's liabilities towards defined benefit plans and other long term benefits expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Profit and Loss account in the period of occurrence of such gains and losses. Past service cost is recognised immediately to the extent benefits are vested, otherwise it is amortised on straight-line basis over the remaining average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

##### **b) Short-term employee benefits**

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the period employee renders services. These benefits include mainly compensated absences.

**m) Dividend**

The company provides for interim dividends (including tax thereon), proposed by the Board of Directors. The Company provides for final dividend (including tax thereon) recommended by the Board of Directors subject to the approval of the members at the Annual General Meeting.

**n) Government grants**

Government grants are accounted when there is reasonable assurance that the enterprise will comply with the conditions attached to them and it is reasonably certain that the ultimate collection will be made. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Revenue grants are recognised in the Profit and Loss Account.

**o) Borrowing cost**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets is capitalized as part of the cost of the asset. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**p) Segment reporting**

The company has identified the segments having regard to the dominant source of revenue and nature of risks and returns and based on the internal organisation and management structure.

Primary segments are reported based on business segments viz. Agro chemicals, and others (pigments and veterinary drugs).

Segment assets include all operating assets used by the business segment and consist principally of fixed assets and identified current assets. Segment liabilities primarily include creditors and other liabilities. Assets/liabilities that could not be allocated are separately disclosed in unallocated column.

Secondary segment is reported based on the geographical locations, viz. India, USA, Europe, Asia and Others. Revenues in the secondary segment are identified based on the location of the customers. Fixed assets are identified based on the geographical location of the assets. Capital expenditure relates to fixed assets purchased during the year.

**q) Taxes on Income**

Income Taxes are accounted for in accordance with Accounting Standard 22 (AS 22) "Accounting for Taxes on Income". Tax expense comprises of current tax, deferred tax and fringe benefit tax.

Current tax is measured at the amount expected to be paid or recovered from the tax authorities using the applicable tax rates.

Deferred tax assets and liabilities are recognised for future tax consequence attributable to timing differences between taxable income and accounting income that are measured at relevant enacted tax rates. At each balance sheet date the company reassesses unrecognised deferred tax assets, to the extent they become reasonably certain or virtually certain of realisation, as the case may be.

Fringe Benefit Tax is recognized in accordance with the relevant provisions of the Income Tax Act, 1961 and the Guidance note on Fringe Benefit Tax issued by the Institute of Chartered Accountants of India (ICAI).

**r) Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the Notes to Accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

**II Notes to accounts - all figures in rupees are in thousands, unless stated otherwise.**

1. In terms of the order of the Honorable High Court at Mumbai, the resolution passed at the Extraordinary General Meeting held on February 15, 1990 for increasing the authorized capital has not been recognised in the accounts.
2. The Company's pigment division at Panoli carried at a written down value of Rs 392,140 thousands has been operating significantly below breakeven levels. The Company has identified an operating plan that is expected to generate sufficient net cash flows to recover the carrying value as on March 31, 2009. Based on such plans, no impairment provision is considered necessary.
3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 79,952 (2008: Rs. 126,022).
4. Contingent liabilities
  - a) Guarantees executed by banks in favour of Government authorities and third parties towards performance etc., Rs. 189,547 (2008: Rs. 51,166).
  - b) Storage charges depending upon execution of land deeds Rs. 1,895 (2008: Rs. 1,423)
  - c) Guarantee given to bankers of subsidiary company towards credit facilities availed by the subsidiary Rs. 350,000 (2008: Rs. 315,000). Amount utilised as at year end Rs. 77,497 (2008: Rs. 57,944)
  - d) Claims against company not acknowledged as debt towards:
    - (i) Sales tax demand disputed in appeal and pending decision before higher authorities. The company expects to succeed in appeal proceedings Rs.8,625 (2008: Rs. 1,470).

- (ii) Excise duty demand disputed in appeal and pending decision before higher authorities Rs. 18,847 (2008: Rs. 15,291). The company expects to succeed in appeal proceedings
- (iii) Service tax demand disputed in appeal and pending decision before higher authorities Rs. 17,813 (2008: Rs. Nil) ). The company expects to succeed in appeal proceedings .
- (iv) Incremental wage demands by the Union at one division – amount unascertainable.
- (v) The Company has received income tax demands (including interest) aggregating to Rs. 865,230 (2008: Rs. 170,254) (paid/adjusted under protest, included under advance tax – Rs. 153,700 (2008: Rs. 73,700) in respect of earlier year tax assessments, which are on account of transfer pricing adjustments, deemed dividend and other disallowances. The Company has filed appeals with the relevant income tax authorities against such demands and is confident of favorable order in all such cases.
- (vi) Claims by an overseas customer and others Rs.547,776 (2008: Rs. 682,040).
- (vii) Liability towards unrecognized liability prior to May 9,2006 with respect to sale of polymer division to Solvay Specialities India Pvt. Ltd. – amount unascertainable.

5. Excise duty charged to profit and loss account includes:

Particulars	2009 Rupees	2008 Rupees
Excise duty on closing stock	124,942	104,089
Excise duty charged on samples, leakages, EOU debonding and others	1,441	8,227
Excise duty on opening stock	(104,089)	(190,490)
	22,294	(78,174)

6. Investments

- I. Investment in Gujarat Insecticides Limited includes 50 equity shares of Rupees ten each fully paid, held in the names of nominees of the company.
- II. The company is a member in Gharda Investment Syndicate, an association of persons. Its assets include 162,500 equity shares in Gujarat Insecticides Limited. The beneficiaries and their share of investment (including accretion of profits) are: -

Sr. No.	Name of Members	Shares %	2009 Rupees	2008 Rupees
1	Gharda Chemicals Limited	95%	5,435	5,390
2	Dr. K.H. Gharda	5%	390	387

III. The Company has invested Rs 2,422 in CGNS Limited (CGNS), a jointly controlled entity in an earlier year. Such investment is considered by the Company as a long term strategic investment. As per audited accounts of CGNS of the said entity as of December 31, 2007, there has been significant improvement in the turnover and profitability during the year, resulting in positive net worth as on December 31, 2007.

The Company's percentage of holding in CGNS is 25% and the proportionate share of assets, liabilities, income and expenditure of the above joint venture company on the basis of the latest available audited financial statements for the year ended December 31, 2007 is given below:

Particulars	2007	2006
	Figures in Sterling Pound (in thousand)	
Assets	48	151
Liabilities	22	182
Income	204	141
Expenditure	148	136

Accounts of CGNS for the year ended December 31, 2008 are not drawn up / audited. However, considering its business plans and the fact that CGNS has commitments / financial support from all four joint shareholders, no provision against the carrying value of such investments is considered necessary.

7. (i) The Company has entered into Forward Exchange Contracts, being derivative instruments for hedge purpose and not intended for trading or speculation purposes, to establish the amount of currency in Indian Rupees required or available at the settlement date of certain receivables. The following are the outstanding Forward Exchange Contracts entered into by the company:

Currency	Buy or Sell	Cross Currency	Amount in Foreign Currency	
			31-Mar-09	31-Mar-08
USD	Sell	Indian Rupees	2,116,212	3,931,229
EURO	Sell	Indian Rupees	-	895,500



(ii) The year-end foreign currency exposures that have not been hedged by a derivative instruments or otherwise are as below :

a. Amount receivable in foreign currency on account of the following

Particulars	Foreign Currency	As on 31.03.2009		As on 31.03.2008	
		Rupees	Amount in Foreign Currency	Rupees	Amount in Foreign Currency
Export of goods	USD	837,908	16,586,625	1,065,360	26,508,994
	EURO	309,061	4,577,331	217,873	3,448,918
Other Receivable	USD	9,628	190,295	1,552	38,704
	GBP	676	9,315	287	3,602
Balance with Bank	USD	52,324	1,033,797	4,142	103,256
	EURO	134	1,851	23,528	371,280
	GBP	329	4,875	1,324	16,642

b. Amount Payable in foreign currency on account of the following

Particulars	Foreign Currency	As on 31.03.2009		As on 31.03.2008	
		Rupees	Amount in Foreign Currency	Rupees	Amount in Foreign Currency
Import of goods and services	USD	247,831	4,886,261	166,153	4,142,806
	EURO	-	-	2,263	35,717
Secured loans – Working capital loans from banks	USD	594,648	12,123,656	1,159,408	28,898,516
	EURO	35,802	579,215	-	-
Interest accrued and not due on secured loans	USD	-	-	1,281	31,922
Other payables	USD	35,202	694,224	32,524	810,642
	EURO	16,444	243,547	20,436	322,484
	GBP	1,521	22,217	2,565	32,496

8. Loans and advances include Rs. 19,968 (2008: Rs. 19,968) under litigation, considered doubtful and provided for being amount due from the ex-president of the erstwhile wholly owned subsidiary Gharda USA Inc., ex-employee of Gharda Chemicals Limited US branch.

9. Deferred Tax provisions:

The deferred tax assets / (liabilities) arising out of significant timing differences are as under.

Particulars	2009 Rupees	2008 Rupees
<b>Deferred tax Assets</b>		
Depreciation	94,482	52,157
Provision for doubtful debts / advances	46,165	43,477
Provision for employee benefits and other income tax disallowances	36,769	16,396
<b>Deferred tax asset - Net</b>	<b>177,416</b>	<b>112,030</b>

10. Managerial Remuneration

Particulars	2009 Rupees	2008 Rupees
Salaries and bonus	3,100	1,383
Contribution to provident / other funds	682	299
Perquisites	826	1,702
Commission	46,500	10,000
<b>Total</b>	<b>51,108</b>	<b>13,384</b>

Notes:

(1) The remuneration as above in the previous year is for a managing director (see note below) and two directors for part of the year, whereas in the current year, it is only for managing director.

(2) The above does not include value of gratuity benefit and benefit towards leave balance. Since, the same is actuarially valued for the company as a whole.

(3) The excess remuneration of Rs. Nil (2008:Rs. 855) disclosed in earlier years has been recovered during the previous year.

(4) The managing director has waived the remuneration amounting to Rs. Nil (2008: Rs. 732) for the period from October 1, 2007 to March 31, 2008.

11. Computation of net profits under section 349 of Companies Act, 1956 :

Particulars		2009		2008	
		Rupees	Rupees	Rupees	Rupees
	Profit before tax and exceptional item		973,062		228,812
<b>Add:</b>	Managerial remuneration	51,108		13,384	
	Loss on sale of fixed assets (net) / assets written off	102		589	
	Provision towards investment	-		30	
	Provision for doubtful debts	44,246	95,456	69,188	83,191
<b>Less:</b>	Provision for doubtful debts no longer required written back		36,368		49,304
	Net Profit as per Section 349 / 350 of the Companies Act, 1956 *		1,032,150		262,699
	Remuneration @ 5% of Net profits as per Section 349 of the Companies Act, 1956		51,608		13,135
	Commission to the Managing Director as approved and restricted by the Board of Directors		46,500		10,000

\* Some of the fixed assets are depreciated based on their estimated useful life which is lower than the implicit period reflected in Schedule XIV to the Companies Act, 1956. Accordingly, the rates of depreciation used by the company are higher than the minimum rates prescribed by Schedule XIV.

12. The information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Amount due to vendors under Micro Enterprises and Small Enterprises for the year ended March 31, 2009 is Rs. 50,681 (2008: Rs. 70,172) interest paid during the year / outstanding as at year end is Rs. Nil (2008 : Rs. Nil) (Refer schedule 12 - Current Liabilities)

13. Expenditure directly attributable to construction of fixed assets for project at Jammu, the details of which are as under:

Particulars	2009 Rupees	2008 Rupees
Opening balance	7,582	-
Add : Incurred during the year		
Employees remuneration and benefits	1,845	2,789
Legal and professional charges	91	153
Miscellaneous expenses	772	4,640
Total	2,708	7,582
Less: Capitalised during the year	10,290	-
Closing Balance	-	7,582

14. Employee benefit plans

a. Defined contribution plans

The Company makes contributions towards provident fund and superannuation fund to defined contribution retirement benefit plan for qualifying employees. The provident fund contributions are made to Government administered Employees Provident Fund. Both the employees and the Company make monthly contributions to the Provident Fund Plan equal to a specified percentage of the covered employee's salary. The superannuation fund is administered by the Birla Sunlife Insurance Company Limited. Under the plan, the Company is required to contribute a specified percentage of the covered employee's salary to the retirement benefit plan to fund the benefits.

The Company recognised Rs. 32,634 (2008: Rs. 29,811) for provident fund contributions and Rs. 10,311 (2008: Rs. 16,114) for superannuation contribution in the Profit and Loss Account.

b. Defined benefit plan

The Company makes annual contributions to the Gharda Chemicals Limited Employees' Gratuity Fund managed by Birla Sunlife Insurance Company Limited, a funded defined benefit plan for qualifying employees. The scheme provides for payment to vested employees as under:

- i) On Normal retirement/ early retirement/ withdrawal/resignation:  
As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.
- ii) On death in service:  
As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2009.

Sr. No.	Particulars	Gratuity (Funded)	
		As on 31.03.2009	As on 31.03.2008
I)	<b>Reconciliation in present value of obligations (PVO) – defined benefit obligation :</b>		
	PVO at the beginning of the year	148,945	137,313
	Current Service Cost	12,854	10,763
	Interest Cost	10,500	9,793
	Actuarial (gain) / losses	12,145	4,543
	Benefits paid	(17,889)	(13,467)
	PVO at end of the year	166,555	148,945
II)	<b>Change in fair value of plan assets :</b>		
	Fair value of plan assets at beginning of the year	151,403	131,467
	Expected return on plan assets	7,682	10,609
	Actuarial gain/(losses)	(1,360)	7,030
	Contributions by the employer	15,823	15,764
	Benefits paid	(17,889)	(13,467)
	Fair value of plan assets at end of the year	155,659	151,403
III)	<b>Reconciliation of PVO and fair value of plan assets:</b>		
	PVO at end of period	166,555	148,945
	Fair Value of planned assets at end of year	155,659	151,403
	Funded status	(10,896)	2,458
	Net asset/ (liability) recognised in the balance sheet	(10,896)	2,458
IV)	<b>Net cost for the year ended March 31,2009 :</b>		
	Current Service cost	12,854	10,763
	Interest cost	10,500	9,793
	Expected return on plan assets	(7,682)	(10,609)
	Actuarial (gain) / losses	13,504	(2,487)
	Net cost	29,176	7,460
V)	<b>Actual return on the plan assets</b>	(1,360)	7,030
VI)	<b>Category of assets as at March 31, 2009:</b>		
	Insurer Managed Funds	119,500	115,616
VII)	<b>Assumption used in accounting for the gratuity plan:</b>		
	Discount rate (%)	7.50	7.50
	Salary escalation rate (%)	6.00	6.00
	Expected rate of return on plan assets	5.00	8.00

15. Related party disclosures as required by Accounting Standard 18 (AS 18) "Related Party Disclosures" as at March 31, 2009-

a) Name of the related party and nature of relationship: -

I. Subsidiaries of the company:-

- a) Gujarat Insecticides Ltd. (56% share holding)
- b) Gharda Australia Pty. Ltd. (100% share holding)
- c) Gharda Generics Inc. (100% share holding)

II. Other entities under control of the company:-

Gharda Investment Syndicate,  
an association of persons (95% interest)

III. Key Management Personnel:-

- a) Dr. Keki Hormusji Gharda (Chairman cum Managing Director)
- b) Mr. Jitendra Somaiya (Executive Director Commercial)  
(upto August 9, 2007)
- c) Mr. Hoshang Patel (Whole Time Director)  
(Upto July 31, 2007)

IV. Relatives of Key Management Personnel:-

- a) Mrs. Aban Keki Gharda
- b) Mrs. Jer R. Kavasmaneck
- c) Mr. Minoo B. Mehta
- d) Mrs. Perin B. Mehta

V. Jointly controlled entity:-

- a) CGNS Limited (25% Share Holding)

- b) The following transactions were carried out with the related parties in the financial year 2008-09 (The current year figures are in bold and previous years figures are given in italic form below each item):

Particulars	Subsidiaries	Other entities	Key Management Personnel (KMP)	Relations of KMP	Jointly controlled entities
Sales					
- Gujarat Insecticides Ltd.	<b>142,805</b>	-	-	-	-
	<i>109,517</i>	-	-	-	-
Sale of Consumables					
- Gujarat Insecticides Ltd.	<b>1,439</b>	-	-	-	-
	-	-	-	-	-
Recovery of expenses					
- Gujarat Insecticides Ltd.	<b>6,874</b>	-	-	-	-
	-	-	-	-	-

Particulars	Subsidiaries	Other entities	Key Management Personnel (KMP)	Relations of KMP	Jointly controlled entities
Share of Profit - Gharda Investment Syndicate	- -	45 42	- -	- -	- -
Purchases / Other services - Gujarat Insecticides Ltd.	673,659 540,104	- -	- -	- -	- -
Processing charges - Gujarat Insecticides Ltd.	48,540 58,573	- -	- -	- -	- -
Professional charges: - Mr. S.P. Somaiya	- -	- -	- -	- 22	- -
Remuneration - Dr. K. H. Gharda	- -	- -	51,108 11,856	- -	- -
- Mr. J. P. Somaiya	- -	- -	- 1,284	- -	- -
- Mr. H. C. Patel	- -	- -	- 244	- -	- -
Registration charges	- -	- -	- -	- -	- 8,652
Commission	- -	- -	- -	- -	6,678 6,426
Interest on Fixed Deposits: - Dr. K.H.Gharda	- -	- -	- 2,993	- -	- -
-Mrs. A.K.Gharda	- -	- -	- -	- 474	- -
- Others	- -	- -	- 79	31 31	- -
Purchase of Assets: - Gujarat Insecticides Ltd.	3,238 -	- -	- -	- -	- -
Sale of Assets: - Gujarat Insecticides Ltd.	42,621 4,247	- -	- -	- -	- -
Investments - Gharda Generics Inc.	1,253 -	- -	- -	- -	- -

Particulars	Subsidiaries	Other entities	Key Management Personnel (KMP)	Relations of KMP	Jointly controlled entities
Fixed Deposit Repayment:					
- Dr. K.H. Gharda	-	-	-	-	-
	-	-	<b>74,000</b>	-	-
-Mrs. A.K.Gharda	-	-	-	-	-
	-	-	-	<b>9,130</b>	-
- Others	-	-	-	-	-
	-	-	-	<b>20</b>	-
Fixed Deposit Received:					
- Dr. K.H. Gharda	-	-	-	-	-
	-	-	<b>24,000</b>	-	-
- Others	-	-	-	-	-
	-	-	-	<b>220</b>	-
Repayment of loan given	-	-	-	-	-
	-	-	-	-	<b>8,652</b>

c) The following balances were due from / to the related parties as at March 31, 2009 (The current year figures are in bold and previous years figures are given in italic):

Particulars	Subsidiaries	Other entities	Key Management Personnel (KMP)	Relations of KMP	Jointly controlled entities
Fixed Deposit	-	-	-	<b>320</b>	-
	-	-	-	<b>330</b>	-
Investments	<b>86,431</b>	<b>5,435</b>	-	-	<b>2,422</b>
	<i>85,178</i>	<i>5,390</i>	-	-	<i>2,422</i>
Other Recoverables	-	-	-	-	<b>7,608</b>
	-	-	-	-	<b>10,344</b>
Sundry Creditors	<b>80,693</b>	-	-	-	-
	<i>167,794</i>	-	-	-	-
Other Payables	-	-	<b>46,937</b>	-	<b>14,286</b>
	-	-	<b>10,000</b>	-	<b>14,450</b>
Guarantees Given	<b>350,000</b>	-	-	-	-
	<i>315,000</i>	-	-	-	-



16. Segment Information for the year ended March 31, 2009.

The company is organized into the following business segments:-

i) **Agro Chemicals:-**

Consist of Pesticides, intermediates, insecticides and weedicides and formulations.

This segment includes manufacturing and trading of agro chemicals.

ii) **Others (pigment and veterinary drugs)**

(The current year figures are in bold and previous years figures are given in italic form below each item):

A. **Primary reporting -**

1. **Profit and Loss account: -**

For the year 2008 - 09	Agro Chemicals Rupees	Others Rupees	Un-allocated Rupees	Total Rupees
<b>Revenue:</b>				
Sales	<b>8,333,950</b> <i>7,166,179</i>	<b>98,759</b> <i>59,564</i>	- -	<b>8,432,709</b> <i>7,225,743</i>
Other Income	<b>320,471</b> <i>312,570</i>	<b>3,407</b> <i>2,875</i>	<b>9,212</b> <i>90,108</i>	<b>333,090</b> <i>405,553</i>
<b>Results:</b>				
Segment Results	<b>1,729,579</b> <i>874,041</i>	<b>(63,905)</b> <i>(63,309)</i>	- <i>90,108</i>	<b>1,665,674</b> <i>900,840</i>
Unallocated Income / (Expenses):				
Interest	-	-	<b>190,955</b>	<b>190,955</b>
	-	-	<b>230,372</b>	<b>230,372</b>
Other expenses	-	-	<b>501,657</b>	<b>501,657</b>
	-	-	<b>441,656</b>	<b>441,656</b>
Net Profit before taxes	-	-	<b>973,062</b>	<b>973,062</b>
	-	-	<b>228,812</b>	<b>228,812</b>
Tax	-	-	<b>323,844</b>	<b>323,844</b>
	-	-	<b>131,244</b>	<b>131,244</b>
Net Profit after taxes	-	-	<b>649,218</b>	<b>649,218</b>
	-	-	<b>97,568</b>	<b>97,568</b>

## 2. Assets and Liabilities:-

As on March 31,2009	Agro Chemicals Rupees	Others Rupees	Un-allocated Rupees	Total Rupees
Assets	7,189,235 6,349,818	548,811 593,194	1,223,843 1,713,828	8,961,889 8,656,840
Liabilities	619,383 566,715	19,964 9,245	2,783,267 3,153,084	3,422,614 3,729,044
Capital expenditure	223,371 240,315	33,446 9,053	87,829 53,625	344,646 302,993
Depreciation	155,837 198,127	58,303 49,903	219,252 213,976	433,392 462,006

Unallocated assets and liabilities include mainly cash and bank balances, loans taken, advance tax, provision for tax etc. which have not been identified to any reportable primary segment as the assets are used interchangeably between the segments and it is not practicable to reasonably allocate the assets and liabilities to individual segment.

## B. Secondary reporting – Based on geographical distribution: -

Particulars	India Rupees	U S A Rupees	Asia Rupees	Europe Rupees	Others Rupees	Total Rupees
Sales	4,402,990 3,319,113	911,840 470,552	787,250 631,078	1,326,860 1,478,218	1,003,769 1,326,782	8,432,709 7,225,743
Assets	6,879,890 6,595,316	883,759 626,411	93,311 212,877	820,776 789,215	284,153 299,190	8,961,889 8,523,009
Capital Expenditure	284,819 293,646	57,987 9,187	1,551 -	245 160	44 -	344,646 302,993

## 17. Earnings per share (EPS):

	Particulars	2009 Rupees	2008 Rupees
1	Net Profit after taxation for the year	649,218	97,568
2	Weighted number of ordinary shares for basic EPS	64,514	64,514
3	Nominal value of ordinary shares (in Rupees)	100	100
4	Basic / diluted earning for ordinary shares (in Rupees)	10,063	1,512

18. Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 as certified by the Managing Director.

I. Licensed capacity – Anilofos – 1000 tons per annum.

II. Installed capacity, production, stocks and sales.

**(A) Capacities and production :-**

Class of goods	Unit	Installed capacity*		Production#	
		2009 Quantity	2008 Quantity	2009 Quantity	2008 Quantity
(I) Manufactured products					
Pesticides, intermediates and weedicides	Kgs	21,536,000	21,110,000	14,453,330	13,601,876

Formulations	Kgs	2,000,000	2,000,000	1,570,096	76,675
	Ltrs	8,000,000	8,000,000	8,621,827	8,467,254
Veterinary drugs	Kgs	50,000	50,000	29,902	19,499
Plant nutrients	Ltrs	-	-	23,372	41,153
Pigment	Kgs	220,000	-	26,253	24,281
Third Party Manufacturing	Ltrs	-	-	1,327,074	2,102,616

\*As registered with Director General of Trade and Development. / Secretariat for Industrial Assistance except for Anilofos and as certified by Management and accepted by Auditors, being a technical matter. Installed capacity in respect of multipurpose plants is determined on the basis of product mix, for the year.

# Production excludes captive consumption and samples.

Class of goods	Unit	2009		2008	
		Quantity	Rupees	Quantity	Rupees
(II) Traded Products					
Pesticides	Kgs	2,197,846	146,168	2,239,520	79,640
	Ltrs	101,815	78,177	157,645	36,963
Total			224,345		116,603

(B) Opening stocks :-

Class of goods	Unit	2009		2008	
		Quantity	Rupees	Quantity	Rupees
<b>(I) Manufactured products</b>					
Pesticides, intermediates and weedicides	Kgs	2,134,584	546,675	3,366,549	1,049,591
Formulations	Kgs	39,557	73,262	142,218	180,354
	Ltrs	1,140,227	242,470	1,868,575	326,841
Veterinary drugs	Kgs	5,600	8,017	9,101	13,142
Plant nutrients	Ltrs	46,560	3,674	42,372	4,500
Pigment	Kgs	10,651	14,577	-	-
Total			888,675		1,574,428
<b>(II) Traded Products</b>					
Pesticides	Kgs	92,495	3,623	126,049	3,778
	Ltrs	98,534	25,168	144,199	29,308
Total			28,791		33,086
<b>(II) Third party</b>					
Pesticides	Ltrs	615,747	114,944	525,695	114,126
Total			1,032,410		1,721,640

(C) Closing stocks :-

Class of goods	Unit	2009		2008	
		Quantity	Rupees	Quantity	Rupees
<b>(I) Manufactured products</b>					
Pesticides, intermediates and weedicides	Kgs	3,072,544	888,140	2,134,584	546,675
Formulations	Kgs	22,786	129,079	39,557	73,262
	Ltrs	2,099,247	457,978	1,140,227	242,470
Veterinary drugs	Kgs	6,900	8,712	5,600	8,017
Plant nutrients	Ltrs	30,952	2,685	46,560	3,674
Pigment	Kgs	11,082	11,738	10,651	14,577
Total			1,498,332		888,675
<b>(II) Traded Products</b>					
Pesticides	Kgs	216,187	18,394	92,495	3,623
	Ltrs	40,614	16,031	98,534	25,168
Total			34,425		28,791
<b>(II) Third party</b>					
Pesticides	Ltrs	532,628	156,368	615,747	114,944
Total			1,689,125		1,032,410

The above stock are after considering stocks written off. (Refer note no. 21)

**(D) Sales :-**

Class of goods	Unit	2009		2008	
		Quantity	Rupees	Quantity	Rupees
<b>(I) Manufactured products</b>					
Pesticides, intermediates and weedicides	Kgs	13,509,691	5,267,516	14,833,841	4,334,436
Formulations	Kgs	1,382,809	425,171	179,336	311,806
	Ltrs	7,596,868	1,898,028	9,195,602	1,885,574
Veterinary drugs	Kgs	28,602	55,633	23,000	40,968
Plant nutrients	Ltrs	37,635	10,016	36,965	7,592
Pigment	Kgs	25,822	37,479	13,630	18,560
<b>Total</b>			7,693,843		6,598,936
<b>(II) Traded Products</b>					
Pesticides	Kgs	2,054,077	169,961	2,273,274	96,765
	Ltrs	129,352	102,301	203,310	48,290
<b>Total</b>			272,262		145,055
<b>(II) Third party</b>					
Pesticides	Ltrs	1,338,874	414,350	2,012,564	427,910
Others			52,254		53,842
<b>Total</b>			8,432,709		7,225,743

**(E) C. I. F. value of imported items :-**

Class of Goods	2009 Rupees	2008 Rupees
Raw materials	1,090,734	974,376
Capital goods	11,111	12,754
Stores	133	110

**(F) Raw material and packing materials consumed :-**

Sr. No.	Particulars	2009		2008	
		Quantity	Rupees	Quantity	Rupees
1	Meta phenoxy benzaldehyde	1,345,547	460,429	1,437,368	391,154
2	Di ethyl thiophosphiryl chloride	4,856,846	594,648	4,709,260	388,800
3	Acrylonitrile	3,539,810	278,665	3,212,899	263,976
4	Caustic soda lye	14,605,567	335,083	12,598,978	244,061
5	Tri chloro actyl chloride	3,772,974	225,714	3,982,460	214,123
6	Others		2,782,146		2,103,712
	<b>Total</b>		4,676,685		3,605,826

(G) Imported and indigenous materials consumed :-

	Particulars	2009		2008	
		Rupees	Percent	Rupees	Percent
a	Raw and packing materials				
	Imported	1,204,253	25.75	912,391	25.30
	Indigenous	3,472,432	74.25	2,693,435	74.70
	Total	4,676,685	100.00	3,605,826	100.00
b	Stores				
	Imported	133	0.11	110	0.13
	Indigenous	120,372	99.89	87,733	99.87
	Total	120,505	100.00	87,843	100.00

(H) Earnings in foreign currency :-

Particulars	2009	2008
	Rupees	Rupees
F.O.B. value of exports	3,999,122	3,869,199

(I) Expenditure in foreign currency :-

Particulars	2009	2008
	Rupees	Rupees
Travelling	1,685	1,588
Commission	24,021	25,980
Sales promotion	10,541	3,553
Interest	73,468	90,172
Foreign branch expenses	339,923	213,150
Others	25,666	6,859

19. The company has created Research and Development facilities at Dombivli and Lote in the districts Thane and Ratnagiri of Maharashtra and on the basis of trial balance and cost center reports maintained in respect of the R&D units Rs. 189,073 (2008: Rs. 133,274) have been incurred towards revenue expenditure and Rs. 15,814 (2008: Rs. 12,826) have been incurred towards capital expenditure. The Dombivli R&D center is already recognised and approved by the DSIR for the purpose of section 35(2AB) of Income Tax Act, 1961. The Company made application to the DSIR, Ministry of Science & Technology before 31.03.2009 for grant of recognition to the in-house R&D facility at Lote and also made application for approval under section 35(2AB) of the Income Tax Act, 1961 for Lote unit with effect from the financial year 2008-2009. In response to company's application the DSIR has issued certificate of recognition to the Lote R&D facility vide certificate no. F. No. TU/IV-RD/470/2009 dated 27.08.2009.

Sr. No	Particulars	Revenue expenditure		Capital Expenditure		Total
		Dombivli	Lote	Dombivli	Lote	
1	Cost of Materials (Cost included in material cost under schedule-15 of Profit & loss account)	5,807 804	1,510 -	- -	- -	7,317 804
2	Personnel Expenses (Cost included in personnel expenses under schedule-16 of profit and loss account)	90,757 94,702	29,784 -	- -	- -	120,541 94,702
3	Consumable Stores	8,402 8,497	11,287 -	- -	- -	19,689 8,497
4	Power, Fuel and Water	4,432 3,447	2,181 -	- -	- -	6,613 3,447
5	Insurance	318 551	109 -	- -	- -	427 551
6	Repairs and Maintenance	6,433 2,991	4,569 -	- -	- -	11,002 2,991
7	Sundry Expenses (Costs against serial no from 3 to 7 are included in manufacturing and other expenses under schedule-17 of Profit and loss account)	17,607 22,282	5,877 -	- -	- -	23,484 22,282
8	Plant and Machinery	- -	- -	10,121 12,502	5,608 -	15,729 12,502
9	Other Assets	- -	- -	23 324	62 -	85 324
	Total Research and Development Expenditure	133,756 133,274	55,317 -	10,144 12,826	5,670 -	204,887 146,100

20. The Company procures on lease, equipments, vehicles and office premises under operating leases. These rentals recognized in the Profit and Loss Account for the year are Rs. 7,536 (2008:Rs. 8,414). The future minimum lease payments and payment profile of non cancellable operating leases are as under:

Particulars	2009	2008
Not later than one year	1,327	3,450
Later than one year but not later than five year	-	-
Less than five year	-	-
Total	1,327	3,450

21. During the previous year, the management had initiated a rigorous process for identification of slow moving / obsolete stocks and accordingly, identified raw material items of Rs 44,644 and work-in-process / finished goods of Rs 114,990. Such a review continued during the year and based on techno-commercial assessment, items aggregating to Rs. 74,053 have been written off as obsolete /

damaged stocks. The balance items have been appropriately valued at lower of cost and net realizable value.

22. As regards the proceedings before the Company Law Board (CLB) in respect of the shares lodged by the pledge of shares reported in the earlier year, the CLB has issued an order dismissing the petition. The party has preferred an appeal against the said order in the High Court which has been admitted. Accordingly, the company awaits the final disposal of matter before the Honourable High Court.
23. Figures in the financial statements are denominated and rounded off to the nearest rupee in thousand, Figures of the previous year are regrouped and rearranged, wherever required to confirm to those of the current year's presentation.

Signatures to schedules 1 to 19.

As per our attached report of even date For and on behalf of the Board

For Deloitte Haskins & Sells,  
Chartered Accountants

K.H.GHARDA Managing Director

D.T. DESAI Director

R. D. KAMAT  
Partner

ANIL NAWAL Company Secretary

Place: Mumbai  
Date: August 31, 2009.

Place: Mumbai  
Date: August 29, 2009.



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### i. Registration Details

Registration No. : 

1	3	6	8	8
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State Code : 

1	1
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Balance Sheet Date : 

3	1	0	3	2	0	0	9
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Date Month Year

### ii. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue																
<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td>N</td><td>.</td><td>A</td><td>.</td><td> </td><td> </td></tr></table>			N	.	A	.			<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td>N</td><td>.</td><td>A</td><td>.</td><td> </td><td> </td></tr></table>			N	.	A	.		
		N	.	A	.												
		N	.	A	.												
Bonus Issue	Private Placements																
<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td>N</td><td>.</td><td>A</td><td>.</td><td> </td><td> </td></tr></table>			N	.	A	.			<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td>N</td><td>.</td><td>A</td><td>.</td><td> </td><td> </td></tr></table>			N	.	A	.		
		N	.	A	.												
		N	.	A	.												

### iii. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets																		
<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td>7</td><td>5</td><td>3</td><td>2</td><td>6</td><td>7</td><td>6</td></tr></table>			7	5	3	2	6	7	6	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td>7</td><td>5</td><td>3</td><td>2</td><td>6</td><td>7</td><td>6</td></tr></table>			7	5	3	2	6	7	6
		7	5	3	2	6	7	6											
		7	5	3	2	6	7	6											

#### Sources of Funds

Paid up Capital	Reserves & Surplus																		
<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>6</td><td>4</td><td>5</td><td>1</td></tr></table>						6	4	5	1	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td>5</td><td>5</td><td>3</td><td>2</td><td>8</td><td>2</td><td>4</td></tr></table>			5	5	3	2	8	2	4
					6	4	5	1											
		5	5	3	2	8	2	4											
Secured Loans	Unsecured Loans																		
<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td>1</td><td>8</td><td>9</td><td>7</td><td>7</td><td>7</td><td>1</td></tr></table>			1	8	9	7	7	7	1	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td> </td><td>9</td><td>5</td><td>6</td><td>3</td><td>0</td></tr></table>					9	5	6	3	0
		1	8	9	7	7	7	1											
				9	5	6	3	0											

#### Application of Funds

Net Fixed Assets	Investments																		
<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td>1</td><td>9</td><td>4</td><td>9</td><td>4</td><td>9</td><td>9</td></tr></table>			1	9	4	9	4	9	9	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td> </td><td>9</td><td>5</td><td>4</td><td>3</td><td>5</td></tr></table>					9	5	4	3	5
		1	9	4	9	4	9	9											
				9	5	4	3	5											
Net Current Assets	Misc. Expenditure																		
<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td>5</td><td>3</td><td>1</td><td>0</td><td>3</td><td>2</td><td>6</td></tr></table>			5	3	1	0	3	2	6	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>					N	I	L		
		5	3	1	0	3	2	6											
				N	I	L													
Deferred Tax																			
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			1	7	7	4	1	6											

### iv. Performance of Company (Amount in Thousands)

Turnover**	Total Expenditure																				
<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td>8</td><td>7</td><td>6</td><td>5</td><td>7</td><td>9</td><td>9</td></tr></table>			8	7	6	5	7	9	9	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td>7</td><td>7</td><td>9</td><td>2</td><td>7</td><td>3</td><td>7</td></tr></table>			7	7	9	2	7	3	7		
		8	7	6	5	7	9	9													
		7	7	9	2	7	3	7													
**Includes Other Income																					
+ - Profit/Loss Before Tax	+ - Profit After Tax																				
<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td> </td><td>9</td><td>7</td><td>3</td><td>0</td><td>6</td><td>2</td></tr></table>					9	7	3	0	6	2	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td> </td><td>6</td><td>4</td><td>9</td><td>2</td><td>1</td><td>8</td></tr></table>					6	4	9	2	1	8
				9	7	3	0	6	2												
				6	4	9	2	1	8												
Please tick appropriate box + for profit, - for loss)																					
Earnings Per Share in Rs.	Dividend rate %																				
<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td> </td><td>1</td><td>0</td><td>0</td><td>6</td><td>3</td></tr></table>					1	0	0	6	3	<table border="1" style="display: inline-table;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>5</td><td>0</td><td>0</td></tr></table>							5	0	0		
				1	0	0	6	3													
						5	0	0													

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

Item Code (ITC Code) 

3	8	0	8	1	0	.	2	9				
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Product Description 

C	H	L	O	R	P	Y	R	I	P	H	O	S
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Item Code (ITC Code) 

3	8	0	8	1	0	.	2	2				
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Product Description 

I	S	O	P	R	O	T	U	R	O	N		
T	E	C	H	N	I	C	A	L				

Item Code (ITC Code) 

3	8	0	8	1	0	.	2	9				
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Product Description 

C	Y	P	E	R	M	E	T	H	R	I	N	
T	E	C	H	N	I	C	A	L				



## GHARDA CHEMICALS LIMITED

### STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY.

NAME OF THE SUBSIDIARY COMPANY	Gujarat Insecticides Limited	Gharda Australia Pty. Ltd	Gharda Generics Inc.
1. Financial year of the Subsidiary Company ended on	31/03/2009	31/03/2009	31/03/2009
2. Holding Company's Interest : Equity Shares of each -	Rs. 10	Rs. 26.36 (AUD 1)	Rs. 0.42 (USD 0.01)
(a) Number of Shares Fully Paid -	203,170	75,000	3,000,000
Partly Paid	NIL	NIL	NIL
(b) Extent of Holding	55.56%	100%	100%
3. Net aggregate amount of Profits / (Losses) of the Subsidiary so far as they concern members of Gharda Chemicals Ltd.	Rupees (In '000)	Rupees (In '000)	Rupees (In '000)
(i) Not Dealt with in the accounts of the Holding Company			
(a) For the Financial year of the subsidiary	52,248	(273)	-
(b) For the previous Financial Years of the company since it became the holding company's subsidiary.	258,899	(1,503)	-
(ii) Dealt with in the accounts of the Holding Company			
(a) For the Financial year of the subsidiary	NIL	NIL	NIL
(b) For the previous Financial Years of the company since it became the holding company's subsidiary.	NIL	NIL	NIL
<div style="text-align: right;">K. H. GHARDA    <i>Managing Director</i></div> <div style="text-align: right;">D. T. DESAI        <i>Director</i></div> <div style="text-align: right;">ANIL NAWAL        <i>Company Secretary</i></div>			
Place : Mumbai Date : August 29, 2009.			



**GUJARAT INSECTICIDES LIMITED**  
**TWENTY EIGHTH ANNUAL REPORT**  
**FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2009**

**BOARD OF DIRECTORS:**

Dr K H Gharda, Chairman  
Shri D T Desai, Director  
Shri D H Mirani, Director

**AUDITORS:**

M/s Deloitte Haskins & Sells,  
Chartered Accountants,  
31, Nutan Bharat Society,  
Alkapuri,  
Baroda – 390 007.

**BANKER:**

Bank of Baroda  
Industrial Estate Branch  
GIDC Estate  
Ankleshwar – 393 002

**REGISTERED OFFICE & WORKS:**

805-806, GIDC Estate  
Ankleshwar – 393 002  
Dist. Bharuch



**GUJARAT INSECTICIDES LIMITED**  
**DIRECTORS REPORT**  
**FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2009**

The Directors have pleasure in presenting their Twenty eighth Annual Report together with the Audited Statement of Accounts for the Year ended 31<sup>st</sup> March 2009.

**(1) FINANCIAL HIGHLIGHTS**

	(Rupees in Lakhs)	
	Year ended 31.03.2009	Year ended 31.03.2008
Turnover	12,482	9,743
Profit Before Tax and Prior Period Items	1,028	271
Provision for Taxation:		
▶ Current Tax	129	31
▶ Mat Credit Entitlement	(28)	0
▶ Mat Credit Utilised	11	0
▶ Deferred Tax	(36)	(15)
▶ Fringe Benefit Tax	8	13
Profit After Tax but Before Prior Period Items	944	243
Prior Period Expense	4	0
Net Profit	940	243
Balance of Profit & Loss Account brought forward:		
(a) Previous year	1840	1,481
(b) Employees' Benefit as per AS 15 Revised	0	116
Profit available for Appropriation	2,780	1,840
Balance carried forward to Balance Sheet	2,780	1,840

**(2) REVIEW OF OPERATIONS**

The Company's turnover has increased from Rs. 9,743 Lakhs in the previous year to Rs.12,482 Lakhs during current year reflecting a increase of 28%. The profits after tax have also increased considerably to Rs.940 Lakhs from Rs.243 Lakhs of the previous year. The improved performance is due to better utilization of Plant capacities and higher realization.

**CURRENT YEARS WORKING:**

The company has achieved sales turnover of Rs.4,297 Lakhs for the period April to July 2009 as compared to Rs.3,857 Lakhs for the corresponding period of the earlier year. However, uncertainty of the monsoon may affect the sales Margins may also come under pressure.

**(3) DIVIDEND**

To conserve the resources, Directors do not recommend any Dividend.

**(4) ENVIRONMENT & SAFETY**

The Company is committed to its Environment, Occupational Health and Safety Policy in conformity with the provisions of the Environment Protection Act 1986. Company holds valid consents for Air, Water, Solid Waste. As regard Safety, it was again a "no reportable accident" year.



**GUJARAT INSECTICIDES LIMITED**  
**DIRECTORS REPORT**  
**FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2009**

**(5) PERSONNEL**

Industrial relations remain cordial through out the year.

**(6) DIRECTORS**

In accordance with the provisions of the Companies Act 1956, and the Articles of Association of the Company, Mr D T Desai, retires by rotation and being eligible, offers himself for re-appointment:

The Board expresses its deep sense of grief at the untimely death of Mr Hoshang C Patel on 22<sup>nd</sup> December 2008. Mr Patel was associated with the company as a Director for over 14 years. The Board places on record its deep appreciation of his contribution towards the growth of the company.

**(7) AUDITORS**

The Auditors M/s Deloitte Haskins & Sells, Chartered Accountants, retire at the ensuing Annual General Meeting and offer themselves for reappointment. The Auditors have confirmed that, if appointed their appointment, would be within the limit stated in Section 224 of the Companies Act 1956.

**(8) COST AUDIT**

The Company has maintained records prescribed under Cost Accounting Records under Companies Act, 1956 for Pesticides (Technical). Cost Audit guidelines are also complied with in accordance with the relevant rules.

**(9) INSURANCE**

All the properties and assets of the Company are adequately insured.

**(10) DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of Companies Act 1956, the Directors state in respect of Financial Year 2008-2009 that:

- (a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- (b) The accounting policies have been selected and applied consistently and the judgements and estimates made, are reasonable and prudent, so as to give the true and fair view of state of affairs of the company at the end of the financial year and of the profit of the company for that year.
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with provisions of the Companies Act 1956, for safeguarding the assets of the Company and for preventing and directing fraud and other irregularities.



**GUJARAT INSECTICIDES LIMITED**  
**DIRECTORS REPORT**  
**FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2009**

(d) The Annual Accounts have been prepared on a going concern basis.

**(11) PARTICULARS OF EMPLOYEES**

The information required under the provisions of Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules 1975, as amended is reported to be NIL.

**(12) DISCLOSURE OF PARTICULARS**

Information as per the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, relating to conservation of energy, technical absorption, foreign exchange earnings and outgo are given in Annexure forming part of this report.

**(13) COMPLIANCE CERTIFICATE**

The Company has obtained compliance certificate from a secretary in wholetime practice as per the provisions of the Companies Act 1956. A copy of the same is attached herewith.

**(14) ACKNOWLEDGEMENT**

The Directors would like to place on record their appreciation for the valuable services rendered by the employees of the company and valuable co-operation extended by Government Departments, Bankers and business associates for the smooth operations of the Company.

**For and on behalf of the Board**

**Place : Mumbai**  
**Date : 28.08.2009**

**D. H. Mirani**  
**Director**

**D. T. Desai**  
**Director**

**K. H. Gharda**  
**Chairman**



## GUJARAT INSECTICIDES LIMITED

ANNEXURE TO THE DIRECTORS REPORT  
FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2009

### I. CONSERVATION OF ENERGY:

#### ENERGY MEASURE TAKEN

##### (A) Fuel Saving:

Boiler Feed Water Temperature is increased from 56°C to 80°C by using condensate water collected from Plant, resulting in Natural Gas saving.

##### (B) Power Saving due to:

###### 1. Replacement of:

- (a) Two numbers of Kirloskar make Chilling Plants having capacity of 110 TR by one Blue Star make Chilling Plant of 225 TR capacity, to reduce annual power consumption by 5.5 %.
- (b) Two numbers of Voltas make Chilling Plants having capacity of 75 TR by one Blue Star make Chilling Plant of 150 TR capacity, to reduce annual power consumption by 0.89 %.
- (c) 11 KW Boiler feed Water Pump with 4.5 KW Energy Efficient Water Pump to reduce annual power consumption by 0.18 %.
- (d) One IR make Reciprocating Air Compressor having capacity of 200 CFM by Kaiser make Compressor of 204 CFM capacity, to reduce annual power consumption by 0.17 %.

###### 2. Installation of:

- (a) 110 KVA Capacitor Bank at MCC Panels to reduce cable losses.
- (b) 18 Watt Fluorescent Lamp in place of 40 Watt Fluorescent Lamps in PCC Rooms and Corridors of Administrative Building.
- (c) VFD for 12.5 HP Blower in ETP.
- (d) Time Switch for Street Lighting.

###### 3. Others

- (a) Maintained Power Factor above 0.99 through out the year and got rebate in Electricity Bills from DGVCL.
- (b) Use of Chilled Brine – MEG in Plant-B directly from CHC-301 instead of  $\text{CaCl}_2$  Brine from Brine Plant to reduce total annual power consumption by 1.57 %.



**GUJARAT INSECTICIDES LIMITED**  
**ANNEXURE TO THE DIRECTORS REPORT**  
**FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2009**

**FORM - A**

**(A) POWER AND FUEL CONSUMPTION**

	2008-09	2007-08
1. Electricity		
(a) Purchased Units (Lakhs KWH)	80.703	71.448
Total amount (Rupees in Thousand)	48482	37267
Average rate (Rupees per unit)	6.01	5.22
(b) Own generation		
(i) Through Diesel Generator:		
Units (Lakhs KWH)	2.732	3.269
Units per Lt. of High Speed Diesel (KWH)	3.07	4.55
Cost per Unit (Rupees per KWH)	12.89	10.00
(ii) Through Steam Turbine/Generator:		
Units (Lakhs KWH)	Nil	Nil
Units per Ltr. Of Light Diesel Oil (KWH)	Nil	Nil
Cost per Unit (Rupees per KWH)	Nil	Nil
2. Coal	Nil	Nil
3. Furnace Oil (K. Ltr)	Nil	Nil
4. Light Diesel Oil		
Quantity (K. Ltr)	Nil	Nil
Total amount (Rupees in Lakhs)	Nil	Nil
Average Rate (Rupees per K Ltr)	Nil	Nil
5. High Speed Diesel Oil		
Quantity (K. Ltr)	215	104
Total amount (Rupees in Thousand)	8237	3610
Average Rate (Rupees per K Ltr)	38.40	34.58

**(B) CONSUMPTION PER UNIT OF PRODUCTION PER TONNE**

	2008-09	2007-08
1. Electricity (KWH)	1437.11	1677.85
2. Furnace Oil (Ltrs)	Nil	Nil
3. Coal	Nil	Nil
4. Others ( Gas) M3	396.73	509.57
5. Light Diesel Oil (Ltrs)	Nil	Nil
6. High Speed Diesel (Ltrs)	38.20	24.52



**GUJARAT INSECTICIDES LIMITED****ANNEXURE TO THE DIRECTORS REPORT  
FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2009****FORM - B****II. TECHNOLOGY ABSORPTION****RESEARCH & DEVELOPMENT:**

All the products of the Company are based on the indigenously developed technology by M/s Gharda Chemicals Limited, Mumbai, the holding Company. The R&D Centre of the Company is well equipped for innovation, product improvement, development and for cost reduction.

**III. FOREIGN EXCHANGE EARNINGS AND OUTGO**

		(Rupees in Lakhs)	
		Current Year	Previous Year
(i)	Foreign Exchange earnings (Export on FOB equivalent to US\$ 22,67,925)	1,114.58	1,044.04
(ii)	Foreign Exchange outgo		
	• Raw material	461.42	194.10
	• Others	2.03	9.04
		463.45	203.14

**For and on behalf of the Board****Place : Mumbai  
Date : 28.08.2009****D. H. Mirani  
Director****D. T. Desai  
Director****K. H. Gharda  
Chairman**



**GUJARAT INSECTICIDES LIMITED**  
**COMPLIANCE CERTIFICATE**  
**FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2009**

**KAPOOR & VED.**  
**COMPANY SECRETARIES**

4<sup>TH</sup> FLOOR, SHAIVAL PLAZA,  
GUJARAT COLLEGE ROAD,  
ELLIS BRIDGE,  
AHMEDABAD 380 006.

PHONE : 079 2840338 / 7 / 8 / 9

**COMPLIANCE CERTIFICATE**

To

The Members,

We have examined the registers, records, books and papers of Gujarat Insecticides Limited as required to be maintained under the Companies Act, 1956, (the act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31<sup>st</sup> March, 2009**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents. We certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and rules made thereunder and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated Annexure 'B' to this certificate, with the Registrar of companies. The company was not required to file any form with Regional Director, Central Government, Company Law Board.
3. The Company, being a public limited company, comments are not required.
4. The Board of Directors duly met **4 times** on 10<sup>th</sup> June 2008, 19<sup>th</sup> September 2008, 24<sup>th</sup> November 2008 and 5<sup>th</sup> March 2009 in respect of which meetings proper notice were given and the proceedings were properly recorded and signed including the circular resolutions passed in the minutes book maintained for the purpose.
5. The company has not closed its Register of Members during the year under review.
6. The annual general meeting for the financial year ended on 31<sup>st</sup> March, 2008 was held on **27<sup>th</sup> September, 2008** after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. One Extra ordinary general meeting was held during the Financial Year under review.



**GUJARAT INSECTICIDES LIMITED**  
**COMPLIANCE CERTIFICATE**  
**FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2009**

**KAPOOR & VED**

8. The company has not advanced any loan to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. The Company was not required to take any approval under Section 314 of the Act, as it has not appointed any relative of Director in the office of place of profit.
12. The Company has not issued any duplicate shares certificates during the Financial Year.
13. The Company has:
  - a) not allotted shares / debentures and has not received any shares for transfer / transmission.
  - b) not declared any dividend, therefore, the question of depositing the amount of dividend declared in a separate Bank Account does not arise.
  - c) not required to transfer to Investor Education and Protection Fund the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years.
  - d) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the company is duly constituted and appointment of additional directors have been duly made. There was no Director appointed as alternate Director or Director appointed to fill casual vacancy was made during the financial year under review.
15. The company has not appointed any Managing Director / Whole Time Director during the Financial year.
16. The Company has not appointed any sole-selling agent during the period under review.
17. The Company was not required to obtain approval of the Central Government, Company Law Board, Regional Director, Registrar and / or such other authorities as may be prescribed under the various provisions of the Act.



**GUJARAT INSECTICIDES LIMITED**  
**COMPLIANCE CERTIFICATE**  
**FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2009**

**KAPOOR & VED**

18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and Rules made thereunder.
19. The Company has not issued any Equity Shares, Debentures or other securities during the Financial Year.
20. The Company has not bought back shares during the Financial Year ending 31<sup>st</sup> March 2009.
21. The company has not issued any preference shares / debentures; therefore question of redemption does not arise.
22. There was no transaction necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not accepted deposit under the provisions of Section 58A of the Companies Act 1956.
24. The Company has not made any borrowing during the Financial Year ended on 31<sup>st</sup> March 2009.
25. The Company has made investments in other bodies corporate and has made necessary entries in the register maintained for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to *situation of the Company's registered office from one state to another during the year.*
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to the name of the Company during the year under scrutiny.
29. *The Company has not altered the provisions of the memorandum with respect to the share capital of the Company during the year under scrutiny.*
30. The Company has not altered its Articles of Association during the Financial Year.
31. No prosecution has been initiated against or show cause notices received by the Company for alleged offences under the Act.



**GUJARAT INSECTICIDES LIMITED**  
**COMPLIANCE CERTIFICATE**  
**FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2009**

**KAPOOR & VED**

32. The Company has not received any money as security from its employees during the Financial Year under review.
33. The Company has not constituted any Provident Fund for its employees and, therefore, no compliance under Section 418 of the Act is required.

**For Kapoor & Ved  
Company Secretaries**

**Place : Ahmedabad  
Date : 28.08.2009**

**Ashish Shah  
Partner  
C.P. No. 4178**



**GUJARAT INSECTICIDES LIMITED**  
**ANNEXURE TO COMPLIANCE CERTIFICATE**  
**FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2009**

KAPOOR & VED

**ANNEXURE – A**

**Registers as maintained by the Company**

1. Register of Members under Section 150 of the Companies Act 1956.
2. Register of Directors etc. under Section 303 of the Companies Act 1956.
3. Register of Director's Shareholdings under Section 307 of the Companies Act 1956.
4. Register of Contracts under Section 301 of the Companies Act 1956.
5. Minutes of the Meetings of the Board of Directors.
6. Minutes of the General Meeting of the Shareholders.
7. Register of Shareholders' Attendance.
8. Register of Directors' Attendance.
9. Register of Investments.
10. Register of Charges under Section 143 of the Companies Act 1956.

**ANNEXURE – B**

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the Financial Year ending on 31<sup>st</sup> March 2009.

Sr. No.	Form No. / Return	Filed under Section	Date of Filing	Whether filed under prescribed time Yes / No.	If delay in filing whether requisite additional fees paid
1.	Form No. 32	U/s 303	10/04/2008	No	Yes
2.	Form No. 23C	U/s 233B(2)	01/08/2009	Yes	N.A.
3.	Form No. 66	U/s 383A	28/10/2008	Yes	N.A.
4.	Form No. 20B	U/s 159	23/12/2008	No	Yes
5.	Form No. 23AC	U/s 220	09/01/2009	No	Yes
6.	Form No. 32	U/s 303	27/03/2009	No	Yes

**For Kapoor & Ved  
Company Secretaries**

Place : Ahmedabad  
Date : 28.08.2009

**Ashish Shah  
Partner  
C.P. No. 4178**



**GUJARAT INSECTICIDES LIMITED**  
**AUDITORS' REPORT**  
**FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2009**

**DELOITTE HASKINS & SELLS**  
**CHARTERED ACCOUNTANTS**

31, NUTAN BHARAT SOCIETY,  
ALKAPURI,  
BARODA - 390 007.  
TELEPHONE : (0265) 2333776  
FAX : (0265) 2339729

To,

The Shareholders of Gujarat Insecticides Limited,

1. We have audited the attached Balance Sheet of Gujarat Insecticides Limited as at 31<sup>st</sup> March 2009, and the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements, based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Government of India in terms of Section 227(4A) of the Companies Act 1956, we enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
  - (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (v) On the basis of the written representations received from the Directors, as on 31<sup>st</sup> March 2009, we report that none of the Directors are disqualified as on 31<sup>st</sup> March 2009 from being appointed as Directors in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;



**GUJARAT INSECTICIDES LIMITED**  
**AUDITORS' REPORT**  
**FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2009**

**DELOITTE HASKINS & SELLS**

5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Significant Accounting Policies and Notes to Accounts, give the information required by the Companies Act 1956, 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 Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2009;
  - b) in the case of Profit & Loss Account, of the profit of the Company for the year ended on that date; and
  - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Deloitte Haskins & Sells,  
Chartered Accountants**

**Place: Vadodara  
Date: 28.08.2009**

**Gaurav J Shah  
Partner  
Membership No. 35701**





## **GUJARAT INSECTICIDES LIMITED**

### **AUDITORS' REPORT**

**FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2009**

**DELOITTE HASKINS & SELLS**

**Annexure to the Auditor's Report  
(Referred to in paragraph 3 of the Report)**

- (i) In respect of Fixed Assets:
  - (a) The company has maintained proper records showing particulars, including quantitative details and situation of its fixed assets.
  - (b) Some of the assets have been physically verified; during the year by the Management. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) No substantial part of the fixed assets has been disposed off during the year.
- (ii) In respect of inventories:
  - (a) Physical verification was conducted during the year by the Management. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion, the procedures of physical verification followed were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanation given to us, there are no loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956.
- (iv) In our opinion, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) In respect of transactions required to be entered in the register maintained in pursuance of Section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) All the contracts or arrangements that need to be entered into the register have been so entered.
  - (b) Transactions made in pursuance of contracts and arrangements entered in the register maintained under Section 301 of the Companies Act 1956 and exceeding the value of rupees five lakhs in respect of any party during the



**GUJARAT INSECTICIDES LIMITED**  
**AUDITORS' REPORT**  
**FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2009**

**DELOITTE HASKINS & SELLS**

year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except in respect of purchases of some raw materials made from the Company under the same management for which no comparative prices are available.

- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the internal audit system is commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1)(d) of the Companies Act 1956 and we are of the opinion that, *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) In respect of statutory and other dues:
  - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues applicable, with the appropriate authorities during the year. Further, since the Central Government has till date not prescribed the amount of Cess payable under Section 441A of the Companies Act 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
  - (b) There are no undisputed statutory dues outstanding as on 31<sup>st</sup> March 2009, for a period of more than six months from the date they became payable.
  - (c) No dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty are outstanding as on 31<sup>st</sup> March 2009, on account of any dispute.
- (x) The Company does not have any accumulated losses as at the end of the Financial Year. Further, the Company has not incurred cash losses during the Financial Year covered by our audit and the immediately preceding Financial Year.
- (xi) Based on our audit procedures and on the information and explanations given to us, the company has not defaulted in the repayment of dues to financial institutions or banks.
- (xii) According to the information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



## GUJARAT INSECTICIDES LIMITED

### AUDITORS' REPORT

FINANCIAL YEAR ENDING ON 31<sup>ST</sup> MARCH 2009

#### DELOITTE HASKINS & SELLS

- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of Clause 4(xv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- (xvi) The Company has not obtained any term loan.
- (xvii) As per the information and explanations given to us, on an overall basis examination of the balance sheet of the Company, we report that funds raised on short-term basis have *prima facie*, not been used during the year for long term purposes.
- (xviii) As per the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Company Act 1956.
- (xix) As per the information and explanations given to us, during the year covered by our audit, the Company has not issued any debentures. Therefore, the provisions of Clause 4(xix) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- (xx) As per the information and explanations given to us, during the year covered by our audit, the Company has not raised any money by way of public issues.
- (xxi) According to the information and explanations given to us, a fraud on the Company was noticed and reported during the year. An amount of Rs.7.39 Lakhs have been pilfered from its bank account through Phishing activity, a cyber crime during the year covered by our audit. Investigations are in progress. The bank has already recovered Rs.3.48 Lakhs from the above pilfered amount.

For Deloitte Haskins & Sells,  
Chartered Accountants

Place: Vadodara  
Date: 28.08.2009

Gaurav J Shah  
Partner  
Membership No. 35701



**GUJARAT INSECTICIDES LIMITED**  
**BALANCE SHEET AS AT 31st MARCH 2009**

		RUPEES IN THOUSAND	
		As at 31st March 09	As at 31st March 08
<u>SOURCES OF FUNDS</u>			
SHAREHOLDERS' FUNDS			
Share Capital	1	3,657	3,657
Reserves and Surplus	2	658,171	564,135
LOAN FUNDS			
Secured Loans	3	77,497	57,784
TOTAL		739,325	625,576
<u>APPLICATION OF FUNDS</u>			
FIXED ASSETS			
Gross Block	4	469,387	463,798
Less: Depreciation		341,509	327,189
Net Block		127,858	136,609
Capital Work-in-progress		52,508	4,284
		180,364	140,893
Deferred Tax Asset (Net)		3,836	-
INVESTMENTS	5	6,687	6,968
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	6	254,918	229,253
Sundry Debtors	7	359,453	326,465
Cash and Bank Balances	8	27,364	41,125
Loans and Advances	9	137,365	88,464
		779,100	685,307
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	10	204,161	192,562
Provisions	11	28,301	15,030
		230,462	207,592
Net Current Assets		548,638	477,715
TOTAL		739,325	625,576
Significant Accounting Policies and Notes on Accounts		17	

As per our Report of even date  
For Deloitte Haskins & Sells  
Chartered Accountants

For And On Behalf Of The Board

Gaurav J Shah  
Partner  
M. No: 35701

K.H. Gharda  
Chairman

J.R.Panchal  
DGM-Finance

D H Mirani  
Director

D T Desai  
Director

Place : Vadodara  
Date : 28 AUG 2009

Place : Mumbai  
Date : 28 AUG 2009


**GUJARAT INSECTICIDES LIMITED**
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009**

		<b>RUPEES IN THOUSAND</b>	
		<b>For the Year ended</b>	
	<b>SCHEDULE</b>	<b>31st March 2009</b>	<b>31st March 2008</b>
<b>INCOME :</b>			
Sales		1,248,183	974,280
Excise Duty		90,750	75,156
Net sales		1,157,432	899,124
Other Income	12	61,652	105,167
(Decrease) / Increase in Stock of Finished Goods and Work in Process	13	13,803	(78,544)
		<b>1,232,888</b>	<b>925,747</b>
<b>EXPENDITURE :</b>			
Consumption of Raw Materials	14	667,048	494,723
Purchases of Trading goods		71,552	45,500
Manufacturing and Other Expenses	15	359,493	311,650
Interest and Financial Charges	16	12,333	25,312
Depreciation		19,671	21,416
		<b>1,130,096</b>	<b>898,601</b>
<b>Profit before tax and prior period items</b>		<b>102,792</b>	<b>27,146</b>
Provision for Taxation			
- Current Tax		12,860	3,060
- MAT Credit entitlement		(2,832)	-
- MAT Credit utilised		1,122	-
- Deferred Tax		(3,636)	(1,494)
- Fringe Benefit Tax		800	1,300
		<b>8314</b>	<b>2,866</b>
<b>Profit after tax but before prior period items</b>		<b>94,478</b>	<b>24,280</b>
Prior Period Items - Effluent Treatment Expense		440	-
<b>Net Profit</b>		<b>94,038</b>	<b>24,280</b>
Add: Balance of Profit & Loss Account Brought Forward		184,033	148,073
Add: Employee Benefits Adjustment as per transitional requirement of AS-15 Revised		-	11,680
<b>Profit Available for Appropriations</b>		<b>278,072</b>	<b>184,033</b>
<b>Appropriations:</b>			
Surplus carried to Balance Sheet		<b>278,072</b>	<b>184,033</b>
Basic and Diluted			
[Face Value per Equity Share Rs. 10 (Previous Year Rs.10)] (Rs.)		257.17	66.40
(Ref Note 2 (G) of Sch. 17)			
<b>Significant Accounting Policies and Notes on Accounts</b>	<b>17</b>		
As per our Report of even date For Deloitte Haskins & Sells Chartered Accountants		For And On Behalf Of The Board	
Gaurav J Shah Partner M. No: 35701		K.H. Gharda Chairman	
		J.R.Panchal DGM-Finance	D H Mirani Director
			D T Desai Director
Place : Vadodara Date <b>28 AUG 2009</b>		Place : Mumbai Date <b>28 AUG 2009</b>	



**GUJARAT INSECTICIDES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2009**

Particulars	Year ended 31.03.2009 (Rupees in Thousand)	Year ended 31.03.2008 (Rupees in Thousand)
<b>A Cash flow from Operating activities :</b>		
Net Profit before taxation and extraordinary items	102,792	27,148
Adjustments for :		
Depreciation	19,671	21,416
Interest Income	(1,520)	(749)
Dividend Income	(238)	(874)
Interest Expenses	12,333	25,410
(Profit) / Loss on Sales of Fixed Assets	(248)	12
Prior Period item	(440)	-
(Profit) / Loss on Sales of Investment	-	(54,873)
Unrealised foreign exchange (gain)/loss	(814)	155
Provision for Diminution in value of Investments	281	-
Provision for Doubtful Advances	-	738
Provision for Bad Debt	17,935	25,023
<b>Total</b>	<b>46,962</b>	<b>16,258</b>
Operating Profit before working capital changes	149,753	43,406
Adjustments for :		
(Increase)/Decrease in trade receivable	(50,043)	(123,720)
(Increase)/Decrease in other receivable	(28,467)	757
(Increase)/Decrease in Inventories	(25,665)	68,378
Increase/(Decrease) in trade payables & Other liabilities	8,079	46,100
<b>Total</b>	<b>(96,097)</b>	<b>(8,485)</b>
Cash generated from operations :	<b>53,656</b>	<b>34,921</b>
Direct taxes paid (net of refunds)	(23,084)	(6,312)
<b>Total</b>	<b>(23,084)</b>	<b>(6,312)</b>
Cash flow before extraordinary items	30,572	28,608
<b>Net cash from operating activities</b>	<b>30,572</b>	<b>28,608</b>
<b>B Cash flow from Investing activities :</b>		
Purchases of fixed assets	(60,571)	(5,428)
Proceeds from sale of investments	-	75,573
Proceeds from sale of fixed assets	1,675	115
Increase/(Decrease) in creditors for capital goods	5,425	8,228
Dividend received	238	874
Interest received on long term investments	-	-
<b>Net cash used in Investing activities :</b>	<b>(53,233)</b>	<b>79,361</b>
<b>C Cash flow from financing activities :</b>		
Borrowing ( Net)	19,713	(66,672)
Interest received	1,520	744
Interest paid	(12,333)	(25,410)
<b>Net cash from financing activities :</b>	<b>8,899</b>	<b>(91,338)</b>
Net increase/(decrease) in cash and cash equivalents	(13,761)	16,632
Cash and cash equivalents at the beginning of the year	41,125	24,493
Cash and cash equivalents at the close of the year	27,364	41,125
For Deloitte Haskins & Sells Chartered Accountants	For and on behalf of Board of Directors	
	K.H. Gharda Chairman	
Gaurav J Shah Partner M. No: 35701 Place : Vadodara Date : 28.08.09	J.R.Panchal DGM- Finance Place : Mumbai Date : 28.08.2009	D.H.Mirani Director D.T.Desai Director



**GUJARAT INSECTICIDES LIMITED**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2009**

	RUPEES IN THOUSAND	
	As at 31st March 09	As at 31st March 08
<b><u>SCHEDULE 1 : SHARE CAPITAL</u></b>		
<b>AUTHORISED :</b> 1,250,000 Equity Shares of Rs 10 each	12,500	12,500
<b>ISSUED, SUBSCRIBED AND PAID-UP:</b> 365,670 Equity Shares of Rs.10/- each fully paid up.	3,657	3,657
( 203,170 Equity Shares are held by Gharda Chemicals Ltd. the holding company and its nominees)		
<b>TOTAL</b>	<b>3,657</b>	<b>3,657</b>
<b><u>SCHEDULE 2 : RESERVES AND SURPLUS</u></b>		
<b>GENERAL RESERVE</b> As per last Balance Sheet	377,255	377,255
Add: Amount transferred from Capital Redemption Reserve	2,844	-
	<b>380,099</b>	<b>377,255</b>
<b>CAPITAL REDEMPTION RESERVE</b> As per last Balance Sheet	2,844	2,844
Less: Amount transferred to General Reserve	(2,844)	-
		<b>2,844</b>
<b>PROFIT AND LOSS ACCOUNT</b>	<b>278,072</b>	<b>184,036</b>
<b>TOTAL</b>	<b>658,171</b>	<b>564,135</b>
<b><u>SCHEDULE 3 : SECURED LOANS</u></b>		
<b>WORKING CAPITAL FACILITIES</b>		
Cash Credit from Bank of Baroda	77,497	57,784
Secured by hypothecation of all inventories, Book debts and other movable fixed assets, both present and future and Corporate Guarantee of M/s.Gharda Chemicals Ltd., the holding company.		
<b>TOTAL</b>	<b>77,497</b>	<b>57,784</b>



**GUJARAT INSECTICIDES LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2009**

<b>SCHEDULE : 4 FIXED ASSETS :</b>									
		<b>GROSS BLOCK (AT COST)</b>			<b>DEPRECIATION</b>				<b>RUPEES IN THOUSAND</b>
<b>Sr.</b>	<b>ASSETS</b>	<b>As at 01-Apr-08</b>	<b>Additions during the year</b>	<b>Deductions during the year</b>	<b>As at 31-Mar-09</b>	<b>As at 01-Apr-08</b>	<b>For the Year</b>	<b>Deductions during the year</b>	<b>As at 31-Mar-09</b>
<b>No</b>									<b>As at 31-Mar-08</b>
1.	Freehold Land	1,667	-	-	1,667	-	-	-	1,667
2.	Leasehold Land	2,232	-	-	2,232	607	23	-	1,602
3.	Buildings (Note)	71,728	-	89	71,639	48,774	1,389	65	23,541
4.	Plant and Machineries	346,843	10,550	6,144	351,249	243,676	16,660	4,757	95,470
5.	Furniture and Fixtures, Office Equipments, Electrical Installations, etc	32,756	627	-	33,383	29,997	703	-	2,683
6.	Vehicles	8,572	1,172	546	9,198	6,136	697	530	2,896
	<b>Total</b>	<b>463,798</b>	<b>12,349</b>	<b>6,779</b>	<b>469,368</b>	<b>327,189</b>	<b>19,672</b>	<b>5,352</b>	<b>127,858</b>
	<b>Previous Year</b>	<b>463,388</b>	<b>1,144</b>	<b>735</b>	<b>463,798</b>	<b>306,382</b>	<b>21,416</b>	<b>609</b>	<b>136,608</b>

Note: Receipt of title deeds in respect of Residential Flats of Rupees 105 (in thousand) is in process and liability, if any on execution of documents will be provided as and when payable.



**GUJARAT INSECTICIDES LIMITED****SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2009**

	RUPEES IN THOUSAND	
	As at 31st March 09	As at 31st March 08
<b><u>SCHEDULE 5 : INVESTMENTS</u></b>		
<b>LONG TERM INVESTMENTS :</b>		
Trade Investments : (Unquoted)		
108380 Equity Shares of Rs.10/- each of Bharuch Environment Infrastructure Ltd.		
Fully paid up 522139 Equity Shares of Rs.10/- each of Bharuch Eco Aqua Infrastructure Ltd. Fully paid up	1,064	1,064
	5,221	5,221
Other than Trade Investments :		
In Government Securities :		
National Saving Certificate	32	32
[Deposited with Government Authorities]		
In Equity Shares : (Unquoted)		
1 Equity Share of Rs.50 each of The Social Co-operative Bank Ltd. Fully paid up	(50)	(50)
<b>CURRENT INVESTMENTS :</b>		
In Equity Shares: (Quoted)		
1500 Equity Shares of Rs.10 each of NIIT Technologies Limited	80	121
500 Equity Shares of Rs.10 each of Mahindra & Mahindra Limited *	192	287
373 Equity Shares of Rs.10 each of Tata Elxsi Limited	31	55
1426 Equity Shares of Rs.10 each of Vardhaman Textiles Limited	68	187
Aggregate amount of quoted Investments Rs.370/- (Previous year Rs.651/-)		
Aggregate Market value of the quoted Investments Rs. 370/- (Previous year Figures in { } is Rupees only and not in thousand		
<b>TOTAL</b>	<b>6,687</b>	<b>6,968</b>
* Note: Received during the year in exchange of 1500 equity shares of Rs.10 each of Punjab Tractors Limited on its amalgamation into Mahindra & Mahindra Limited		



**GUJARAT INSECTICIDES LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2009**

	RUPEES IN THOUSAND	
	As at 31st March 09	As at 31st March 08
<b><u>SCHEDULE 6 : INVENTORIES</u></b>		
Raw Materials	84,455	82,570
(Includes Goods In Transit Rs.9681, Previous Year Rs.17169)		
Finished Goods	117,473	113,315
Work in Progress	22,010	12,365
Stores, Spares and Packing Material	30,980	21,003
(Includes In Transit Rs. Nil, Pre-Year Rs.203)		
<b>TOTAL</b>	<b>254,918</b>	<b>229,253</b>
<b><u>SCHEDULE 7 : SUNDRY DEBTORS</u></b>		
Debts outstanding over six months		
Secured, Considered good:	1,862	2,159
Unsecured Considered good	25,531	27,690
Considered doubtful	30,676	42,661
Other Debts		
Secured, Considered good:	1,741	2,186
Unsecured Considered good	330,319	294,430
(Including Rs.80141, Previous Year Rs.167321 due from Gharda Chemicals Ltd., the holding company)		
	390,129	369,126
Less: Provision for doubtful debts	30,676	42,661
<b>TOTAL</b>	<b>359,453</b>	<b>326,465</b>
<b><u>SCHEDULE 8 : CASH AND BANK BALANCES</u></b>		
Cash on Hand	165	127
Cheques in hand	-	16,211
Balance with Scheduled Banks in:		
Current Accounts	27,015	24,614
Fixed Deposit Account	184	173
(Given as lien Rs.184, Previous Year 173)		
<b>TOTAL</b>	<b>27,364</b>	<b>41,125</b>



**GUJARAT INSECTICIDES LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2009**

	RUPEES IN THOUSAND	
	As at 31st March 09	As at 31st March 08
<b><u>SCHEDULE 9 : LOANS AND ADVANCES</u></b>		
Secured ,Considered good	299	462
Unsecured Considered Good		
Interest Accrued	25	22
Advances recoverable in cash or kind or for value to be received	27,160	30,545
Loan given to Gharda Foundation	25,000	-
Balance with Central Excise Authorities	15,499	8,488
Advance Payment of Income Tax (Net)	67,671	48,947
MAT Credit Entitlement	1,710	-
Considered Doubtful	738	738
	<b>138,103</b>	<b>89,202</b>
Less : Provision for doubtful advances	738	738
<b>TOTAL</b>	<b>137,365</b>	<b>88,464</b>
<b><u>SCHEDULE 10 : CURRENT LIABILITIES</u></b>		
Sundry Creditors :		
Micro Small,Medium Enterprises	2,563	1,431
Others Creditors	171,290	158,675
	<b>173,853</b>	<b>160,106</b>
Advances from customers	9,683	10,990
Other Liabilities	20,624	21,465
<b>TOTAL</b>	<b>204,161</b>	<b>192,562</b>
<b><u>SCHEDULE 11 : PROVISIONS</u></b>		
For Income Tax	12,880	3,060
For Fringe Benefit Tax	800	1,300
For Leave Encashment	12,641	10,613
For Gratuity	-	57
<b>TOTAL</b>	<b>26,301</b>	<b>15,030</b>



**GUJARAT INSECTICIDES LIMITED**

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009**

	RUPEES IN THOUSAND	
	For the Year ended	
	31st March 2009	31st March 2008
<b><u>SCHEDULE 12 : OTHER INCOME</u></b>		
Dividend Income	238	874
Interest Income (Gross) :		
On Long Term Investment	2	2
On Deposits with Bank and Others	1,517	747
Charges for the Exclusive use of Plants by the holding company	-	20,000
Jobwork Income (Gross)	41,509	13,293
Export Incentive	3,293	7,399
Bad Debt Recovered	-	510
Profit on sale of investments	-	54,873
Insurance Claim Received	52	23
Excess provision of expenses in earlier year now written back	205	28
Profit on sale of Fixed Assets (Net)	248	-
Miscellaneous Income	14,588	7,418
<b>TOTAL</b>	<b>61,652</b>	<b>105,167</b>
<b><u>SCHEDULE 13 : (DECREASE) / INCREASE IN STOCK OF FINISHED GOODS AND WORK IN PROCESS</u></b>		
<b>CLOSING STOCK</b>		
Finished Goods	117,473	113,315
Work in Process	22,010	12,365
	139,483	125,680
<b>Less : OPENING STOCK</b>		
Finished Goods	113,315	196,437
Work in Process	12,365	7,787
	125,680	204,224
<b>TOTAL</b>	<b>13,803</b>	<b>(78,544)</b>

**GUJARAT INSECTICIDES LIMITED****SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009**

	<b>RUPEES IN THOUSAND</b>	
	<b>For the Year ended</b>	
	<b>31st March 2009</b>	<b>31st March 2008</b>
<b><u>SCHEDULE 14 : CONSUMPTION OF RAW MATERIALS</u></b>		
Opening Stock	82,570	62,197
Add : Purchases	676,952	518,880
	<b>759,521</b>	<b>581,077</b>
Less: Sales	8,019	3,784
	<b>751,502</b>	<b>577,293</b>
Less: Closing Stock	84,455	82,570
<b>TOTAL</b>	<b>667,048</b>	<b>494,723</b>
<b><u>SCHEDULE 15 : MANUFACTURING AND OTHER EXPENSES</u></b>		
Consumption of Packing Materials	25,367	15,774
Consumption of Stores and Spares	12,368	10,090
Power, Fuel and Water Charges	82,637	60,393
Excise Duty	22,703	18,646
<b>PERSONNEL EXPENSES :</b>		
[Refer note 2(D) of Sch 17]		
Salaries, Wages and Bonus	94,782	78,714
Contribution to Provident and Other Funds	12,551	10,369
Staff Welfare and Other Expenses	15,354	16,695
	<b>122,687</b>	<b>105,778</b>
<b>REPAIRS AND MAINTENANCE :</b>		
Building	1,025	265
Plant and Machinery	21,912	31,393
Others	5,099	1,296
	<b>28,036</b>	<b>32,954</b>
Rent	1,431	1,038
Rates and Taxes	1,618	1,052
Insurance	1,442	1,861
Commission on Sales	475	2,007
Selling Expenses	12,470	14,842
Bad Debts	29,921	-
Less: Provision for the same created in Previous Years	(29,921)	-
	<b>-</b>	<b>-</b>
Provision for Doubtful Debts	17,935	25,023
Provision of Doubtful Advances	-	738
Miscellaneous Expenses [Ref note 2(E) of Sch 17]	19,946	12,685
Legal and Professional Fees	4,783	2,757
Travelling and Conveyance Expenses	5,532	5,426
Foreign Exchange Fluctuation (Net)	61	575
Loss on sale of Fixed Assets (Net)	-	12
<b>TOTAL</b>	<b>359,493</b>	<b>311,650</b>

**GUJARAT INSECTICIDES LIMITED****SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009**

	RUPEES IN THOUSAND	
	For the Year ended	
	31st March 2009	31st March 2008
<b><u>SCHEDULE 16 : INTEREST AND FINANCIAL CHARGES</u></b>		
Interest to		
Banks	5,303	16,896
Others	1,097	875
Bank Charges	1,552	1,828
Cash Discount (Allowed)	4,593	5,812
Less: Cash Discount (Earned)	212	99
	4,382	5,714
<b>TOTAL</b>	<b>12,333</b>	<b>28,312</b>



## **GUJARAT INSECTICIDES LIMITED**

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009

### **SCHEDULE 17 : ACCOUNTING POLICIES AND NOTES ON ACCOUNTS AND INFORMATION PURSUANT TO PROVISIONS OF SCHEDULE VI OF THE COMPANIES ACT 1956**

#### **1. ACCOUNTING POLICIES:**

##### **(A) FRAME WORK OF PREPARATION OF FINANCIAL STATEMENTS:**

The financial statements are prepared under historical cost convention on the accrual basis in accordance with the requirements of the Companies Act 1956, except otherwise stated hereunder.

##### **(B) USE OF ESTIMATES:**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent amounts as at the date of financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Such difference is recognized in the periods in which the results are known / materialized.

##### **(C) FIXED ASSETS AND DEPRECIATION:**

(a) Fixed Assets are stated at cost. Cost of Fixed Assets includes incidental expenditure incurred up to the date of commissioning of the assets. Renewals and replacements are either capitalised or charged to revenue, as appropriate depending upon the nature and long term utility of such renewals and / or replacements.

(b) Depreciation on all Fixed Assets is provided on Written Down Value Method at the rates specified in Schedule XIV of the Companies Act 1956. Leasehold Land is amortised over the period of lease. Depreciation on additions and disposals during the year has been provided on pro-rata basis according to the number of days of each such asset was used during the year.

##### **(D) IMPAIRMENT OF ASSETS:**

The Company evaluates the impairment losses on the Fixed Assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such assets are considered to be impaired the impairment loss is then recognised for the amount by which the carrying amount of the assets exceeds the recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the smallest levels for which there are separately identifiable cash flow.

##### **(E) INVESTMENTS:**

Investments are stated at cost. Provision is made for other than temporary diminution in value, if any, in the value of investment.



## GUJARAT INSECTICIDES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009

### (F) INVENTORIES:

(a) Insurance charges on indigenous Raw Materials, Stores & Spares and Packing Materials are directly charged to Profit & Loss Account and not inventorised.

(b) Inventories are valued as follows :

♦ Raw Materials	:	At cost [Net of CENVAT & VAT ]
♦ Work in Process	:	At lower of cost or net realisable value
♦ Finished Goods	:	At lower of cost or net realisable value
♦ Traded Goods	:	At lower of cost or net realisable value
♦ Stores, Spares	:	At cost [Net of VAT]
♦ Packing Materials	:	At cost [Net of CENVAT & VAT ]

Cost formula used for inventories is FIFO except for Finished Goods and Work in Process.

### (G) REVENUE RECOGNITION:

(a) Sales are recognized in accordance with Accounting Standard 9 viz. when the seller has transferred to the buyer, the property in goods, for a price, or all significant risk and rewards of ownership have been transferred to the buyer without the seller retaining any effective control over the goods.

(b) Dividend income from investments is recognized when the share holders' right to receive payments is established.

### (H) EMPLOYEES' BENEFITS:

(a) Short term employee benefit obligations are estimated and provided for.

(b) Post employment benefits:

(i) Defined Contribution Plans: Company's contribution to Provident Fund and other funds are determined under the relevant schemes and / or statute and charged to revenue.

(ii) Defined Benefits Plans: Company's liabilities towards Gratuity and compensated absences are actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognized in revenue.

### (I) FOREIGN CURRENCY TRANSACTION:

(a) Foreign currency transactions are recognized at rates on date of transaction.

(b) Monetary items denominated in foreign currency at the year end are restated at year end rates. Any income or expenses on account of exchange difference either on settlement or on restatement is recognized in Profit & Loss Account.





## GUJARAT INSECTICIDES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009

- (c) Exchange differences relating to liabilities for acquisition of Fixed Assets if any, is being charged to Profit & Loss Account.

**(J) BORROWING COSTS:**

- (a) The Company follows the practice of capitalisation of interest on borrowings for capital expenditure, for the period up to the date on which the plant is ready for commercial production (i.e. production in commercially feasible quantities in a commercial practicable manner).
- (b) All other borrowing costs are charged to revenue.

**(K) INCOME TAX:**

Income Tax expense comprises of current tax and differed tax charge / credit.

- (a) Provision for current tax is made on basis of the assessable income under the Income Tax Act 1961.
- (b) The Company recognizes deferred tax asset or deferred tax liability based on the tax effect for timing differences i.e. the differences that originate in one accounting period and are capable of reversing in subsequent period(s). The tax effect is calculated based on prevailing regulations. The deferred tax assets / liabilities are reviewed as at each balance sheet date based on developments during the year and available case laws. The deferred tax assets and M.A.T. Credits are recognized only to the extent there is a reasonable certainty of realization in future.

**(L) PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

Provisions involving substantial degree of estimation in measurements are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**2. NOTES ON ACCOUNTS:**

**(A) CONTINGENT LIABILITIES NOT PROVIDED FOR:**

		(Rupees in Thousand)
(a)	Estimated amount of Contracts remaining to be executed on Capital Account and not provided for [net of advance]	1,786 [900]
(b)	Guarantees given by the Bank on behalf of the Company against which the Company has given Counter Guarantees to Bank and outstanding as at the end of the year	1,210 [160]
(c)	In respect of Show Cause Notices received from Employees' State Insurance Corporation	539 [840]



## GUJARAT INSECTICIDES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009

(d)	Income Tax Demand on account of disputes raised by the Income Tax Department, under the Income Tax Act 1961, there are favourable decisions of Appellate Authorities in the Company's own case in the earlier Assessment Year as well as other assessee's case, which appear to sustain most of the contentions of the Company on disputed points.	1,01,850 [70,542]
(e)	As per the order of the Hon'ble Supreme Court of India, the company has received the refund of Excise Duty deposit on PCA amounting to Rs.116.42 Lakhs during the Financial Year 2004-2005 and the provision made there against was written back. However on certain grounds, the Department of Central Excise & Customs, Ankleshwar, has filed a petition before the Hon'ble Supreme Court of India for non-eligibility of the said refund. The Company is contesting the petition filed by the Department. In view of Hon'ble Supreme Court upholding the subject matter in favour of the Company in its earlier decision, the Management does not expect any liability there against.	11,642 [11,642]
(f)	The Department of Central Excise and Customs have imposed a differential Excise Duty on the captive consumption of MPB in finished product being the difference of rate of MPB selling price and captive price.	77 [77]
(g)	The Department of Central Excise and Customs issued an unconfirmed Demand Notice for Service Tax on the services availed by the company from the Clearing and Forwarding Agents and the Goods Transport Operators during the period July 1997 to November 1998.	484 [484]
(h)	The Department of Central Excise and Customs have imposed Duty on rate difference on Quinalphos EC, Fenvalerate EC and Carbendazim 50% WP sold to M/s Gharda Chemicals Ltd, for Toll Pack. Hearing held on 25 <sup>th</sup> March 2009, order not received.	2,080 [2,080]
(i)	The Department of Central Excise and Customs have confirmed demand of Service Tax under Business Auxilliary Service for processing of Sodium Sulphite Solution of M/s Gharda Chemicals Ltd, Dombivli. We have filed an Appeal against the same on 29 May 2009.	157 [157]
(j)	Claim from certain employees for Reinstatement which is subjudice	Unascertainable [Unascertainable]

(B) Micro, Small and Medium enterprises under the Micro, Small and Medium Enterprises Development Act 2006, have been determined based on the information available with the Company and the required disclosures are given below:-



# GUJARAT INSECTICIDES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009

Item No.	Disclosures required under Micro, Small & Medium Development Act 2006	[Rupees in Thousand]
(a)	Delayed payments due as at the end of 31 <sup>st</sup> March 2009 on account of Principal and Interest due thereon	NIL [NIL]
(b)	Total Interest paid on all delayed payments during the year under the provisions of the Act	NIL [NIL]
(c)	Interest due on principal amounts paid beyond the due date during the year, but without the interest amounts under this Act.	NIL [NIL]
(d)	Interest accrued but not due	NIL [NIL]
(e)	Total Interest Due but not paid	NIL [NIL]

(C) The Company has shown certain expenses net of recoveries, from the Holding Company. The amount of recoveries are as under:-

		[Rupees in Thousand]
(a)	Personnel Expenses	3,851 [19,830]
(b)	Repairs & Maintenance	1,766 [322]
(c)	Utilities	2,593 [6,621]
(d)	Insurance	72 [427]
(e)	Miscellaneous Expenses	62 [864]
(f)	Stores	372 [53]
Total		8,716 [28,117]

(D) DISCLOSURE PURSUANT TO ACCOUNTING STANDARD-15 [REVISED] 'EMPLOYEES BENEFITS':

(a) DEFINED CONTRIBUTION PLAN:

The Company has recognized in the Profit & Loss Account for the year ended 31<sup>st</sup> March 2009, following amounts as expenses under defined contribution plan under the head 'Contribution to Provident Fund and Other Funds' in Schedule 15 - 'Personnel Expense':-

		[Rupees in Thousand]
(i)	Provident Fund	4,450 [3,923]
(ii)	Superannuation Fund	2,596 [2,247]
(iii)	Employee Pension Scheme	2,702 [2,776]
Total		9,748 [8,946]



# GUJARAT INSECTICIDES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009

## (b) DEFINED BENEFIT PLAN:

Defined Benefits Plans		[Rupees in Thousand]	
		Gratuity	Leave Encashment
(i)	Expense recognized in Profit & Loss Account for the year ended 31 <sup>st</sup> March 2009:		
(a)	Current Service Cost	2,351 [2,643]	1,628 [1,356]
(b)	Interest Cost	3,623 [3,200]	796 [804]
(c)	Actual Return on Plan Assets	(4,607) [(4,179)]	NIL [NIL]
(d)	Actuarial (Gain) / Loss on obligation	1,780 [5,782]	568 [93]
(e)	Net Expense recognized in Profit & Loss Account (in Schedule 15 – Personnel Expenses)	3,147 [7,447]	2,991 [2,253]
(ii)	Changes in Obligation during the year ended 31 <sup>st</sup> March 2009:		
(a)	Obligation as on 01 <sup>st</sup> April 2008	48,308 [40,002]	10,613 [10,051]
(b)	Current Service Cost	2,351 [2,643]	1,628 [1,356]
(c)	Interest Cost	3,623 [3,200]	796 [804]
(d)	Actuarial (Gain) / Loss on obligation	1,780 [5,782]	568 [93]
(e)	Benefits Paid	(2,534) [(3,320)]	(963) [(1,691)]
(f)	PV of Obligation as on 31 <sup>st</sup> March 2009	53,527 [48,308]	12,641 [10,613]
(iii)	Changes in Plan Assets during the year ended 31 <sup>st</sup> March 2009:		
(a)	Fair Value of Plan Assets as on 01 <sup>st</sup> April 2008	48,612 [46,055]	NIL [NIL]
(b)	Actual Return on Plan Assets	4,607 [4,179]	NIL [NIL]
(c)	Actuarial Gain / (Loss)	NIL [NIL]	NIL [NIL]
(d)	Contributions	4,297 [949]	NIL [NIL]
(e)	Benefits Paid	2,253 [(2,571)]	NIL [NIL]
(f)	Accrued Payments (Not paid due to some technical reasons)	(282) [(749)]	NIL [NIL]
(g)	Fair Value of Plan Assets as on 31 <sup>st</sup> March 2009 including bank balance of Rs.211 (PY Rs.387)	55,193 [48,251]	NIL [NIL]



## GUJARAT INSECTICIDES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009

(iv)	Net Assets / Liabilities recognized in the Balance sheet as at 31 <sup>st</sup> March 2009:			
	(a)	PV of Obligation as on 31 <sup>st</sup> March 2009	53,527 [48,308]	12,641 [10,613]
	(b)	Fair Value of Plan Assets as on 31 <sup>st</sup> March 2009	55,193 [48,251]	NIL [NIL]
	(c)	Net Liabilities / (Assets) recognized in the Balance Sheet as at 31 <sup>st</sup> March 2009	(1,666) [57]	12,641 [10,613]
(v)	Principal Actuarial Assumptions:			
	(a)	Discount Rate as on 31 <sup>st</sup> March 2009 (per annum) (Refer Note-1)	7.50 % [8.00 %]	7.50 % [8.00 %]
	(b)	Actual Rate on Return of Plan Assets as at 31 <sup>st</sup> March 2009 (per annum) (Refer Note-3)	9.48 % [9.07 %]	NIL [9.07 %]
	(c)	Expected increase in salary costs (per annum) (Refer Note-2)	6.00 % [6.00 %]	6.00 % [6.00 %]

### Notes:

- Discount rate is determined by reference to market yields at the Balance sheet date on Government Bonds, where the currency and terms of the Government Bonds are consistent with the currency and estimated terms for the benefit obligation.
- The estimate of future salary increases taken into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- 100% of Plan Assets are invested in Group Gratuity Scheme offered by LIC of India.

### (E) MISCELLANEOUS EXPENSES IN SCHEDULE 15 INCLUDES:

[Rupees in Thousand]		
(a)	Directors' Sitting Fees	5 [20]
(b)	Auditors' Remuneration:	
	(i) Audit Fees	500 [500]
	(ii) Tax Audit Fees	75 [75]
	(iii) Reimbursement of Expenses	5 [2]
(c)	Cost Auditor's Remuneration:	
	Audit Fees	20 [20]



# GUJARAT INSECTICIDES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009

## (F) DEFERRED TAXATION :

[Rupees in Thousand]

(a)	Deferred Tax Assets arising on account of timing differences:	
	(i) Expenses Allowable on Actual Payment	4,297 [210]
	(ii) Provision for Doubtful Debts / Advances	10,427 [14,500]
	(iii) Unabsorbed loss / Depreciation	NIL [13,678]
	Total	14,724 [28,388]
(b)	Deferred Tax Liability arising on account of timing differences:	
	(i) Depreciation	11,087 [12,727]
	(ii) Disallowance under Section 43B paid in Current Year	NIL [NIL]
	Total	11,087 [12,727]
(c)	Net Deferred Tax Asset (Liability)	3,636 [15,661]
	Total	3,636 [15,661]

## (G) EARNINGS PER SHARE:

Earnings Per Share as computed in accordance with the Accounting Standard-20.

[Rupees in Thousand]

(a)	Net Profit After Tax used as numerator for calculating EPS	94,038 [24,280]
(b)	Weighted average number of Equity Shares of Rs.10/- each used as denominator for calculating EPS	3,65,670 [3,65,670]
(c)	Basic and Diluted Earnings Per Share (Rs)	257.17 [66.40]

## (H) DETAILS REGARDING CAPACITIES AND PRODUCTION:

(As certified by Management and not verified by the auditors, as the same being technical matter.)

Sr. No.	Products		Installed Capacity	Production	
				Inclusive of Captive Consumption	Captive Consumption
(a)	Insecticides (Technical)*	MT	2,230 [2,230]	667.7 [508.8]	295.3 [203.1]



# GUJARAT INSECTICIDES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009

(b)	Intermediate	MT	2,200 [2,200]	3,024.8 [2,724.5]	1,015.0 [924.1]
(c)	Formulations	MT	300 [300]	226.0 [172.7]	40.1 [39.8]
		KL	3,500 [3,500]	1,697.1 [852.2]	600.3 [53.3]
(d)	Pigment Intermediates (Exclusively used by GCL)	MT	1,250 [1,250]	22.0 [247.4]	NIL [NIL]

\* Licensed Capacity not applicable to the activities of the company except for an Organophos compound viz. Quinalphos an Insecticides (T) covered under the license, which is 400 MT. An application is made for expanding the capacity from 400 MT to 1200 MT, but sanction is awaited. The actual production of Quinalphos is 345.4 MT (Previous Year 316 MT).

## (I) DETAILS REGARDING OPENING & CLOSING STOCK AND SALES:

Finished Goods	Unit	Opening Stock		Closing Stock		Sales	
		Quantity	Value [Rupees in Thousand]	Quantity	Value [Rupees in Thousand]	Quantity	Value [Rupees in Thousand]
Insecticides (Technical)	MT	74.5 [26.8]	21,813 [5,968]	36.7 [74.5]	11,064 [21,813]	410.2 [258.0]	1,59,076 [88,315]
Intermediates	MT	0.3 [150.9]	247 [38,958]	0.1 [0.3]	106 [247]	2,010.1 [1,951.0]	7,27,478 [5,88,200]
Formulations	MT	20.6 [38.7]	15,649 [35,798]	41.1 [20.6]	21,506 [15,649]	165.5 [151.0]	57,168 [58,813]
	KL	370.6 [541.9]	41,910 [65,677]	398.3 [374.4]	58,959 [41,910]	1,069.2 [966.4]	2,28,608 [1,65,738]
Trading – Formulations	MT	48.0 [109.2]	2,579 [4,524]	83.2 [48.0]	2,258 [2,579]	175.7 [411.3]	10,387 [15,695]
	KL	67.7 [102.4]	31,117 [45,512]	42.2 [67.7]	23,580 [31,117]	61.9 [71.4]	65,466 [57,520]
TOTAL			1,13,315 [1,96,437]		1,17,473 [1,13,315]		12,48,183 [9,74,280]

## (J) DETAILS OF CONSUMPTION OF RAW MATERIALS:

Sr. No.	Particulars	Unit	Quantity [MT / KL]	Value [Rupees in Thousand]
(a)	Organic Chemicals	[MT]	4,953 [4,036]	4,76,243 [3,37,630]
		[KL]	20 [15]	837 [471]
(b)	Inorganic Chemicals	[MT]	6,298 [5,149]	1,89,968 [1,56,621]
TOTAL				6,67,048 [4,94,722]



# GUJARAT INSECTICIDES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009

## (K) DETAILS OF PURCHASE OF TRADING GOODS:

Particulars	Unit	Quantity [MT / KL]	Value [Rupees in Thousand]
Formulations:	[KL]	71.4	62,584
		[36.8]	[36,129]
	[MT]	211.0	8,968
		[350.5]	[9,371]
TOTAL			71,552 [45,500]

## (L) BREAK UP OF RAW MATERIALS AND STORES CONSUMPTION:

Sr. No.	Particulars	%	Rupees in Thousand
(a)	Raw Materials:		
	(i) Indigenous	81.07 [81.94]	5,40,749 [4,05,369]
	(ii) Imported	18.93 [18.06]	1,26,229 [89,354]
	Total	100.00 [100.00]	6,67,048 [4,94,723]
(b)	Stores Indigenous	100.00 [100.00]	12,368 [10,090]

## (M) VALUE OF IMPORTS CALCULATED ON CIF BASIS IN RESPECT OF:

Particulars	Rupees in Thousand
Raw Materials	46,142 [19,410]

## (N) EARNING IN FOREIGN EXCHANGE:

Particulars	Rupees in Thousand
Export of Goods on FOB basis	1,11,458 [1,04,404]

## (O) EXPENDITURE INCURRED IN FOREIGN CURRENCY (INCLUDING AMOUNT PROVIDED BUT TO BE REMITTED) ON ACCOUNT OF:

Sr. No.	Particulars	Rupees in Thousand
(a)	Selling Commission	NIL [289]
(b)	Interest & Finance Charges - Bank	166 [226]
(c)	Sales Promotion	NIL [389]
(d)	Travelling Expenses - Directors	37 [NIL]
TOTAL		203 [904]





# GUJARAT INSECTICIDES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009

(P) Foreign currency exposure that is not hedged by derivative instruments as on 31<sup>st</sup> March 2009, is as follows:-

Particulars	Currency	Amount in Foreign Currency (in Thousands)	Amount [Rupees in Thousand]
Sundry Creditors	USD	183 [148]	9,301 [5,917]
	EURO	NIL [67]	NIL [4,278]
Sundry Debtors	USD	1,025 [340]	51,071 [13,486]
	EURO	NIL [13]	NIL [820]
Net Receivable			60,372 [24,501]

(Q) RELATED PARTY DISCLOSURES AS REQUIRED BY ACCOUNTING STANDARD - 18:

- (a) Key Management Person :: Dr K H Gharda, Chairman  
Mr D H Mirani, Director
- (b) Related Party & Relationship :: M/s Gharda Chemicals Ltd,  
Holding Company
- (c) Transactions with Related Parties:

The following transactions were carried out with M/s Gharda Chemicals Ltd, Holding Company, in the ordinary course of business:

Sr. No.	Nature of Transactions	Rupees in Thousand
(i)	Purchases:	
	♦ Raw Materials	95,441 [79,337]
	♦ Finished Goods	54,665 [33,412]
	♦ Fixed Assets	44,057 [4,583]
	♦ Reimbursement of Expenses	6,874 [39]
(ii)	Sales:	
	♦ Raw Materials	13,506 [3,703]
	♦ Finished Goods	6,77,471 [5,36,065]
	♦ Fixed Assets and Others	3,986 (32)
	♦ Job Work	39,824 [10,803]
	♦ Recovery of Expenses	8,716 [28,117]
	♦ Plant Utilisation Charges	NIL [20,000]
	♦ Cenvat Credit availed - Tolling arrangement	286 [8,489]

**GUJARAT INSECTICIDES LIMITED**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009

(iii)	Equipments on Returnable Basis:	
	♦ Received	768
		[1,224]
	♦ Returned	89
		[595]
	♦ Outstanding	2,381
		[1,702]
(iv)	Outstanding Receivable (Net)	80,141
		[1,67,321]
(v)	Corporate Guarantee Received	3,50,000
		[3,50,000]

(R) There are no separate reportable segments as per Accounting Standard 17 as the entire operations of the company relate to one segment, viz. Agro chemicals consisting of Insecticides, Intermediates and Formulations.

(S) Figures in brackets [ ] are in Respect of Previous Year.

(T) Previous Year figures have been regrouped, wherever necessary, so as to make them comparable with the Current Year figures.

Schedule 1 to 17 form an integral part of accounts

As per our report of even date

**For Deloitte Haskins & Sells**  
**Chartered Accountants**

**For and on behalf of the Board**

**Gaurav J Shah**  
**Partner**  
**M. No. : 35701**

**K H Gharda**  
**Chairman**

**J R Panchal**  
**DGM – Finance**

**D H Mirani**  
**Director**

**D T Desai**  
**Director**

**Place : Vadodara**  
**Date : 28.08.2009**

**Place : Mumbai**  
**Date : 28.08.2009**

**GUJARAT INSECTICIDES LIMITED****BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :****1 Registration Details.**

Registration No. 3929/80-81 State Code : 04

Balance Sheet Date 31/03/2009

**2 Capital raised during the year : (Amount in Rs. Thousands)**

Public Issue NIL Rights Issue NIL

Bonus Issue NIL Private placement NIL

**3 Position of mobilisation and deployment of funds : (Amount in Rs. Thousands)**

Total Liabilities 739,325 Total Assets 739,325

**Sources of Funds**

Paid-up Capital 3,667 Reserve &amp; Surplus 658,171

Secured Loans 77,497 Unsecured Loans -

**Application of Funds**

Net Fixed Assets 127,858 Investments 6,687

Net Current Assets 548,638 Misc. Expenditure NIL

Accumulated Losses NIL

**4 Performance of the Company : (Amount in Rs. Thousands)**

Total Income 1,232,888 Total Expenditure 1,130,096

Profit before tax 102,792 Profit/(Loss) After Tax 94,038

Earning Per Share in Rs. 257.17 Dividend Rate % NIL

**5 Generic names of principal products of the company (As per monetary terms).**

Product Description	Product Code
Insecticides (T), Intermediates and its Formulations	380810

For and on behalf of Board of Directors

K.H. Gharda  
ChairmanJ.R.Panchal  
DGM- FinanceD H Mirani  
DirectorD T Desai  
Director

Place: Mumbai

Date: 28.08.2009

**GHARDA AUSTRALIA PTY. LTD.**  
**REPORT OF THE BOARD OF DIRECTORS'**

The Directors have pleasure in presenting herewith their 11<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the period ended March 31, 2009.

**1. Operations :**

The company holds and maintains product registrations. During the year there was no income.

**2. Dividend :**

The Directors do not recommend any dividend for the year.

**3. Auditors :**

The Company is required to appoint auditors for the financial year 2009-10. M/s.Dayal & Lohia, Chartered Accountants are eligible for re-appointment.

For and on behalf of the Board,

**K.H.GHARDA**  
Director

Mumbai : June 8, 2009.

**dayal and lohia**  
**chartered accountants**

To The Members of  
**GHARDA AUSTRALIA PTY LIMITED**

We have audited the attached Balance Sheet of Gharda Australia Pty Limited as at 31<sup>st</sup> March, 2009 and also the Profit and Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test check basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, does not apply to the Company and hence matters specified therein have not been commented upon.
3. 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 accounts as required by the law have been kept by the Company so far as it appears from our examination of the books.
  - c) The Balance Sheet and the Profit and Loss Account dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the Profit and Loss account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) In our opinion and based on the information and explanations given to us, none of the directors are disqualified as on 31<sup>st</sup> March 2009 from being appointed as directors in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;

- f) In our opinion and to the best of our information and according to the explanations given to us; the said accounts read together with the notes thereon, gives the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
- i) In case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009; and
  - ii) In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.

**For DAYAL AND LOHIA**  
**Chartered Accountants**

**Place: Mumbai**  
**Date: June 08, 2009**

**C.C. DAYAL**  
**Partner**  
**(Membership No.10623)**

**GHARDA AUSTRALIA PTY. LTD.**

**BALANCE SHEET AS AT MARCH 31, 2009**

	SCHEDULE	2009 AUD	2008 AUD
<b><u>SOURCES OF FUNDS</u></b>			
<b><u>SHAREHOLDERS' FUNDS</u></b>			
Share Capital	A	75,000	75,000
Profit and (Loss) Account		(61,785)	(54,003)
	<b>TOTAL</b>	<b>13,215</b>	<b>20,997</b>
<b><u>APPLICATION OF FUNDS</u></b>			
Fixed Assets - Registrations	B		
Current Assets, Loans & Advances	C	17,317	21,397
Less : Current Liabilities & Provisions	D	4,102	400
<b>NET CURRENT ASSETS</b>		<b>13,215</b>	<b>20,997</b>
	<b>TOTAL</b>	<b>13,215</b>	<b>20,997</b>

**NOTES**

**F**

As per our report of even date  
For Dayal & Lohia  
Chartered Accountants

C. C. DAYAL  
PARTNER  
Membership No. 10623  
at Mumbai, India Date: 8th June, 2009.

K. H. Gharda  
DIRECTOR

**GHARDA AUSTRALIA PTY. LTD.**

**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2009**

	SCHEDULE	2009 AUD	2008 AUD
<b><u>INCOME</u></b>			
Usage Rights		-	-
	TOTAL	-	-
<b><u>EXPENDITURE</u></b>			
Other Expenses	E	7,782	8,559
Amortization		-	500
	TOTAL	7,782	8,559
Profit / (Loss) before prior period items		(7,782)	(8,559)
Prior period items		-	-
Profit / (Loss) before taxation		(7,782)	(8,559)
Taxation (Including Prior Years)		-	-
Profit / (Loss) after taxation		(7,782)	(8,559)
Balance brought forward		(54,003)	(45,444)
Profit / (Loss) available for appropriation		(61,785)	(54,003)
<b><u>APPROPRIATIONS</u></b>			
Transferred to Balance Sheet		(61,785)	(54,003)
Basic / diluted earnings per share		(0.10)	(0.11)

**NOTES**

F

As per our report of even date  
For Dayal & Lohia  
Chartered Accountants

C. C. DAYAL  
PARTNER

K. H. Gharda  
DIRECTOR

Membership No. 10623  
at Mumbai, India Date: 8th June, 2009.



**GHARDA AUSTRALIA PTY.LTD.**

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR**  
**THE YEAR ENDED MARCH 31,2009**

	2009 AUD	2008 AUD
<b><u>A. SHARE CAPITAL</u></b>		
AUTHORISED		
75,000 (2006: 75,000) Equity Shares of AUD 1 each	75,000	75,000
Issued, Subscribed and Paid up		
75,000 (2006 : 75,000) Equity Shares of AUD 1 each	75,000	75,000
	75,000	75,000
<b><u>B. FIXED ASSETS - INTANGIBLE ASSETS</u></b>		
Opening Balance (At cost)	18,500	18,500
Additions made during the year	-	-
	18,500	18,500
Accumulated Amortization	18,500	18,000
Amortization	-	500
Written down value	-	-
<b><u>C. CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>		
Prepayments	-	4,348
GST Recoverable	2,045	1,777
Sundry Debtors - Gharda Chemicals Limited	15,272	15,272
(Considered good - outstanding for more than six months)		
	17,317	21,397
<b><u>D. CURRENT LIABILITIES</u></b>		
Balance with Bank	-	-
Account Payable	500	400
Payable others - Accounting First Financial		
Services Pty Ltd	3,602	-
	4,102	400
<b><u>E. OTHER EXPENSES</u></b>		
Accountancy Charges	1,318	1,318
Management Fees	5,000	5,000
Audit Fees	100	100
Office Maintenance Charges	1,182	1,182
Miscellaneous Expenses	182	459
	7,782	8,059

## **G. NOTES ON ACCOUNTS:**

### **1. SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Financial statement**

The financial statements are prepared under the historical cost convention in accordance with generally applicable accounting standards in India and provisions of the Companies Act, 1956. These are prepared in the currency of the company's domicile as the holding company is not required to consolidate them. Under Australian laws only local companies can hold registrations in respect of agrochemicals. Gharda Australia Pty Ltd. holds product registration in Australia. However, it does not carry out any other commercial activities.

#### **B. Revenue Recognition**

Income and expenses are recognised on accrual basis.

#### **C. Amortization**

Pre-Operative expenses & intangible assets (registrations) are amortized over a period of five years.

#### **D. Taxation**

Provision for taxes have been made as per applicable rates.

### **2. In the opinion of the Board of Directors,**

- I. Current assets, loans and advances do have a value on realisation in the normal course of business at least equal to values stated in the accounts.
  - II. All known liabilities have been provided for and there are no contingent liabilities.
3. Gharda Australia Pty. Ltd. is responsible for maintaining product registrations in Australia. Accounts are prepared on going concern basis in view of the fact that product registrations are continued to be hold and maintained by Gharda Australia Pty. Ltd.
  4. Sundry debtors include dues from the holding company amounting to AUD 15,272 (2008: AUD 15,272) (Maximum outstanding due during the year AUD 15,272)
  5. Earnings Per Share (EPS):

Particulars	2009	2008
	AUD	AUD
1. Net Profit/(Loss) after taxation for the year (AUD)	(7,782)	(8,559)
2. Weighted number of ordinary shares for basic EPS	75,000	75,000
3. Nominal value of ordinary share in (AUD)	1	1
4. Basic and diluted earning / (loss) for ordinary shares in (AUD)	(0.10)	(0.11)

6. Deferred Tax: There is no deferred tax liability/asset.

7. Previous year's figures have been regrouped and rearranged, wherever necessary.  
Schedules A to G form part of the Accounts for the year ended March 31, 2009.

Signatures to accounts and schedules A to F.

As per our report of even date attached

for and on Behalf at Board of Directors

For DAYAL AND LOHIA,

(C.C.DAYAL)

PARTNER

Membership No.10623

Place: MUMBAI

K.H.GHARDA DIRECTOR

Date: 8<sup>th</sup> June, 2009.

**GHARDA GENERICS INC.**  
**REPORT OF THE BOARD OF DIRECTORS'**

The Directors have pleasure in presenting herewith their 1<sup>st</sup> Annual Report together with the Audited Statement of Accounts for the period ended March 31, 2009.

**1. Operations :**

The company is a wholly owned subsidiary of Gharda Chemicals Ltd, India. The company has not commenced any operations. The company would be holding the product registrations and membership of various trade research associations wherein contributions have been made by the parent company.

**2. Dividend :**

The Directors do not recommend any dividend for the year.

**3. Auditors :**

The Company is required to appoint auditors for the financial year 2009-10. M/s.Dayal & Lohia, Chartered Accountants are eligible for re-appointment.

For and on behalf of the Board,

**K.N.SINGH**  
Director

Mumbai : July 10, 2009

**dayal and lohia**  
chartered accountants

**To The Members of  
GHARDA GENERICS INC.**

We have audited the attached Balance Sheet of Gharda Generics Inc. as at 31<sup>st</sup> March, 2009 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test check basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, does not apply to the Company and hence matters specified therein have not been commented upon.
3. 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 accounts as required by the law have been kept by the Company so far as it appears from our examination of the books.
  - c) The Balance Sheet dealt with by this Report is in agreement with the books of account;
  - d) In our opinion, the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

- e) In our opinion and based on the information and explanations given to us, none of the directors are disqualified as on 31<sup>st</sup> March 2009 from being appointed as directors in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, gives the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :

In case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009.

For Dayal and Lohia  
Chartered Accountants

Place: Mumbai  
Date: 10 July, 2009.

(C.C. Dayal)  
Partner  
M. No.10623

**GHARDA GENERICS INC.****BALANCE SHEET AS AT MARCH 31, 2009.**

	SCHEDULE	2009 USD
<b><u>SOURCES OF FUNDS</u></b>		
<b><u>SHAREHOLDERS' FUNDS</u></b>		
Share Capital	A	30,000.00
		<u>30,000.00</u>
<b><u>APPLICATION OF FUNDS</u></b>		
Current Assets, Loans & Advances		
Bank Balance	B	29,650.21
Less: Current Liabilities	C	<u>69.33</u>
Net Current Assets		29,580.88
<b><u>MISCELLANEOUS EXPENDITURE</u></b>		
Pre-operative Expenses	D	419.12
		<u>30,000.00</u>
NOTES	E	
As per our report of even date For Dayal & Lohia Chartered Accountants		
C. C. DAYAL PARTNER Membership No. 10623 at Mumbai, India Date- 10th July, 2009.		
Dr.K.N.Singh Director		

<b><u>GHARDA GENERICS INC.</u></b>	
<b><u>SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR</u></b>	
<b><u>THE YEAR ENDED MARCH 31, 2009</u></b>	
	<b>2009 USD</b>
<b><u>A. SHARE CAPITAL</u></b>	
AUTHORISED	
10,000,000 EQUITY SHARES OF USD 0.01 EACH	30,000.00
Issued, Subscribed and Paid up	
3,000,000 EQUITY SHARES OF USD 0.01 EACH	30,000.00
	<b>30,000.00</b>
<b><u>B. CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>	
Balance with Bank - Wachovia Bank	29,650.21
	<b>29,650.21</b>
<b><u>C. CURRENT LIABILITIES</u></b>	
Audit Fees payable	50.00
Expenses payable	19.33
	<b>69.33</b>
<b><u>D. PRE-OPERATIVE EXPENSES</u></b>	
Bank Charges	369.12
Audit Fees	50.00
	<b>419.12</b>