

OS AA01

Statement of details of parent law and other
information for an overseas company



Companies House

022184/80

✓ What this form is for
You may use this form to
accompany your accounts
disclosed under parent law.

✗ What this form is NOT for
You cannot use this form
for an alteration of manner
with accounting requirem

MONDAY



A07 *A641V3AP* 10/04/2017 #159
COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of overseas company ① Gharda Chemicals Limited

UK establishment number B R 0 0 1 7 1 1

→ Filling in this form
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited.

Legislation ② Under The Indian Companies Act 1956, The Company Accounting
Standard Rule 2006

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts.

A2 Accounting principles

Accounts Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☐ No. Go to Section A3.

☒ Yes. Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3.

Name of organisation or body ③ ICAI - India, Companies Act 1956 India

③ Please insert the name of the
appropriate accounting organisation
or body.

A3 Accounts

Accounts Have the accounts been audited? Please tick the appropriate box.

☐ No. Go to Section A5.

☒ Yes. Go to Section A4.

OS AA01

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A4 Audited accounts

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box.

☐ No. Go to Part 3 'Signature'.

☒ Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'.

① Please insert the name of the appropriate accounting organisation or body.

Name of organisation or body ①

ICAI - India, Companies Act 1956 India

A5 Unaudited accounts

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box.

☐ No.

☐ Yes.

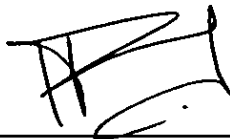
Part 3 Signature

I am signing this form on behalf of the overseas company.

Signature

Signature

X



X

This form may be signed by:
Director, Secretary, Permanent representative.

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Kaushik Nathwani
Company name	Nagle James Associates Limited
Address	Amba House
4th Floor, Kings Suite	
15 College Road	
Post town	Harrow
County/Region	Middlesex
Postcode	H A 1 1 B A
Country	UK
DX	
Telephone	02088613355



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



Important information

Please note that all this information will appear on the public record.



Where to send

You may return this form to any Companies House address:

England and Wales:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Scotland:

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

Northern Ireland:

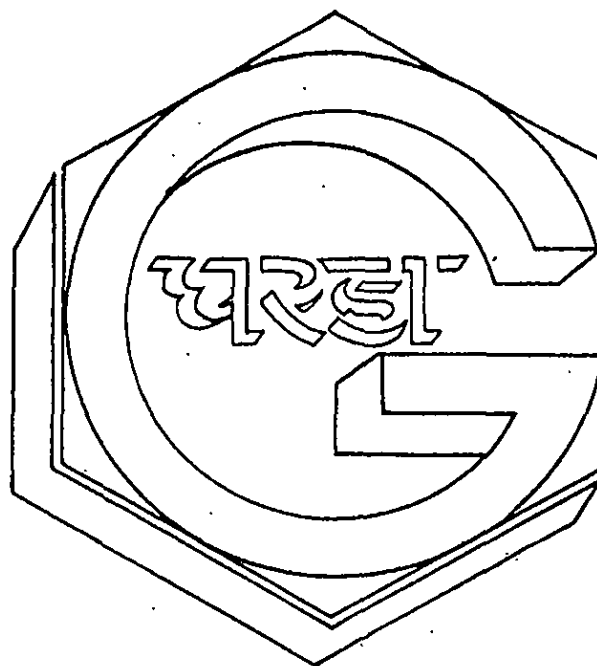
The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk



Annual Report
For
2009 – 10

GHARDA CHEMICALS LIMITED

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



GHARDA CHEMICALS LIMITED

Forty Fourth Annual Report
2009 – 10

BOARD OF DIRECTORS

Dr.K.H.Gharda
Mrs.A.K.Gharda
Mr.D.T.Desai
Mrs.A.H.Patel

Chairman & Managing Director
Director
Director
Director

CHIEF FINANCIAL OFFICER

Mr.Anil Nawal

COMPANY SECRETARY

Mr.Michael Raj

BANKERS

Canara Bank
Bank of Baroda
The Karur Vysya Bank Ltd.

Central Bank of India
UCO Bank

AUDITORS

Deloitte Haskins & Sells.

REGISTERED OFFICE

5/6, Jer Mansion,
W. P. Varde Marg,
Off. Turner Road,
Bandra (West),
Mumbai – 400 050.
Phone: 91-22-26452492 / 93
Fax: 91-22-2640 4224
Website: www.gharda.com

WORKS

B-27, MIDC,
Dombivli (East),
Dist. Thane – 421203
Maharashtra

D-1/2, MIDC,
Lote Parshuram,
Taluka Khed,
Dist. Ratnagiri - 415722
Maharashtra

Plot No. 3525
GIDC Industrial Estate,
Panoli – 394116
Dist. Bharuch
Gujarat

Phase II, IGC
SIDCO
Samba – 184121
State JK

OVERSEAS BRANCH

Holbrook House
72, Lower Addiscombe Road
Croydon CR9-6AD
England

660, Newtown Yardley Road
Suite 106, Newtown
PA 18940, USA

GHARDA CHEMICALS LIMITED

ANNUAL REPORT FOR 2009-10

Contents	Page no
Directors Report	1
Auditors Report	8
Balance Sheet	14
Profit & Loss Account	15
Cash Flows	16
Schedules to Balance Sheet and Profit & Loss Account	17
Notes to Accounts	23
Balance Sheet Abstract	43
Statement pursuant to section 212 of the Companies Act, 1956	44
Gujarat Insecticides Ltd – Annual Report	45
Gharda Australia Pty Ltd – Annual Report	83
Gharda Generics Inc – Annual Report	90

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

The Directors have pleasure in presenting herewith their 44th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2010.

1. Financial Results

	Year ended March 31, 2010 Rs. in '000	Year ended March 31, 2009 Rs. in '000
Sales (Net of Excise)	8,948,481	8,432,709
Other Income	327,732	333,090
Gross Income	<u>9,276,213</u>	<u>8,765,799</u>
Profit before Depreciation, Interest & Taxation	1,595,510	1,633,564
Less: Depreciation	352,984	433,392
Interest and finance charges	110,768	227,110
Profit before tax	1,131,758	973,062
Less : Taxation		
Income Tax	310,265	382,630
Deferred tax	57,094	(65,386)
Fringe benefit tax	-	6,600
Profit after tax	<u>764,399</u>	<u>649,218</u>
Add : Balance being surplus brought forward	2,646,786	2,165,151
Profit available for appropriation	<u>3,411,185</u>	<u>2,814,369</u>
Dividend : Interim Payment	-	6,451
: Final – Proposed	64,514	25,806
Tax on Dividend	10,715	5,482
Transfer to General Reserve	76,440	129,844
Balance Carried to Balance Sheet	<u>3,259,516</u>	<u>2,646,786</u>

2. Operations:

The total sales turnover for the year ended 31st March, 2010 was Rs.895 crores reflecting an increase of 6% as compared to previous year's turnover of Rs.843 crores. The Profit after tax has increased to Rs.76.44 crores from Rs.64.92 crores of the previous year.

The company experienced pressure on selling price due to global competition mainly from China. However, higher volumes, control over costs and reduction in interest cost due to better management of working capital resulted into higher profits as compared to 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.325 crores for the period April to July 2010 as compared Rs.256 crores for the period April to July 2009. The adequacy of monsoon in India so far, would help better sales in domestic market. However, despite better volumes, export realization is likely to be under pressure due to renewed threat from Chinese manufacturers especially in view of season failure in China.

3. **Dividend**

In view of the adequacy of profits during the year, the Board finds it appropriate and prudent to recommend a Final dividend of Rs.1000/- per share. The impact of dividend payout alongwith dividend distribution tax would be Rs.7.52 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 31st March, 2010 have been annexed.

6. **Petition before the Company Law Board**

A Petition was filed by certain shareholders before the company law board claiming relief primarily in terms of section 397/398 of the Companies Act, 1956. This petition was dismissed by the Company Law Board. The Petitioners have filed an appeal which is pending before the Bombay High Court

7. **Insurance**

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

8. **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.

9. **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.

10. **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.

11. **Fixed Deposits**

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

12. **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.

Mr.Alexander K Luke, Executive Director & Chief Executive Officer resigned with effect from February 13, 2010. The Board places on record its appreciation of his contribution during his tenure as Director of the company.

13. **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.

14. **Cost Audit**

The Company has maintained records prescribed under Cost Accounting Records under Companies Act, 1956 for veterinary drugs and pesticides.

15. **Directors' Responsibility Statement**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors state in respect of Financial year 2009-10 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.

16. **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.

17. **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 14, 2010

ANNEXURE TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

The fuel & power saving have been effected by the following implementations.

A) Fuel Saving:-

- 1) Boiler Feed Water temperature is maintained up to 120°C by using waste heat from steam traps of header. Furnace oil saved – 430 Ltrs / day.
- 2) Canteen & workers bathroom hot water tanks have been insulated, resulting in saving of 50% of steam from earlier consumption.

B) Power Saving:-

- 1) Installation of a dedicated cable from Pal sub-station resulted in substantial saving as consumption of HSD is reduced.
- 2) By maintaining unity power factor, power consumption was reduced.
- 3) ETP R-512 Reactor stirrer assembly replaced with high efficiency impeller stirrer assembly and 50 hp motor replaced with 20 hp.
- 4) 40 w tube lights were replaced with 36w tube lights.
- 5) By maintaining of 3 Nos reciprocating compressor's loading / unloading system to auto "ON/OFF" using pressure switches.
- 6) Centrifugal pump casings and impellers coated with Thortex Coating.
- 7) Only ON push buttons 20 nos in place of rotary switch installed for reactor view glasses.
- 8) 300 ltr centrifugal chiller replaced with Screw chiller.
- 9) Replaced 80 nos 60 watt vessel lamps with 23 watt CFL lamps.

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 fuel consumption and also reduce the cost of production.

d) Total energy consumption and energy consumption per unit of production as per Form-A is annexed herewith.

FORM A

(A) POWER & FUEL CONSUMPTION

SR. NO.	PARTICULARS	2009-10	2008-09
1	ELECTRICITY		
	(a) Purchased		
	Units (kwh)	57,299,944	56,966,475
	Total Amount (Rs.in '000)	284,618	243,234
	Rate/Unit (Rs.)	4.97	4.27
	(b) Own Generation		
	(i) Through Diesel Generator & Co-gen Plant		
	Units (kwh)	2,229,046	3,290,790
	Units / Ltr.	3.73	3.00
	Cost/Units (Rs.)	9.11	12.40
	(i) Through Steam Turbine	NIL	NIL
2	COAL		
	Quantity (tonnes)	28,390	336,000
	Total amount ('000)	132	1,632
	Average rate / tonne	5.0	4.9
3	FURNACE OIL/LSHS		
	Quantity (Ltrs)	8,008,408	9,182,845
	Total Amount (Rs.in '000)	177,916	208,249
	Average rate / Ltr	22.22	22.68
4	BRIQUETTES		
	Quantity (kgs)	8,878,810	14,763,455
	Total Amount (Rs.in '000)	33,045	50,481
	Average rate / Kg.	3.72	3.42
5	FIREWOOD		
	Quantity (kgs)	100,230	49,310
	Total Amount (Rs.in '000)	163	58
	Average rate / Kg.	1.63	1.17
6	COCONUT SHELL		
	Quantity (kgs)	3,151,329	-
	Total Amount (Rs.in '000)	14,366	-
	Average rate / Kg.	4.56	-
7	OTHERS		
	HSD/SKO		
	Quantity (Ltrs)	75,999	126,879
	Total Amount (Rs.in '000)	1,937	3,489
	Average rate / KL(Rs.)	25.49	27.58

B CONSUMPTION PER UNIT OF PRODUCTION

SR. NO.	UNIT OF PRODUCTION (KG)	2009-10	2008-09
1	ELECTRICITY	2.79	2.92
2	FURNACE OIL/LSHS(includes Briqu Firewood Coconut Shell etc.)	0.38	0.50

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 polymers, agrochemicals and pigments. More specifically they are in the following areas:

- a) Process was developed for an Agro Chemical & is being commissioned.
- b) Support to existing products was given.
- c) Process for converting one of the byproduct of CMAC to a value added product i.e. a raw material for CMAC is in an advanced state of development
- d) Process for a solvent for polymerisation 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 an Agrochemical.
- b) Continued support to production department made us cost competitive.
- c) Patent applications were filed in India and abroad 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	27,415
2. Revenue	<u>210,617</u>
3. Total	238,032
4. R&D Expenditure as a % of Turnover	2.56%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The company strives to explore new markets and increase exports. Export sales constitute approx. 49% of the total turnover of the company. The company earned foreign exchange of Rs.4,324,682 thousand by way of exports and incurred expenditure in foreign currency of Rs.1,299,938 thousand.

For and on behalf of the Board

(K.H.GHARDA)
CHAIRMAN

MUMBAI - August 14, 2010

AUDITORS' REPORT

TO THE MEMBERS OF GHARDA CHEMICALS LIMITED

1. We have audited the attached Balance Sheet of Gharda Chemicals Limited ("the Company") as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both 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 the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 (CARO) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we 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 it appears from our examination of the books;
 - iii) The Balance Sheet, the Profit and Loss account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v) 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, 2010;

- b) in the case of the profit and 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 of the Company for the year ended on that date.
5. On the basis of the written representations received from the directors as on March 31, 2010 and taken on record by the board of directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

For Deloitte Haskins & Sells
Chartered Accountants
[Firm Registration No. 117366W]

Mumbai, dated: August 14, 2010

R. D. Kamat
Partner
Membership No. 36822

ANNEXURE TO THE AUDITORS' 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. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- 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) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods. The activities of the company do not involve the sale of services.

- 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 in the register, maintained under the said section have been so entered.
 - (b) Where each of such transactions 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. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been 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. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- ix) According to the information and explanations given to us in respect of statutory dues:
- a) 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 and other material statutory dues applicable to it with the appropriate authorities.
 - b) There were no material undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2010 for a period of more than six months from the date they became payable.
 - c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2010 on account of disputes are given below:

Name of the Statute	Nature of Dues	Amount (Rs. in thousands)	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	1,309	2003-04 to 2006-07	Commissioner of Central Excise and Customs (Appeals), Surat
Bombay Sales Tax Act, 1959	Sales Tax	1,070	1995-96	Maharashtra Sales Tax Tribunal (Bench) IV Mumbai.
Gujarat Sales Tax Act, 1969	Sales Tax	4,839	2002-03 to 2004-05	Gujarat Value Added Tax Tribunal, Ahmedabad
Central Sales Tax Act, 1956	Sales Tax	675	2003-04	Gujarat Value Added Tax Tribunal, Ahmedabad
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	5,378	A.Y.2003-04	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	918,976	A.Y.2005-06 to A.Y.2007-08	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) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, 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 provisions of 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. 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 during the year 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 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
[Firm Registration No. 117366W]

Mumbai, dated: August 14, 2010

R. D. Kamat
Partner
Membership No. 36822



GHARDA CHEMICALS LIMITED

BALANCE SHEET AS AT MARCH 31, 2010

Rupees in thousands

	Schedule No.	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	6,451	6,451
Reserves and surplus	2	6,221,994	5,532,824
		6,228,445	5,539,275
LOAN FUNDS			
Secured Loans	3	166,868	1,897,771
Unsecured Loans	4	131,919	95,630
		298,787	1,993,401
TOTAL		6,527,232	7,532,676
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	5	7,225,313	6,695,769
Less: Depreciation and amortisation		5,586,655	5,250,527
Net block		1,638,658	1,445,242
Capital work-in-progress		210,511	504,257
		1,849,169	1,949,499
INVESTMENTS	6	175,832	95,435
DEFERRED TAX ASSET (net) (Refer note no. 8 of schedule 19 (II))		120,323	177,416
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	2,106,156	2,815,651
Sundry debtors	8	2,790,987	2,509,980
Cash and bank balances	9	316,171	207,261
Other current assets	10	465,515	615,636
Loans and advances	11	522,476	591,011
		6,201,305	6,739,539
Less: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	12	1,620,810	1,272,607
Provisions	13	198,587	156,606
		1,819,397	1,429,213
NET CURRENT ASSETS		4,381,908	5,310,326
TOTAL		6,527,232	7,532,676
Significant accounting policies and notes to accounts	19		

In terms of our report attached

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
Chief Financial Officer

MICHAEL RAJ
Company Secretary

Place : Mumbai
Date : August 14, 2010.

Place : Mumbai
Date : August 14, 2010.



GHARDA CHEMICALS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

		<i>Rupees in thousands</i>	
	Schedule No.	Year ended March 31, 2010	Year ended March 31, 2009
INCOME			
Sales (Gross)		9,342,432	8,954,330
Less: Excise duty		393,951	521,621
Sales (Net)		8,948,481	8,432,709
Other income	14	327,732	333,090
		<u>9,276,213</u>	<u>8,765,799</u>
EXPENDITURE			
Cost of materials	15	4,874,050	4,478,543
Excise duty on samples, leakages, stock written off and others		34,891	1,441
Personnel expenses	16	760,313	660,087
Manufacturing and other expenses	17	2,011,449	1,994,872
Interest and finance charges	18	110,768	227,110
Depreciation and amortisation		352,984	433,392
		<u>8,144,455</u>	<u>7,795,445</u>
Less: Expense capitalised (Refer note no.12 of schedule 19 (II))		-	2,708
		<u>8,144,455</u>	<u>7,792,737</u>
Profit before tax		<u>1,131,758</u>	<u>973,062</u>
Provision for taxation:			
Taxation (Including wealth tax Rs.250 (2009:Rs.130) and prior years Rs.15 (2009:Rs.Nil))		310,265	382,630
Deferred tax		57,094	(65,386)
Fringe benefit tax		-	6,600
		<u>367,359</u>	<u>323,844</u>
Profit after tax		<u>764,399</u>	<u>649,218</u>
Surplus brought forward from previous year		<u>2,646,786</u>	<u>2,165,151</u>
Amount available for appropriation		<u>3,411,185</u>	<u>2,814,369</u>
APPROPRIATIONS			
Interim dividend Rs. Nil (2009: Rs. 100) per equity share		-	6,451
Proposed dividend Rs.1,000 (2009: Rs. 400) per equity share		64,514	25,806
Tax on dividend		10,715	5,482
Transfer to General reserve		76,440	129,844
Balance carried to balance sheet		<u>3,259,516</u>	<u>2,646,786</u>
		<u>3,411,185</u>	<u>2,814,369</u>
Basic and diluted earnings per share (EPS) (In rupees) (Refer note no.16 of schedule 19 (II))		11,849	10,063
Significant accounting policies and notes to accounts	19		

In terms of our report attached

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
Chief Financial Officer

MICHAEL RAJ
Company Secretary

Place : Mumbai
Date : August 14, 2010.

Place : Mumbai
Date : August 14, 2010.



GHARDA CHEMICALS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

Rupees in thousands

	Current Year ended March 31, 2010	Previous Year ended March 31, 2009
Cash Flow from Operating activities		
Net profit before tax	1,131,758	973,062
Adjustments:		
Add :		
Depreciation and amortisation	352,984	433,392
Interest and finance charges	110,768	227,110
Provision for doubtful debts (net)	35,065	44,246
Exchange rate difference (Refer Note 1 below)	(24,154)	15,391
Loss on fixed assets sold / written off (net)	172	102
Less :		
Dividend on trade investment	388	40
Share of Profit - Gharda Investment Syndicate	29	45
Interest Income	7,871	4,301
Bad debts recovered	-	860
Provision for loans and advances no longer required written back	19,968	-
Sundry credit balances written back	2,213	-
Provision for doubtful debts no longer required written back	5,699	36,368
Operating profit before working capital changes	1,570,425	1,651,689
Adjustments for:		
Inventories	709,492	(413,257)
Trade and other receivables	(33,911)	(38,270)
Trade and other payables	338,982	(3,831)
Cash Generated from Operations	2,584,988	1,196,332
Less : Direct taxes paid	345,910	584,850
Net Cash from operating activities A	2,239,078	611,482
Cash flow from investing activities		
Purchase of fixed assets (Including Capital work-in-progress)	(258,966)	(320,201)
Proceeds from disposal of fixed assets	16,860	30,927
Purchase of investments	(80,397)	(1,253)
Share of Profit - Gharda Investment Syndicate	29	0
Dividend on trade investment	388	40
Fixed deposits realised	4,976	(4,324)
Interest Income	4,750	4,301
Net Cash used in investing activities B	(312,360)	(290,510)
Cash flow from financing activities		
Repayment of borrowings	(1,693,361)	(205,972)
Interest and finance charges	(113,435)	(232,560)
Dividend paid (including tax thereon)	(30,191)	(37,740)
Net Cash used in financing activities C	(1,836,987)	(476,272)
Net Increase in cash and cash equivalents A+B+C	89,731	(155,301)
Cash and cash equivalents at the beginning of the year	217,704	373,005
Cash and cash equivalents at the end of the year	307,435	217,704

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)	316,171	207,261
Add: Unrealised loss on foreign currency cash and cash equivalents	(812)	23,342
Less: Fixed deposits under lien with bank and various Government authorities *	(7,923)	(12,899)
Total cash and cash equivalents	307,436	217,704

* 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

In terms of our report attached

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
Chief Financial Officer

MICHAEL RAJ
Company Secretary

Place : Mumbai
Date : August 14, 2010.

Place : Mumbai
Date : August 14, 2010.



GHARDA CHEMICALS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

	Rupees in thousands	
	As at March 31, 2010	As at March 31, 2009

Schedule 1 - Share Capital : AUTHORISED

150,000 (2009: 100,000) Equity shares of Rs. 100 each (Refer note no. 1 of schedule 19(II))	<u>15,000</u>	<u>10,000</u>
Issued, subscribed and paid-up :		
64,514 Equity shares of Rs. 100 each fully paid-up	<u>6,451</u>	<u>6,451</u>
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	<u><u>6,451</u></u>	<u><u>6,451</u></u>

Schedule 2 - Reserves and Surplus :

Capital reserve			
Special capital incentive			
Balance as per last Balance sheet		2,000	2,000
General reserve			
Balance as per last Balance sheet	2,884,038		2,754,194
Add: Transfer from Profit and Loss account	<u>76,440</u>	<u>129,844</u>	
		2,960,478	2,884,038
Surplus in Profit and loss account		<u>3,259,516</u>	<u>2,646,786</u>
Total		<u><u>6,221,994</u></u>	<u><u>5,532,824</u></u>

Schedule 3 - Secured Loans :

Working capital loans from banks	166,868	1,894,573	
Interest accrued and due	-	<u>3,198</u>	
(Refer note below)			
Total		<u><u>166,868</u></u>	<u><u>1,897,771</u></u>
		<u><u>166,868</u></u>	<u><u>1,897,771</u></u>

Note:

Cash credit, bill discounting and packing credit limits from banks are secured by a charge on a pari passu basis by
(i) 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
(ii) Charge on factory plot etc., as factory plot nos. B-22, 23, 24, 27, 28 & 29 at MIDC, Dombivli, Dist Thane, Plot D 1/2, MIDC, Lote Parshuram, Tal. Khed, Dist. Ratnagiri, Plot 3525, GIDC, Panoli, Tal. Ankleshwar, Dist. Bharuch - together with all buildings and structures thereon and all plant and machinery located at these plots.

Schedule 4 - Unsecured Loans :

Fixed deposits	131,919	95,630
Total	<u><u>131,919</u></u>	<u><u>95,630</u></u>

Note: Fixed Deposits include loans from Directors Rs.
17,000 (2009: Rs. Nil)



Rupees in thousand
NET BLOCK AS AT

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 intangible assets of Rs. 32,096 (2009: Rs. 39,557) being product registrations under process. During the year Rs. 2,035 (2009: Rs. 8,710) was charged off to revenue on account of registration process aborted.



GHARDA CHEMICALS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

Rupees in thousands

	As at March 31, 2010	As at March 31, 2009
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Schedule 6 - Investments :

I Long Term Investments:

(At cost / carrying amount unless otherwise stated)

A. Trade Investments (Unquoted)

i In Jointly Controlled entity: (fully paid)

CGNS Ltd.

25 shares of GBP 1 each

(Refer note no. 5 of schedule 19 (II))

2,422

2,422

ii In Others : (fully paid)

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

200

200

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

i In subsidiary companies: (fully paid)

Gujarat Insecticides Limited - 203,170 equity shares of Rs. 10 each

(Refer note no. 5 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

1,253

86,431

86,431

ii In Others : (fully paid)

Gharda Investment Syndicate

(Refer note no. 5 of schedule 19 (II))

5,464

5,435

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

D. Land at Warangal

946

946

II Current Investments:

Mutual fund units - Reliance Money Manager Fund
(Scheme - Institutional - Daily Dividend)

80,368

Total

175,832

95,435

Schedule 7 - Inventories:

Raw materials and packing materials

336,565

249,188

Raw materials in transit

225,890

342,706

Work-in-process

506,640

534,632

Finished goods (Including Traded goods)

1,037,061

1,689,125

Total

2,106,156

2,815,651

Schedule 8 - Sundry Debtors (Unsecured) :

Debts outstanding

for a period exceeding six months:

- Considered Good

- Considered Doubtful

193,561

226,593

145,187

115,821

338,748

342,414

Less :Provision for doubtful debts

145,187

115,821

193,561

226,593

Other debts considered good

2,597,426

2,283,387

Total

2,790,987

2,509,980

(Includes Rs.41,845 (2009 :Rs. Nil) due from subsidiary company)



GHARDA CHEMICALS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

Rupees in thousands

	As at March 31, 2010	As at March 31, 2009
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Schedule 9 - Cash and Bank balances:

Cash on hand (including cheques on hand Rs.31,442 (2009: Rs. 49,047))	33,627	51,415
Balance with scheduled banks:		
: In current accounts (including remittance in transit)	88,867	90,121
: In exchange earners foreign currency accounts (including margin deposit of Rs. 4,575 (2009: Rs. 9,418)) *	26	47
- In unclaimed dividend accounts	174,309	12,899
	160	63
	263,362	103,130
Balance with non-scheduled banks:- (Including remittance in transit for Rs. 16,581 (2009: Rs. Nil))		
Current account with:		
- HSBC Bank, London	11,064	17,393
- Wachovia Bank USA	8,118	35,323
	19,182	52,716
Total	316,171	207,261

* Includes deposits pledged with Government authorities Rs.3,348 (2009: Rs. 3,481)

Name of the Non-scheduled Bank

	<u>Balance as on</u>		<u>Maximum balance during the</u>	
	<u>March 31, 2010</u>	<u>March 31, 2009</u>	<u>March 31, 2010</u>	<u>March 31, 2009</u>
Wachovia Bank, USA - US \$ A/c	8,118	35,323	91,962	106,303
HSBC Bank, London - US \$ A/c	9,585	16,954	55,414	37,771
HSBC Bank, London - GBP A/c	180	111	954	2,005
HSBC Bank, London - Euro A/c	1,299	329	82,051	66,202

Schedule 10 - Other Current Assets :

Sales tax setoff receivable	98,425	115,643
Excise rebate receivable	118,161	202,292
Export incentive receivable	243,451	294,004
Other receivables	5,478	3,697
Total	465,515	615,636

Schedule 11 - Loans and Advances :

Unsecured, considered good - unless otherwise stated			7,608
Loan to CGNS Ltd. - A jointly controlled entity			
Loans to staff			
- Good	22,167	19,160	
- Doubtful	-	19,968	
	22,167	39,128	
Less: Provision for doubtful advances	-	19,968	
	22,167		19,160
Advance to suppliers	29,923		74,980
Advances recoverable in cash or in kind or for value to be received	43,535		45,725
Advance towards gratuity fund	23,929		
Advance payment of taxes (including wealth tax) (net of provisions)	230,145		196,637
Advance payment of fringe benefit tax (net of provisions)	4,826		3,618
Deposits	43,563		47,492
Balance with excise authorities	124,388		195,791
Total	522,476		591,011

Schedule 12 - Current Liabilities:

Sundry creditors			
- Total outstanding dues to Micro enterprises and small enterprises	53,754	50,681	
(Refer note no.11 of schedule 19 (II))			
- Total outstanding dues to creditors other than Micro enterprises and small enterprises	1,027,673	822,013	
(Includes Rs. 270,585 (2009 :Rs. 80,693) due to subsidiary company)			
Advances from customers	1,081,427		872,694
Other liabilities*	63,218		49,071
Unclaimed dividend**	475,123		348,483
Interest accrued but not due on loans	161		64
Unclaimed matured fixed deposits***	531		
	350		2,295
Total	1,620,810		1,272,607

(*Includes temporary overdraft balance of Rs.3,081 (2009: Rs. 3,885))

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

(*** Includes Rs. Nil (2009: Rs. Nil) due and outstanding to be credited to Investor Education and Protection Fund)



GHARDA CHEMICALS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

Rupees in thousands

	As at March 31, 2010	As at March 31, 2009
Schedule 13 - Provisions:		
Compensated absences	75,244	66,475
Provision for Gratuity	-	10,896
Proposed dividend	64,514	25,806
Tax on proposed dividend	10,715	4,386
Provision for tax (including wealth tax) (net of advances)	48,114	48,243
Provision for fringe benefit tax (net of advances)	-	800
Total	<u>198,587</u>	<u>156,606</u>



GHARDA CHEMICALS LIMITED

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

Rupees in thousands

	Year ended March 31, 2010	Year ended March 31, 2009
Schedule 14 - Other Income:		
Interest on - (Gross)		
Bank deposits	3,116	485
Others	4,755	3,816
(Tax deducted at source Rs. 735 (2009: Rs.674))		
	7,871	4,301
Dividend on Investment	388	40
Share of Profit - Gharda Investment Syndicate	29	45
Insurance Claims	581	1,823
Sale of scrap	23,295	21,816
Export Incentives (net)	247,437	257,956
Provision for doubtful debts no longer required written back	5,699	36,368
Provision for doubtful loans and advances no longer required written back	19,968	-
Provision for doubtful Investment written back	30	-
Bad debts recovered	-	860
Rent received	1,695	2,019
Sundry credit balance written back	2,213	1,087
Miscellaneous Income	18,526	6,775
Total	<u>327,732</u>	<u>333,090</u>
Schedule 15 - Cost of Materials:		
Raw material and packing material consumed	4,104,218	4,676,685
Purchase of traded goods	142,462	224,345
Opening stock		
Work-in-process	534,632	748,007
Finished goods	1,689,125	1,032,410
	2,223,757	1,780,417
Less: Closing stock		
Work-in-process	506,640	534,632
Finished goods	1,037,061	1,689,125
	1,543,701	2,223,757
	4,926,736	4,457,690
Excise duty on stock (net)	(52,686)	20,853
Total	<u>4,874,050</u>	<u>4,478,543</u>
Schedule 16 - Personnel Expenses:		
Salaries, wages and bonus	650,761	513,782
Contribution to provident and other funds	31,456	78,353
Staff welfare expenses	78,096	67,952
Total	<u>760,313</u>	<u>660,087</u>



GHARDA CHEMICALS LIMITED

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

Rupees in thousands

	Year ended March 31, 2010	Year ended March 31, 2009
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Schedule 17 - Manufacturing and Other expenses:

Consumable stores	172,025	128,844
Power, fuel and water	609,095	578,319
Freight and forwarding	252,526	289,212
Processing and packing charges	70,239	156,295
Rent	13,331	17,861
Rates and taxes	13,677	7,879
Insurance	22,343	26,821
Repairs :		
Building	17,761	16,067
Plant and machinery	85,364	61,101
Others	23,303	17,033
	126,428	94,201
Legal and professional charges	149,230	97,678
Commission	38,777	51,415
Sales promotion expenses	90,542	74,276
Discount	79,105	80,565
Remuneration to auditors :		
Audit fees	3,500	3,500
Tax audit	750	750
Certificates, taxation and others	225	190
Out of pocket expenses	12	10
	4,487	4,450
Travelling and conveyance expense	44,038	41,739
Exchange loss (net)	51,939	137,860
Donation	19,965	12,014
Loss on fixed assets sold / written off (net)	172	102
Provision for doubtful debts (net)	35,065	44,246
Bad debts written off	2,852	8,852
Investments written off	30	-
Miscellaneous expenses	215,583	142,243
(Includes registration charges, vehicle maintenance, trunk telephone charges, scientific research expenses etc.)		
Total	2,011,449	1,994,872

Schedule 18 - Interest and Finance charges:

Interest on fixed loans *	11,849	20,624
Interest others	64,102	170,331
Bank charges	34,817	36,155
Total	110,768	227,110

*Includes Interest Rs.293 (2009:Rs. Nil) 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 assets

At the end of each year, the Company determines whether a provision should be made for impairment loss on 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 assets is lower than its carrying amount, a provision for impairment loss on assets is made for the difference. The impairment loss recognised in prior accounting periods is reversed if there has been a positive 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 amortized 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 Bandra, Dombivli, Lote (excluding Lote Plant and Machinery 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 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

Stock-in-trade is valued at lower of cost and net realisable value. Cost is computed based on moving weighted average in respect of all procured materials and comprises of materials and appropriate share of utilities and other overheads in respect of work-in-process and finished goods. Finished goods are valued inclusive excise duty. Consumable stores, spares and fuel purchased are charged to revenue in the year of purchase.

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

Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of products are transferred by the Company and no significant uncertainty as to collectability or measurability exists.

Revenue from product sales is stated net of returns, sales tax / value added tax and applicable trade discounts, rebates and allowances.

Interest on income is recognized on time proportion basis.

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

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.

l) 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 the lower of the amount determined as defined benefit liability and 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 such as leave expected to be availed within a year, bonus / incentives.

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) 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.

o) 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 operating 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.

p) 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).

q) 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. Pursuant to the order dated November 14, 2008 passed by the Bombay High Court, the resolution for increase in the authorised capital passed at the Extra Ordinary General Meeting held on February 15, 1990 has been recognised / incorporated in the accounts. The company has paid the requisite stamp duty and fees on August 11, 2010
2. The Company's pigment division at Panoli carried at a written down value of Rs 353,806 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, 2010. 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. 97,040 (2009: Rs. 79,952).
4. Contingent liabilities
 - a) Storage charges depending upon execution of land bonds Rs. 2,345 (2009: Rs. 1,895)
 - b) Guarantee given to bankers of subsidiary company towards credit facilities availed by the subsidiary Rs. 295,000 (2009: Rs. 350,000). Amount utilized as at year end Rs.172,796 (2009: Rs. 77,497)
 - c) 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. 6,584 (2009: Rs 8,625).
 - (ii) Excise duty demand disputed in appeal and pending decision before higher authorities Rs. 16,600 (2009: Rs.18,847). The company expects to succeed in appeal proceedings
 - (iii) Service tax demand disputed in appeal and pending decision before higher authorities Rs. 17,813 (2009: Rs. 17,813). 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 1,027,731 (2009: Rs. 865,230) (paid/adjusted under protest, included under advance tax - Rs. 153,700 (2009: Rs. 153,700) 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) In respect of claim made by overseas parties in earlier year, court jury delivered judgement subsequent to the year-end awarding total compensation of USD 5,823 (Rs. 261,453) and interest which aggregates USD 1,601 (Rs.71,899) up to March 31, 2010. The Company had filed motion for judgement. The motion was heard by the court and the jury verdict has been vacated.

5. 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 %	2010 Rupees	2009 Rupees
1	Gharda Chemicals Limited	95%	5,464	5,435
2	Dr. K.H. Gharda	5%	391	390

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.

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, 2008 is given below:

Particulars	2008	2007
	Figures in Sterling Pound (In thousand)	
Assets	21	48
Liabilities	13	22
Income	13	204
Expenditure	31	148

Accounts of CGNS for the year ended December 31, 2009 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.

6. (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-10	31-Mar-09
USD	Sell	Indian Rupees	500,000	2,116,212

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

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

Particulars	Foreign Currency	As on 31.03.2010		As on 31.03.2009	
		Rupees	Amount in Foreign Currency	Rupees	Amount in Foreign Currency
Export receivable	USD	855,670	19,061,410	837,908	16,586,625
	EURO	310,864	5,142,263	309,061	4,577,331
Other receivable	USD	1,474	32,836	9,628	190,295
	GBP	409	5962	676	9315
Balance with Bank	USD	17,729	394,944	52,324	1,033,797
	EURO	1,299	21,466	134	1,851
	GBP	193	2,841	329	4,875

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

Particulars	Foreign Currency	As on 31.03.2010		As on 31.03.2009	
		Rupees	Amount In Foreign Currency	Rupees	Amount In Foreign Currency
Import of goods and services	USD	169,818	3,782,134	247,831	4,886,261
Secured and unsecured loans	USD	89,207	1,987,237	594,648	12,123,656
	EURO	-	-	35,802	579,215
Interest accrued and not due on secured and unsecured loans	USD	531	11,824	-	-
Other payables	USD	64,506	1,436,686	35,202	694,224
	EURO	5,631	93,024	16,444	243,547
	GBP	670	9,847	1,521	22,217

7. Provision towards loans and advances of Rs. 19,968 has been written back as this lawsuit was settled out of court for Rs. 9,620 (\$ 200,000) towards full and final settlement.

8. Deferred Tax provisions:

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

Particulars	2010 Rupees	2009 Rupees
Deferred tax Assets		
Depreciation	45,504	94,482
Provision for doubtful debts / advances	49,359	46,165
Provision for employee benefits and other income tax disallowances	25,460	36,769
Deferred tax asset - Net	120,323	177,416

9. Managerial Remuneration

Particulars	2010 Rupees	2009 Rupees
Salaries and bonus	9,234	3,100
Contribution to provident / other funds	1,001	682
Perquisites	191	826
Commission	53,500	46,500
Total	63,926	51,108

Notes:

- (1) The remuneration as above in the previous year is for a managing director, whereas in the current year it is for managing director and other Executive Director for part of the year.
- (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.

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

	Particulars	2010		2009	
		Rupees	Rupees	Rupees	Rupees
	Profit before tax		1,131,758		973,062
Add:	Managerial Remuneration	63,926		51,108	
	Loss on sale of fixed assets (net) / assets written off	172		102	
	Provision for doubtful debts / advances	35,065	99,163	44,246	95,456
Less:	Provision for doubtful debts / advances no longer required written back		25,697		36,368
	Net Profit as per Section 349 / 350 of the Companies Act, 1956 *		1,205,224		1,032,150
	Remuneration @ 5% of Net profits as per Section 349 of the Companies Act, 1956		60,261		51,608
	Commission to the Managing Director as approved and restricted by the Board of Directors		53,500		46,500

* 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.

11. 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, 2010 is Rs. 53,754 (2009: Rs. 50,681) interest paid during the year / outstanding as at year end is Rs. Nil (2009 : Rs. Nil) (Refer schedule 12 - Current Liabilities)

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

Particulars	2010 Rupees	2009 Rupees
Opening balance	-	7,582
Add : Incurred during the year	-	-
Employees remuneration and benefits	-	1,845
Legal and professional charges	-	91
Miscellaneous expenses	-	772
Total	-	2,708
Less: Capitalised during the year	-	10,290
Closing Balance	-	-

13. 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 scheme has been discontinued from October 1, 2009 after considering the views of the employees.

The Company recognised Rs. 36,968 (2009: Rs. 32,634) for provident fund contributions and Rs.4,566 (2009: Rs. 10,311) 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, 2010.

Sr. No.	Particulars	Gratuity (Funded) As on		
		31.03.2010	31.03.2009	31.03.2008
I)	Reconciliation in present value of obligations (PVO) - defined benefit obligation :			
	PVO at the beginning of the year	166,554	148,945	137,313
	Current Service Cost	13,312	12,854	10,763
	Interest Cost	12,191	10,500	9,793
	Actuarial (gain) / losses	(2,154)	12,145	4,543
	Benefits paid	8,008	17,889	13,467
	PVO at end of the year	181,894	166,554	148,945
II)	Change in fair value of plan assets :			
	Fair value of plan assets at beginning of the year	155,659	151,403	131,467
	Expected return on plan assets	14,566	7,682	10,609
	Actuarial gain/(losses)	25,379	(1,360)	7,030
	Contributions by the employer	18,227	15,823	15,764
	Benefits paid	(8,008)	(17,889)	(13,467)
	Fair value of plan assets at end of the year	205,823	155,659	151,403

Sr. No.	Particulars	Gratuity (Funded) As on		
		31.03.2010	31.03.2009	31.03.2008
III)	Reconciliation of PVO and fair value of plan assets:			
	PVO at end of period	181,894	166,554	148,945
	Fair Value of planned assets at end of year	205,823	155,659	151,403
	Funded status	23,929	(10,896)	2,458
	Net asset/ (liability) recognised in the balance sheet	23,929	(10,896)	2,458
IV)	Net cost for the year ended:			
	Current Service cost	13,312	12,854	10,763
	Interest cost	12,191	10,500	9,793
	Expected return on plan assets	(14,566)	(7,682)	(10,609)
	Actuarial (gain) / losses	(27,533)	13,504	(2,487)
	Net cost	(16,596)	29,176	7,460
V)	Actual return on the plan assets	39,945	6,322	17,639
VI)	Major category of assets as at:			
	Insurer Managed Funds	173,067	119,500	115,616
VII)	Assumption used in accounting for the gratuity plan:			
	Discount rate (%)	8.00	7.50	7.50
	Salary escalation rate (%)	6.00	6.00	6.00
	Expected rate of return on plan assets	9.00	5.00	8.00
VIII)	Experience Analysis			
	Experience adjustment Plan Liabilities - (Gain) / Loss	(2,154)		
	Experience adjustment Plan Assets - Gain / (Loss)	25,379		

14. Related party disclosures as required by Accounting Standard 18 (AS 18) "Related Party Disclosures" as at March 31, 2010-

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

II Key Management Personnel (KMP):-

- a) Dr. Keki Hormusji Gharda (Chairman cum Managing Director)
- b) Mr. Alexander Luke (Executive Director)
(From 27/07/2009 to 13/02/2010)

III Relatives of Key Management Personnel (KMP) :-

- a) Mrs. Aban Keki Gharda
- b) Mrs. Jer R. Kavasmaneck

IV. Jointly controlled entity:- CGNS Limited (25% Share Holding)

- B) The following transactions were carried out with the related parties in the financial year 2009-10 (The current year figures are in bold and previous years figures are given in italic form below each item):

Particulars	Category I	Category II	Category III	Category IV
Sales				
- Gujarat Insecticides Ltd.	116,017	-	-	-
	<i>142,805</i>	-	-	-
- Gharda Generics Inc.	58,065	-	-	-
	-	-	-	-
Sale of Consumables				
- Gujarat Insecticides Ltd.	544	-	-	-
	<i>1,439</i>	-	-	-
Recovery of expenses				
- Gujarat Insecticides Ltd.	254	-	-	-
	<i>6,874</i>	-	-	-
Share of Profit				
- Gharda Investment Syndicate	29	-	-	-
	<i>45</i>	-	-	-
Purchases / Other services				
- Gujarat Insecticides Ltd.	647,898	-	-	-
	<i>673,659</i>	-	-	-
Processing Charges				
- Gujarat Insecticides Ltd.	24,191	-	-	-
	<i>48,540</i>	-	-	-
Other Charges				
- Gujarat Insecticides Ltd.	24,858	-	-	-
	-	-	-	-
Remuneration				
- Mr. K. H. Gharda	-	59,078	-	-
	-	<i>51,108</i>	-	-
- Mr. A. K. Luke	-	4,848	-	-
	-	-	-	-
Registration charges				
	-	-	-	1,336
	-	-	-	-
Commission				
	-	-	-	4,283
	-	-	-	<i>6,678</i>

Particulars	Category I	Category II	Category III	Category IV
Interest on Fixed Deposits:				
- Dr. K.H.Gharda	-	293	-	-
	-	-	-	-
-Mrs. A.K.Gharda	-	-	293	-
	-	-	-	-
- Others	-	-	57	-
	-	-	57	-
Purchase of Assets:				
- Gujarat Insecticides Ltd.	10,674	-	-	-
	3,238	-	-	-
Sale of Assets:				
- Gujarat Insecticides Ltd.	18,959	-	-	-
	42,621	-	-	-
Investments				
- Gharda Generics Inc.	-	-	-	-
	1,253	-	-	-
Fixed Deposit Repayment:				
- Others	-	-	20	-
	-	-	-	-
Fixed Deposit Received:				
- Dr. K.H. Gharda	-	8,500	-	-
	-	-	-	-
-Mrs. A.K.Gharda	-	-	8,500	-
	-	-	-	-
- Others	-	-	20	-
	-	-	-	-
Repayment of loan given	-	-	-	7,608
	-	-	-	-

C) The following balances were due from / to the related parties as at March 31, 2010
(The current year figures are in bold and previous years figures are given in italic):

Particulars	Category I	Category II	Category III	Category IV
Fixed Deposit	-	8,500	9,020	-
	-	-	520	-
Investments	91,895	-	-	2,422
	91,866	-	-	2,422
Other Recoverables	-	-	-	-
	-	-	-	7,608
Sundry Debtors	41,845	-	-	-
	-	-	-	-

Particulars	Category I	Category II	Category III	Category IV
Sundry Creditors	270,585 <i>80,693</i>	- -	- -	- -
Other Payables	- -	53,832 <i>44,937</i>	- -	2,417 <i>14,286</i>
Guarantees Given	295,000 <i>350,000</i>	- -	- -	- -

15. Segment Information for the year ended March 31, 2010.

The company is organized into the following business segments:-

i) **Agro Chemicals:-**

Consist of Pesticides, Intermediates, Insecticides and weedcides 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	Agro Chemicals Rupees	Others Rupees	Total Rupees
Revenue:			
Sales	8,813,128	135,353	8,948,481
	<i>8,333,950</i>	<i>98,759</i>	<i>8,432,709</i>
Other Income	305,809	7,222	313,031
	<i>320,471</i>	<i>3,407</i>	<i>342,302</i>
Results:			
Segment Results	1,831,240	(70,439)	1,760,801
	<i>1,729,579</i>	<i>(63,905)</i>	<i>1,665,674</i>
Unallocated Income / Expenses:			
Interest expense	-	-	75,952
	-	-	<i>190,955</i>
Other expenses	-	-	567,792
	-	-	<i>501,657</i>
Other Income	-	-	(14,701)
	-	-	<i>(9,212)</i>

For the year	Agro Chemicals	Others	Total
	Rupees	Rupees	Rupees
Net Profit before taxes	-	-	1,131,758
	-	-	973,062
Tax	-	-	367,359
	-	-	323,844
Net Profit after taxes	-	-	764,399
	-	-	649,218

2. Assets and Liabilities:-

	Segment			
As on March 31, 2010	Agro Chemicals Rupees	Others Rupees	Un- allocated Rupees	Total Rupees
Assets	6,519,806	510,641	1,316,182	8,346,629
	7,189,235	548,811	1,223,843	8,961,889
Liabilities	1,405,921	32,269	679,994	2,118,184
	619,383	19,964	2,783,267	3,422,614
Capital expenditure	137,500	41,775	90,412	269,687
	223,371	33,446	87,829	344,646
Depreciation	154,519	58,373	140,092	352,984
	155,837	58,303	219,252	433,392

Segment assets include all operating assets used by a segment and consist principally of operating debtors, inventories and fixed assets, net of allowances and provisions that are reported as direct offsets in the balance sheet. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is not allocated to the segments since such allocation will not be meaningful. Such assets mainly include cash and bank balances and investments. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include income taxes.

Secondary reporting - Based on geographical distribution: -

Particulars	India Rupees	U S A Rupees	Asia Rupees	Europe Rupees	Others Rupees	Total Rupees
Sales based on Customer location	4,597,064	726,001	902,008	1,272,234	1,451,174	8,948,481
	4,402,990	911,840	787,250	1,326,860	1,003,769	8,432,709
Assets based on Its location	6,696,251	533,598	279,915	574,484	262,381	8,346,629
	6,879,890	883,759	93,311	820,776	284,153	8,961,889
Capital Expenditure Based on Its location	269,436	29	-	222	-	269,687
	284,819	57,987	1,551	245	44	344,646

16. Earnings per share (EPS):

	Particulars	2010 Rupees	2009 Rupees
1	Net Profit after taxation for the year	764,399	649,218
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)	11,849	10,063

17. 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 management.

I. Licensed capacity - Anillofos - 1000 tons per annum.

II. Installed capacity, production, stocks and sales.

(A) Capacities and production :-

Class of goods	Unit	Installed capacity *		Production #	
		2010 Quantity	2009 Quantity	2010 Quantity	2009 Quantity
(I) Manufactured products					
Pesticides, intermediates and weedicides	Kgs	23,221,000	21,536,000	16,168,042	14,453,330
Formulations	Kgs	2,000,000	2,000,000	2,385,812	1,570,096
	Ltrs	8,000,000	8,000,000	6,384,868	8,621,827
Veterinary drugs	Kgs	50,000	50,000	37,848	29,902
Plant nutrients	Ltrs	-	-	54,126	23,372
Pigment	Kgs	220,000	220,000	45,090	26,253
Third Party Manufacturing	Ltrs	-	-	1,324,037	1,327,074

* As registered with Director General of Trade and Development. / Secretariat for Industrial Assistance except for Anillofos 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	2010		2009	
		Quantity	Rupees	Quantity	Rupees
(II) Traded Products					
Pesticides	Kgs	1,156,779	52,161	2,197,846	146,168
	Ltrs	177,922	90,301	101,815	78,177
Total			142,462		224,345

(B) Opening stocks :-

Class of goods	Unit	2010		2009	
		Quantity	Rupees	Quantity	Rupees
(I) Manufactured products					
Pesticides, intermediates and weedicides	Kgs	3,072,544	888,140	2,134,584	546,675
Formulations	Kgs	222,786	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
(II) Traded Products					
Pesticides	Kgs	216,187	18,394	92,495	3,623
	Ltrs	40,614	16,031	98,534	25,168
Total			34,425		28,791
(III) Thlrđ party					
Pesticides	Ltrs	532,628	156,368	615,747	114,944
Total			1,689,125		1,032,410

(C) Closing stocks :-

Class of goods	Unit	2010		2009	
		Quantity	Rupees	Quantity	Rupees
(I) Manufactured products					
Pesticides, Intermediates and weedicides	Kgs	1,881,121	465,700	3,072,544	888,140
Formulations	Kgs	477,756	92,391	222,786	129,079
	Ltrs	1,868,357	289,711	2,099,247	457,978

Class of goods	Unit	2010		2009	
		Quantity	Rupees	Quantity	Rupees
Veterinary drugs	Kgs	17,998	22,654	6,900	8,712
Plant nutrients	Ltrs	22,407	1,855	30,952	2,685
Pigment	Kgs	6,350	7,316	11,082	11,738
Total			879,858		1,498,332
(II) Traded Products					
Pesticides	Kgs	138,613	9,350	216,187	18,394
	Ltrs	76,912	24,240	40,614	16,031
Total			33,590		34,425
(III) Third party					
Pesticides	Ltrs	478,635	123,845	532,628	156,368
Total			1,037,061		1,689,125

The above stock is after considering obsolete stocks written off of Rs.29,874 (2009:Rs. 74,053).

(D) Sales :-

Class of goods	Unit	2010		2009	
		Quantity	Rupees	Quantity	Rupees
(I) Manufactured products					
Pesticides, intermediates and weedcides	Kgs	17,359,465	5,921,574	13,509,691	5,267,516
Formulations	Kgs	2,130,842	334,633	1,382,809	425,171
	Ltrs	6,615,758	1,943,700	7,596,868	1,898,028
Veterinary drugs	Kgs	26,750	55,876	28,602	55,633
Plant nutrients	Ltrs	62,671	18,210	37,635	10,016
Pigment	Kgs	49,822	79,477	25,822	37,479
Total			8,353,470		7,693,843
(II) Traded Products					
Pesticides	Kgs	1,234,353	74,839	2,054,077	169,961
	Ltrs	141,625	101,709	129,352	102,301
Total			176,548		272,262
(III) Third party					
Pesticides	Ltrs	1,378,029	367,493	1,338,874	414,350
Others			50,970		52,254
Total			8,948,481		8,432,709

(E) C. I. F. value of Imported Items :-

Class of Goods	2010 Rupees	2009 Rupees
Raw materials	918,772	1,090,734
Capital goods	10,540	11,111
Stores	160	133

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

Sr. No.	Particulars	2010		2009	
		Quantity	Rupees	Quantity	Rupees
1	Meta phenoxy benzaldehyde	1,584,155	513,962	1,345,547	460,429
2	DI ethyl thiophosphoryl chloride	5,661,975	587,590	4,856,846	594,648
3	Acrylonitrile	3,804,215	305,035	3,539,810	278,665
4	Caustic soda lye	14,863,745	278,412	14,605,567	335,083
5	Tri chloro acetyl chloride	3,317,981	204,309	3,772,974	225,714
6	Others		2,214,910		2,782,146
	Total		4,104,218		4,676,685

(G) **Imported and Indigenous materials consumed :-**

	Particulars	2010		2009	
		Rupees	Percent	Rupees	Percent
a	Raw and packing materials				
	Imported	1,112,300	27.10%	1,204,253	25.75%
	Indigenous	2,991,918	72.90%	3,472,432	74.25%
	Total	4,104,218	100.00%	4,676,685	100.00%
b	Stores				
	Imported	160	0.09%	133	0.10%
	Indigenous	171,865	99.91%	128,711	99.90%
	Total	172,025	100.00%	128,844	100.00%

(H) **Earnings in foreign currency :-**

Particulars	2010	2009
	Rupees	Rupees
F.O.B. value of exports	4,324,682	3,999,122

(I) **Expenditure in foreign currency :-**

Particulars	2010	2009
	Rupees	Rupees
Travelling	1,375	1,685
Commission	22,292	24,021
Sales promotion	18,494	10,541
Interest	29,652	73,468
Foreign branch expenses	287,692	339,923
Others	10,961	25,666

18. The company has created Research and Development facilities at Dombivli and Lote in the districts of Thane and Ratnagiri of Maharashtra and on the basis of trial balance and cost center reports maintained in respect of these units Rs. 210,617 (2009: Rs. 189,073) have been incurred towards revenue expenditure and Rs. 27,415 (2009: Rs. 15,814) have been incurred towards capital expenditure. Company's aforementioned In-house Research and Development facilities at

Dombivli and Lote are recognized by the DSIR, Ministry of Science & Technology. In-house Research and Development facility at Dombivli is already approved for the purpose of sec.35(2AB) of the Income tax Act, 1961 by the DSIR, Ministry of Science & Technology since financial year 2006-07. Whereas the In-house Research and Development facility at Lote is yet to receive the approval for the purpose of sec.35(2AB) of the Income tax, 1961; from the DSIR, Ministry of Science & Technology application for which necessary application was filed by the company during the financial year 2008-09 as per the guidelines issued by the DSIR. We have been intimated that DSIR representatives have visited Company's Research & Development facility at Lote in July'10 for the purpose of approval under section 35(2AB) of the Income tax Act, 1961.

Details of revenue and capital expenditure incurred in respect of R&D facilities at Dombivli and Lote are as under

Sr. No.	Particulars	Revenue expenditure		Capital Expenditure		Total Amount
		Dombivli	Lote	Dombivli	Lote	
1	Cost of Materials (Cost included in material cost under schedule -15 of Profit & loss account)	13,100 5,807	12,881 1,510	- -	- -	25,981 7,317
2	Personnel Expenses (Cost included in personnel expenses under schedule-16 of profit and loss account)	119,511 90,757	33,519 29,784	- -	- -	153,030 120,541
3	Consumable Stores	6,579 8,402	9,789 11,287	- -	- -	16,368 19,689
4	Power, Fuel and Water	4,866 4,432	1,866 2,181	- -	- -	6,732 6,613
5	Insurance	87 318	21 109	- -	- -	108 427
6	Repairs and Maintenance	3,459 6,433	39 4,569	- -	- -	3,498 11,002
7	Sundry Expense (Costs against serial no from 3 to 7 are included in manufacturing and other expenses under schedule-17 of Profit and loss account)	4,429 17,607	471 5,877	- -	- -	4,900 23,484
8	Plant and Machinery	- -	- -	11,121 10,121	15,596 5,608	26,717 15,729
9	Other Assets	- -	- -	427 23	271 62	698 85
	Total Research and Development Expenditure	152,031 133,756	58,586 55,317	11,548 10,144	15,867 5,670	238,032 204,887

19. 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.4003 (2009:Rs.7,536). The future minimum lease payments and payment profile of non cancellable operating leases are as under:

Particulars	2010	2009
Not later than one year	2,765	1,327
Later than one year but not later than five years	2,119	-
More than five years	-	-
Total	4,884	1,327

20. Certain proceedings are pending before the hon. High of judicature of Bombay in connection with:

- I. refusal by the company to accept / recognise transfer of shares lodged by a party.
- II. dismissal by the Company Law Board of a petition by certain minority shareholders claiming relief primarily, in terms of sec 397/398 of the Companies Act, 1956

These matters relate to rights/claims between shareholders Inter-se and do not entail issues affecting these Accounts

21. 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 conform to those of the current year's presentation.

Signatures to schedules 1 to 19.

In terms of our report attached

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
Chief Financial Officer

MICHAEL RAJ
Company Secretary

Place : Mumbai
Date : August 14, 2010.

Place : Mumbai
Date : August 14, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

i. Registration Details

Registration No. :

1	3	6	8	8
---	---	---	---	---

State Code :

1	1
---	---

Balance Sheet Date :

3	1	0	3	2	0	1	0
---	---	---	---	---	---	---	---

Date Month Year

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

Public Issue

			N	.	A	.			
--	--	--	---	---	---	---	--	--	--

Rights Issue

			N	.	A	.			
--	--	--	---	---	---	---	--	--	--

Bonus Issue

			N	.	A	.			
--	--	--	---	---	---	---	--	--	--

Private Placements

			N	.	A	.			
--	--	--	---	---	---	---	--	--	--

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

Total Liabilities

		6	5	2	7	2	3	2
--	--	---	---	---	---	---	---	---

Total Assets

		6	5	2	7	2	3	2
--	--	---	---	---	---	---	---	---

Sources of Funds

Paid up Capital

					6	4	5	1
--	--	--	--	--	---	---	---	---

Reserves & Surplus

		6	2	2	1	9	9	4
--	--	---	---	---	---	---	---	---

Secured Loans

			1	6	6	8	6	8
--	--	--	---	---	---	---	---	---

Unsecured Loans

			1	3	1	9	1	9
--	--	--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

		1	8	4	9	1	6	9
--	--	---	---	---	---	---	---	---

Investments

			1	7	5	8	3	2
--	--	--	---	---	---	---	---	---

Net Current Assets

		4	3	8	1	9	0	8
--	--	---	---	---	---	---	---	---

Misc. Expenditure

			N	I	L			
--	--	--	---	---	---	--	--	--

Deferred Tax

			1	2	0	3	2	3
--	--	--	---	---	---	---	---	---

iv. Performance of Company (Amount in Thousands)

Turnover**

		9	2	7	6	2	1	3
--	--	---	---	---	---	---	---	---

Total Expenditure

		8	1	4	4	4	5	5
--	--	---	---	---	---	---	---	---

**Includes Other Income

Profit/Loss Before Tax

+	-			1	1	3	1	7	5	8
---	---	--	--	---	---	---	---	---	---	---

Profit After Tax

+	-			7	6	4	3	9	9
---	---	--	--	---	---	---	---	---	---

Please tick appropriate box + for profit, - for loss)

Earnings Per Share in Rs.

				1	1	8	4	9
--	--	--	--	---	---	---	---	---

Dividend rate %

				1	0	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			
---	---	---	---	---	---	---	---	---	--	--	--

Product Description

C	H	L	O	R	P	Y	R	I	P	H	O	S
---	---	---	---	---	---	---	---	---	---	---	---	---

Item Code (ITC Code)

3	8	0	8	1	0	.	2	2			
---	---	---	---	---	---	---	---	---	--	--	--

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			
---	---	---	---	---	---	---	---	---	--	--	--

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	31/03/2010	31/03/2010	31/03/2010
2. Holding Company's Interest : Equity Shares of each -	Rs. 10	Rs. 27.03 (AUD 1)	Rs. 0.42 (USD 0.01)
(a) Number of Shares Fully Paid - Partly Paid	203,170 NIL	75,000 NIL	3,000,000 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	35,546	(401)	(957)
(b) For the previous Financial Years of the company since it became the holding company's subsidiary.	311,147	(1,776)	-
(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> <div>K. H. GHARDA Managing Director</div> <div>D. T. DESAI Director</div> </div> <div> <div>ANIL NAWAL Chief Financial Officer</div> <div>MICHAEL RAJ Company Secretary</div> </div> <div> Place : Mumbai Date : August 14, 2010. </div>			



GUJARAT INSECTICIDES LIMITED
TWENTY NINTH ANNUAL REPORT
FINANCIAL YEAR ENDING ON 31ST MARCH 2010

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
G.I. 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, India



GUJARAT INSECTICIDES LIMITED

DIRECTORS REPORT

FINANCIAL YEAR ENDING ON 31ST MARCH 2010

The Directors have pleasure in presenting their Twenty Ninth Annual Report together with the Audited Statement of Accounts for the Year ended 31st March 2010.

(1) FINANCIAL HIGHLIGHTS

(Rupees in Lakhs)		
	Year ended 31.03.2010	Year ended 31.03.2009
Turnover	13,871	12,482
Profit Before Tax and Prior Period Items	970	1,028
Provision for Taxation:		
▶ Current Tax	350	129
▶ (Excess)/Short Provision for Prior Year Taxes	8	0
▶ Mat Credit Entitlement	0	(28)
▶ Mat Credit Utilised	17	11
▶ Deferred Tax	(37)	(36)
▶ Fringe Benefit Tax	0	8
Profit After Tax but Before Prior Period Items	640	944
Prior Period Expense	0	4
Net Profit	640	940
Balance of Profit & Loss Account brought forward	2,781	1,840
Profit available for Appropriation	3,421	2,780
Balance carried forward to Balance Sheet	3,421	2,780

(2) REVIEW OF OPERATIONS

Sales turnover achieved for the year under review is at ₹ 13,871 Lakhs, reflecting 11% increase compared to last year sales of ₹12,482 Lakhs. Increase in turnover was mainly due to higher volumes. However, margins remained under pressure due to stiff competition and lower contribution.

CURRENT YEARS WORKING:

The company has achieved sales turnover of ₹ 6,310 Lakhs for the period April to July 2010 as compared to ₹ 4,245 Lakhs for the corresponding period of the earlier year.

The increase in sales is due to higher volumes in all the products. The Organophos compound products are gaining good market share. Company expects to perform well during the year.

(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. The 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 31ST MARCH 2010

(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, Dr K H Gharda, retires by rotation and being eligible, offers himself for re-appointment.

(7) 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.

(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 2009-2010 that:

- (a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any.
- (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.
- (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.



GUJARAT INSECTICIDES LIMITED

DIRECTORS REPORT

FINANCIAL YEAR ENDING ON 31ST MARCH 2010

(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 : 14/08/2010

D. H. Mirani
Director

D. T. Desai
Director

K. H. Gharda
Chairman



GUJARAT INSECTICIDES LIMITED

**ANNEXURE TO THE DIRECTORS REPORT
FINANCIAL YEAR ENDING ON 31ST MARCH 2010**

I. CONSERVATION OF ENERGY:

ENERGY MEASURE TAKEN

(A) Fuel Saving:

Boiler Feed Water is pre-heated in economizers (recovering heat from flue gas) up to 56°C and then further mixed with hot condensates (collected from Plants) raising it up to 80°C, resulting in water and Natural Gas saving.

(B) Power Saving due to:

1. Replacing reciprocating Chillers by energy efficient Screw Chiller (200 TR) and Brine Chiller (72 TR) to reduce annual power consumption by 6%.
2. Based on saving in power consumption achieved already, one more Boiler feed Water Pump for Thermex Boiler was replaced to achieve 0.15% reduction.

(C) Others:

1. Power Factor in distribution center is maintained at 0.997 and rebate in Power Bill is earned every month.
2. Insulation in Pipeline, Reactors and Heating Equipments is maintained and whenever any damage is observed the same is attended on priority basis.



GUJARAT INSECTICIDES LIMITED

ANNEXURE TO THE DIRECTORS REPORT
FINANCIAL YEAR ENDING ON 31ST MARCH 2010

FORM - A

(A) POWER AND FUEL CONSUMPTION

	2009-10	2008-09
1. Electricity		
(a) Purchased Units (Lakhs KWH)	85.860	80.703
Total amount (Rupees in Thousand)	51,702	48,482
Average rate (Rupees per unit)	6.02	6.01
(b) Own generation		
(i) Through Diesel Generator:		
Units (Lakhs KWH)	2.403	2.732
Units per Lt. of High Speed Diesel (KWH)	3.02	3.07
Cost per Unit (Rupees per KWH)	12.18	12.89
(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)	96	215
Total amount (Rupees in Thousand)	3,402	8,237
Average Rate (Rupees per K Ltr)	35.62	38.40

(B) CONSUMPTION PER UNIT OF PRODUCTION PER TONNE

	2009-10	2008-09
1. Electricity (KWH)	1,479.23	1,437.11
2. Furnace Oil (Ltrs)	Nil	Nil
3. Coal	Nil	Nil
4. Others (Gas) M3	430.20	396.73
5. Light Diesel Oil (Ltrs)	Nil	Nil
6. High Speed Diesel (Ltrs)	16.45	38.20

**GUJARAT INSECTICIDES LIMITED****ANNEXURE TO THE DIRECTORS REPORT
FINANCIAL YEAR ENDING ON 31ST MARCH 2010****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 (Exports - equivalent to US\$ 19,94,303)	919.71	1,114.58
(II)	Foreign Exchange outgo		
	• Raw material	317.41	461.42
	• Others	12.89	2.03
		330.30	463.45

For and on behalf of the Board**Place : Mumbai
Date : 14/08/2010****D. H. Mirani
Director****D. T. Desai
Director****K. H. Gharda
Chairman**



GUJARAT INSECTICIDES LIMITED

COMPLIANCE CERTIFICATE

FINANCIAL YEAR ENDING ON 31ST MARCH 2010

KAPOOR & VED.
COMPANY SECRETARIES

4TH FLOOR, SHANAL PLAZA,
GUJARAT COLLEGE ROAD,
ELLIS BRIDGE,
AHMEDABAD 380 008.

PHONE : 079 2840336 / 7 / 8 / 9

COMPANY NO. 003929

AUTHORIZED CAPITAL ₹ 1,25,00,000/-

COMPLIANCE CERTIFICATE

To

The Members,
GUJARAT INSECTICIDE LIMITED

We have examined the registers, records, books and papers of GUJARAT INSECTICIDE LIMITED as required to be maintained under the Companies Act, 1956, (the act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2010. 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 there under 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, Regional Director, Central Government, Company Law Board or other authorities as prescribed under the Act and the rules made there under.
3. The Company, being a public limited company, comments are not required.
4. The Board of Directors duly met 4 times, on 06th June 2009, 28th August 2009, 25th November 2009 and 27th February 2010 in respect of which proper notice were given and the proceedings were properly recorded and signed in the Minutes book maintained for the purpose.
5. The company has not closed its Register of Members during the year under review.
6. The annual general meeting for the financial year ended on 31st March 2009 was held on 23rd September 2009, 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. No Extra ordinary general meeting was held during the year.
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.



GUJARAT INSECTICIDES LIMITED

COMPLIANCE CERTIFICATE

FINANCIAL YEAR ENDING ON 31ST MARCH 2010

KAPOOR & VED

9. The company has been complied with the provision of Section 297 of the Act in respect of contract specified in that section.
10. There were transactions which required entry into the register maintained under Section 301 of the Act.
11. As no relative of Directors was appointed in the office or place of profit, no approval under Section 314 of the Act, was required.
12. No duplicate shares certificate was issued during the year.
13. The Company has:
 - (i) not allotted any securities and has not received any share for transfer / transmission during the year under review.
 - (ii) not declared any dividend, therefore the question of depositing the amount of declared dividend in separate bank account does not arise.
 - (iii) 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.
 - (iv) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted there were no appointment of Additional Director, Alternate Directors and Directors to fill casual vacancy was made during the Financial Year.
15. The Company has not appointed any Managing Director / Whole Time Director / Manager during the year under review.
16. The company has not appointed any sole selling agent during the year under review.
17. The Company has taken the approval of the Central Government for Section 233B(2) of the Companies Act 1956 for appointment of Cost Auditor and file a petition under Section 141 of the Companies Act 1956 with Company Law Board for condoning the delay in filing of Form No.8 of the Company. The Company was not required to obtain approval of Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
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 there under.
19. The Company has not issued any Equity Shares during the Financial Year.
20. The Company has not bought back shares during the Financial Year ending 31st March 2010.
21. The Company has not issued any preference shares / debentures; therefore question of redemption does not arise.



GUJARAT INSECTICIDES LIMITED

COMPLIANCE CERTIFICATE

FINANCIAL YEAR ENDING ON 31ST MARCH 2010

KAPOOR & VED

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 borrowings during the Financial Year ended on 31st March 2010.
25. The Company **has not** made loans and investments, or given guarantees or provided securities to other bodies corporate therefore it was not require to comply with the provisions of the Act.
26. The Company **has not** altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company **has not** altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company **has not** altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The Company **has not** altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. The Company **has not** altered its Article of Association during the Financial Year under review.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the Financial Year for offences under the Act.
32. The Company **has not** received any amount as security from its employees during the year under certification and therefore no compliance under Section 417(1) is required.
33. The Company **has not** constituted any Provident Fund for its employees, therefore no compliance under Section 418 of the Act is required.

**For Kapoor & Ved
Company Secretaries**

**Place : Ahmedabad
Date : 14/08/2010**

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

**GUJARAT INSECTICIDES LIMITED****ANNEXURE TO COMPLIANCE CERTIFICATE
FINANCIAL YEAR ENDING ON 31ST MARCH 2010****KAPOOR & VED****ANNEXURE - A****Registers as maintained by the Company**

1. Register of Members under Section 150 of the Act.
2. Register of Director under Section 303 of the Act.
3. Register of Director's Shareholding under Section 307 of the Act.
4. Register of Disclosure of Interest under Section 301(3) of the Act.
5. Minutes of the meeting of the Board of Directors
6. Minutes of the General Meeting of Shareholders
7. Register of Application and Allotment of Shares
8. Register of Investments under Section 49
9. Register of Books of Accounts under Section 209
10. Transfer Register

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 31st March 2010.

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 - 20B-09	159	07/01/2010	No	Yes
2	Form - 23AC-09	220	31/12/2009	No	Yes
3	Form - 66-09	383A	25/12/2009	No	Yes
4	Form - 8	125	28/12/2009	No	N. A. (As Company has filed a Petition before CLB for Condoning delay in filing of Form No.8)
5	Form - 23C	233B(2)	07/08/2009	Yes	N. A.

**For Kapoor & Ved
Company Secretaries**

**Place : Ahmedabad
Date : 14/08/2010**

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



GUJARAT INSECTICIDES LIMITED

AUDITORS' REPORT

FINANCIAL YEAR ENDING ON 31ST MARCH 2010

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS

31, NUTAN BHARAT SOCIETY,
ALKAPURI,
BARODA - 390 007.

TELEPHONE : (0285) 2333778
FAX : (0285) 2339729

To,

The Members of Gujarat Insecticides Limited,

1. We have audited the attached Balance Sheet of **GUJARAT INSECTICIDES LIMITED** ("the Company") as at 31st March 2010, the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both 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 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 as follows:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said 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:



GUJARAT INSECTICIDES LIMITED

AUDITORS' REPORT

FINANCIAL YEAR ENDING ON 31ST MARCH 2010

DELOITTE HASKINS & SELLS

- (i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2010,
 - (ii) in the case of Profit and Loss Account of the profit of the Company for the year ended on that date, and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2010 from being appointed as directors in terms of Section 274(1)(g) of the Companies Act, 1956.

**For Deloitte Haskins & Sells,
Chartered Accountants
(Registration No.117364W)**

**Place: Vadodara
Date: 14/08/2010**

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



GUJARAT INSECTICIDES LIMITED

AUDITORS' REPORT

FINANCIAL YEAR ENDING ON 31ST MARCH 2010

DELOITTE HASKINS & SELLS

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of the Report)

- (i) In respect of Fixed Assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (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 explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956. As the Company has not granted or taken any loans, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of Paragraph 4 of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in such internal control system of the Company.
- (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:



GUJARAT INSECTICIDES LIMITED

AUDITORS' REPORT

FINANCIAL YEAR ENDING ON 31ST MARCH 2010

DELOITTE HASKINS & SELLS

- (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
- (b) Where each of such transaction is in excess of ₹ 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 except in respect of certain purchases from Companies under the same management for which comparable quotations are not available and in respect of which we are unable to comment.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the period covered by our audit report. Accordingly, the provisions of clause 4(vi) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- (vii) In our opinion, the internal audit functions carried out during the year by firm(s) of Chartered Accountants appointed by the Management have been 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 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) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed 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 to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of income-tax, wealth tax, custom duty, excise duty, cess and other material statutory dues in arrears as at 31st March 2010 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, custom duty and excise duty are outstanding as on 31st March 2010 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) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.



GUJARAT INSECTICIDES LIMITED

**AUDITORS' REPORT
FINANCIAL YEAR ENDING ON 31ST MARCH 2010**

DELOITTE HASKINS & SELLS

- (xii) Based on our examination of records and the information and explanations 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.
- (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) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Therefore, the provisions of clause (xv) of Paragraph 4 of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- (xvi) As per the information and explanations given to us, the Company has not obtained any term loan.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures. Therefore, the provisions of clause (xix) of Paragraph 4 of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- (xx) As informed to us, during the period covered by our audit report, the Company has not raised any money by way of public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For Deloitte Haskins & Sells,
Chartered Accountants
(Registration No.117364W)**

**Place: Vadodara
Date: 14/08/2010**

**Gaurav J Shah
Partner
Membership No. 36701**



GUJARAT INSECTICIDES LIMITED
BALANCE SHEET AS AT 31st MARCH 2010

		RUPEES IN THOUSAND	
		As at 31st March 10	As at 31st March 09
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	3,657	3,657
Reserves and Surplus	2	722,147	858,171
LOAN FUNDS			
Secured Loans	3	141,380	77,497
TOTAL		867,184	739,325
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	477,267	469,368
Less: Depreciation		359,200	341,510
Net Block		118,067	127,858
Capital Work-In-progress		90,832	52,506
		208,899	180,364
Deferred Tax Asset (Net)		7,294	3,636
INVESTMENTS	5	6,688	6,687
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	6	271,320	254,918
Sundry Debtors	7	476,687	359,453
Cash and Bank Balances	8	27,480	27,364
Loans and Advances	9	159,192	137,385
		934,689	779,100
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	10	243,312	204,161
Provisions	11	47,074	28,301
		290,386	230,462
Net Current Assets		644,303	548,638
TOTAL		867,184	739,325
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. Gharde
Chairman

J.R.Panchal
DGM-Finance

D H Mirani
Director

D T Desai
Director

Place : Vadodara
Date : 14/08/2010

Place : Mumbai
Date : 14/08/2010



GUJARAT INSECTICIDES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

		RUPEES IN THOUSAND	
		For the Year ended	
	SCHEDULE	31st March 2010	31st March 2009
INCOME :			
Sales		1,387,141	1,248,183
Excise Duty		73,077	90,760
Net sales		1,314,064	1,157,432
Other Income	12	80,740	61,852
(Decrease) / Increase in Stock of Finished Goods and Work In Process	13	(11,556)	13,803
		<u>1,383,248</u>	<u>1,232,888</u>
EXPENDITURE :			
Consumption of Raw Materials	14	760,234	667,048
Purchases of Trading goods		65,273	71,552
Manufacturing and Other Expenses	15	429,658	359,493
Interest and Financial Charges	16	12,859	12,333
Depreciation		18,187	19,671
		<u>1,286,211</u>	<u>1,130,098</u>
Profit before tax and prior period items		97,037	102,792
Provision for Taxation			
- Current Tax		35,009	12,860
- MAT Credit entitlement		-	(2,832)
- MAT Credit utilised		1,710	1,122
- Deferred Tax		(3,658)	(3,636)
- Fringe Benefit Tax		-	800
		<u>33081</u>	<u>8,314</u>
Profit after tax but before prior period items		63,976	94,478
Prior Period Items - Effluent Treatment Expense		-	440
Net Profit		<u>63,976</u>	<u>94,038</u>
Add: Balance of Profit & Loss Account Brought Forward		278,072	184,033
Profit Available for Appropriations		<u>342,048</u>	<u>278,072</u>
Appropriations:			
Surplus carried to Balance Sheet		<u>342,048</u>	<u>278,072</u>
Basic and Diluted Earning Per Share			
(Face Value per Equity Share Rs. 10 (Previous Year Rs.10))		174.98	287.17
(Ref Note 2 (G) of Sch. 17)			
Significant Accounting Policies and Notes on Accounts	17		
<p>As per our Report of even date For Deloitte Haskins & Sells Chartered Accountants</p> <p style="text-align: center;">For And On Behalf Of The Board</p> <p style="text-align: center;">K.H. Gharda Chairman</p> <p>Gaurav J Shah Partner M. No. 35701</p> <p style="text-align: center;">J.R.Panchal DGM-Finance</p> <p style="text-align: center;">D H Mirani Director</p> <p style="text-align: center;">D T Desai Director</p> <p>Place : Vadodara Date : 14/08/2010</p> <p style="text-align: center;">Place : Mumbai Date : 14/08/2010</p>			



GUJARAT INSECTICIDES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010

Particulars	Year ended 31.03.2010 (Rupees in Thousand)	Year ended 31.03.2009 (Rupees in Thousand)
A Cash flow from Operating activities :		
Net Profit before taxation and extraordinary items	97,037	102,792
Adjustments for :		
Depreciation	18,187	19,871
Interest Income	(728)	(1,520)
Dividend Income	(127)	(238)
Interest Expenses	12,859	12,333
(Profit) / Loss on Sales of Fixed Assets	(89)	(248)
Prior Period Item	-	(440)
Unrealised foreign exchange (gain)/loss	134	(814)
Provision for Diminution in value of Investments	-	281
Provision for Bad Debt	8,905	17,935
Total	39,141	46,962
Operating Profit before working capital changes	138,179	149,753
Adjustments for :		
(Increase)/Decrease in trade receivable	(126,299)	(50,043)
(Increase)/Decrease in other receivable	10,894	(28,487)
(Increase)/Decrease in Inventories	(18,402)	(25,885)
Increase/(Decrease) in trade payables & Other liabilities	27,292	8,079
Total	(104,617)	(96,097)
Cash generated from operations :	31,862	63,656
Direct taxes paid (net of refunds)	(48,091)	(23,084)
Total	(48,091)	(23,084)
Cash flow before extraordinary items	(16,429)	30,572
Net cash from operating activities	(16,429)	30,672
B Cash flow from Investing activities :		
Purchases of fixed assets	(46,734)	(60,571)
Proceeds from sale of fixed assets	101	1,875
Increase/(Decrease) in creditors for capital goods	11,310	5,425
Dividend received	127	238
Net cash used in Investing activities :	(35,197)	(53,233)
C Cash flow from financing activities :		
Borrowing (Net)	63,883	19,713
Interest received	728	1520
Interest paid	(12,859)	(12,333)
Net cash from financing activities :	61,762	8,899
Net Increase/(decrease) in cash and cash equivalents	125	(13,761)
Cash and cash equivalents at the beginning of the year	27,364	41,125
Cash and cash equivalents at the close of the year	27,490	27,364
For Deloitte Haskins & Sells Chartered Accountants	For and on behalf of Board of Directors	
	K.H. Gharde Chairman	
Gaurav J Shah Partner M. No. 35701	J.R.Panchal DGM- Finance	D H Mirani Director
		D T Desai Director
Place : Vadodara Date : 14/08/2010	Place : Mumbai Date : 14/08/2010	



GUJARAT INSECTICIDES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2010

	RUPEES IN THOUSAND	
	As at 31st March 10	As at 31st March 09
<u>SCHEDULE 1 : SHARE CAPITAL</u>		
AUTHORISED :		
1,250,000 Equity Shares of Rs 10 each	12,500	12,500
ISSUED, SUBSCRIBED AND PAID-UP:		
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)		
TOTAL	3,657	3,657
<u>SCHEDULE 2 : RESERVES AND SURPLUS</u>		
GENERAL RESERVE		
As per last Balance Sheet	380,099	377,255
Add: Amount transferred from Capital Redemption Reserve	-	2,844
	380,099	380,099
CAPITAL REDEMPTION RESERVE		
As per last Balance Sheet	-	2,844
Less: Amount transferred to General Reserve	-	(2,844)
PROFIT AND LOSS ACCOUNT	342,048	278,072
TOTAL	722,147	658,171
<u>SCHEDULE 3 : SECURED LOANS</u>		
WORKING CAPITAL FACILITIES		
Cash Credit from Bank of Baroda	141,380	77,497
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.		
TOTAL	141,380	77,497



GUJARAT INSECTICIDES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2010

SCHEDULE : 4 FIXED ASSETS :									
		GROSS BLOCK (AT COST)				DEPRECIATION			
ASSETS		As at	Additions	Deductions	As at	As at	For the Year	Deductions	As at
Sr.	No	01-Apr-09	during the year	during the year	31-Mar-10	31-Mar-10		during the year	31-Mar-10
									As at
									31-Mar-09
1.	Freehold Land	1,667	-	-	1,667	-	-	-	1,667
2.	Leasehold Land	2,232	-	-	2,232	630	23	-	1,579
3.	Buildings (Note)	71,639	-	-	71,639	48,098	1,305	-	22,236
4.	Plant and Machinery	351,249	3,898	-	355,147	255,779	15,070	-	84,298
5.	Furniture and Fixtures, Office Equipments, Electrical Installations, etc	33,383	2,064	-	35,447	30,700	965	-	3,782
6.	Vehicles	9,198	2,445	509	11,134	8,302	825	497	4,504
	Total	469,368	8,408	509	477,267	341,509	18,187	497	118,067
	Previous Year	463,798	12,349	6,779	469,368	327,189	19,672	5,352	127,859

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 2010

	RUPEES IN THOUSAND	
	As at 31st March 10	As at 31st March 09
<u>SCHEDULE 5 : INVESTMENTS</u>		
LONG TERM INVESTMENTS :		
Trade Investments : (Unquoted)		
106360 Equity Shares of Rs.10/- each of Bharuch Environment Infrastructure Ltd. Fully	1,084	1,084
522139 Equity Shares of Rs.10/- each of Bharuch Eco Aqua Infrastructure Ltd. Fully	5,221	5,221
Other than Trade Investments :		
In Government Securities :		
National Saving Certificate	33	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)
CURRENT INVESTMENTS :		
In Equity Shares: (Quoted)		
1500 Equity Shares of Rs.10 each of NIIT Technologies Limited	80	80
500 Equity Shares of Rs.10 each of Mahindra & Mahindra Limited *	192	192
373 Equity Shares of Rs.10 each of Tata Elxsi Limited	31	31
1426 Equity Shares of Rs.10 each of Vardhaman Textiles Limited	68	68
Aggregate amount of quoted Investments Rs.371/- (Previous year Rs.371/-)		
Aggregate Market value of the quoted Investments Rs. 1299/- (Previous year Rs. 1299/-)		
Figures in () Is Rupees only and not in thousand		
TOTAL	6,688	6,687
<u>SCHEDULE 6 : INVENTORIES</u>		
Raw Materials	102,032	84,455
[Includes Goods In Transit Rs.13086, Previous Year Rs.9881]		
Finished Goods	116,387	117,473
Work in Progress	11,540	22,010
Stores, Spares and Packing Material	41,381	30,980
TOTAL	271,320	254,918
<u>SCHEDULE 7 : SUNDRY DEBTORS</u>		
Debts outstanding over six months		
Secured, Considered good:	2,003	1,862
Unsecured Considered good	6,128	25,531
Considered doubtful	39,680	30,676
Other Debts		
Secured, Considered good:	2,462	1,741
Unsecured Considered good	466,094	330,319
Rs.80141		
due from Gharda Chemicals Ltd.,(the holding company)		
Less: Provision for doubtful debts	516,287	380,129
TOTAL	39,580	30,876
	476,687	389,483



GUJARAT INSECTICIDES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2010

	RUPEES IN THOUSAND	
	As at 31st March 10	As at 31st March 09
<u>SCHEDULE 8 : CASH AND BANK BALANCES</u>		
Cash on Hand	432	165
Balance with Scheduled Banks in:		
Current Accounts	26,928	27,015
Fixed Deposit Account	130	184
[Given as Item Rs. 130, Previous Year 184]		
TOTAL	27,490	27,364
<u>SCHEDULE 9 : LOANS AND ADVANCES</u>		
Secured, Considered good	388	289
Unsecured Considered Good		
Interest Accrued	27	25
Advances recoverable in cash or kind or for value to be received	25,674	27,160
Loan given to Gharda Foundation	25,000	25,000
Balance with Central Excise Authorities	5,891	15,489
Advance Payment of Income Tax (Net)	102,102	87,871
MAT Credit Entitlement	-	1,710
Considered Doubtful	738	738
	159,930	138,103
Less : Provision for doubtful advances	738	738
TOTAL	159,192	137,365
<u>SCHEDULE 10 : CURRENT LIABILITIES</u>		
Sundry Creditors :		
Micro Small, Medium Enterprises	22,795	2,583
Others Creditors	189,034	171,280
	211,829	173,853
Advances from customers	9,935	9,683
Other Liabilities	21,548	20,624
TOTAL	243,312	204,161
<u>SCHEDULE 11 : PROVISIONS</u>		
For Income Tax	35,009	12,880
For Fringe Benefit Tax	-	800
For Leave Encashment	12,065	12,841
TOTAL	47,074	26,521



GUJARAT INSECTICIDES LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	RUPEES IN THOUSAND	
	For the Year ended	
	31st March 2010	31st March 2009
<u>SCHEDULE 12 : OTHER INCOME</u>		
Dividend Income	127	238
Interest Income (Gross) :		
On Long Term Investment	3	2
On Deposits with Bank and Others	725	1,517
Jobwork Income (Gross)	24,235	41,509
Export Incentive	12,918	3,293
Bad Debt Recovered	2,200	-
Excess provision of expenses in earlier year now written	44	205
Profit on sale of Fixed Assets (Net)	89	248
Compensation for damages	22,705	-
Miscellaneous Income	17,894	14,588
TOTAL	80,740	81,852
<u>SCHEDULE 13 : (DECREASE) / INCREASE IN STOCK OF FINISHED GOODS AND WORK IN PROCESS</u>		
CLOSING STOCK		
Finished Goods	116,387	117,473
Work In Process	11,540	22,010
	127,927	139,483
Less : OPENING STOCK		
Finished Goods	117,473	113,315
Work In Process	22,010	12,365
	139,483	125,680
TOTAL	(11,556)	13,803
<u>SCHEDULE 14 : CONSUMPTION OF RAW MATERIALS</u>		
Opening Stock	84,455	82,570
Add : Purchases	785,245	676,952
	869,700	759,521
Less: Sales	17,434	8,019
	852,266	751,502
Less: Closing Stock	102,032	84,455
TOTAL	750,234	667,048


GUJARAT INSECTICIDES LIMITED
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	RUPEES IN THOUSAND	
	For the Year ended	
	31st March 2010	31st March 2009
<u>SCHEDULE 16 : MANUFACTURING AND OTHER EXPENSES</u>		
Consumption of Packing Materials	22,548	25,367
Consumption of Stores and Spares	10,822	12,368
Power, Fuel and Water Charges	94,870	82,637
Excise Duty	21,314	22,703
PERSONNEL EXPENSES :		
[Refer note 2(D) of Sch 17]		
Salaries, Wages and Bonus	107,939	94,782
Contribution to Provident and Other Funds	19,677	12,551
Staff Welfare and Other Expenses	13,133	15,354
	140,749	122,687
REPAIRS AND MAINTENANCE :		
Building	4,059	1,026
Plant and Machinery	39,678	21,912
Others	3,472	5,099
	47,209	28,036
Rent	1,881	1,431
Rates and Taxes	2,386	1,618
Insurance	952	1,442
Commission on Sales	1,585	475
Selling Expenses	21,205	12,470
Bad Debts	-	29,921
Less: Provision for the same created in Previous Years	-	(29,921)
Provision for Doubtful Debts	8,905	17,935
Miscellaneous Expenses (Ref note 2(E) of Sch 17)	39,383	19,665
Provision for Diminution in value of Investment	-	281
Legal and Professional Fees	4,579	4,783
Travelling and Conveyance Expenses	7,816	5,532
Foreign Exchange Fluctuation [Net]	3,594	61
TOTAL	429,658	369,493
<u>SCHEDULE 16 : INTEREST AND FINANCIAL CHARGES</u>		
Interest to		
Banks	4,916	5,303
Others	946	1,097
Bank Charges	1,736	1,652
Cash Discount [Allowed]	5,646	4,593
Less: Cash Discount [Earned]	385	212
	5,261	4,382
TOTAL	12,869	12,333



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 31/03/2010

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 867,184 Total Assets 867,184

Sources of Funds

Paid-up Capital 3,657 Reserve & Surplus 722,147

Secured Loans 141,380 Unsecured Loans -

Application of Funds

Net Fixed Assets 118,067 Investments 6,688

Net Current Assets 644,303 Misc. Expenditure NIL

Accumulated Losses NIL

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

Total Income 1,383,248 Total Expenditure 1,286,211

Profit before tax 97,037 Profit/(Loss) After Tax 63,978

Earning Per Share in Rs. 174.98 Dividend Rate % NIL

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

<u>Product Description</u>	<u>Product Code</u>
Insecticides (T), Intermediates and Its Formulations	380810

For and on behalf of Board of Directors

K.H. Gharda
Chairman

J.R.Panchal
DGM- Finance

D H Mirani
Director

D T Desai
Director

Place: Mumbai

Date: 14/08/2010



GUJARAT INSECTICIDES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010

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 31ST MARCH 2010

(F) INVENTORIES:

(a) 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.

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

(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 shareholders' 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 31ST MARCH 2010

- (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]	2,129 [1,786]
(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	2,696 [1,210]
(c)	In respect of Show Cause Notices received from Employees' State Insurance Corporation	440 [539]

**GUJARAT INSECTICIDES LIMITED**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010

(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.	68,564 [1,01,850]
(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 confirmed demand of Service Tax under Business Auxiliary Service for incineration of Sodium bi-Sulphite of M/s Gharda Chemicals Ltd and M/s Solvay Specialities (India) Ltd. We have filed an Appeal against the same on 09 February 2010.	1,102 [NIL]
(h)	The Department of Central Excise and Customs have confirmed demand of Service Tax under Business Auxiliary 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]
(i)	Claim from certain employees for Reinstatement which is sub-judice	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 31ST MARCH 2010

Item No.	Disclosures required under Micro, Small & Medium Development Act 2006	(Rupees in Thousand)
(a)	Delayed payments due as at the end of 31 st March 2010 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	NIL [3,851]
(b) Repairs & Maintenance	NIL [1,766]
(c) Utilities	NIL [2,593]
(d) Insurance	NIL [72]
(e) Miscellaneous Expenses	NIL [62]
(f) Stores	NIL [372]
Total	NIL [8,716]

- (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 31st March 2010, 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	5,188 [4,450]
(ii) Superannuation Fund	3,161 [2,596]
(iii) Employee Pension Scheme	2,663 [2,702]
Total	11,012 [9,748]



GUJARAT INSECTICIDES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010

(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 st March 2010:		
(a)	Current Service Cost	2,870 [2,351]	2,014 [1,628]
(b)	Interest Cost	4,014 [3,623]	948 [796]
(c)	Actual Return on Plan Assets	(5,526) [(4,607)]	NIL [NIL]
(d)	Actuarial (Gain) / Loss on obligation	6,823 [1,780]	(2,133) [568]
(e)	Net Expense recognized in Profit & Loss Account (in Schedule 15 – Personnel Expenses)	8,181 [3,147]	829 [2,991]
(ii)	Changes in Obligation during the year ended 31 st March 2010:		
(a)	Obligation as on 01 st April 2009	53,527 [48,308]	12,641 [10,613]
(b)	Current Service Cost	2,870 [2,351]	2,014 [1,628]
(c)	Interest Cost	4,014 [3,623]	948 [796]
(d)	Actuarial (Gain) / Loss on obligation	6,823 [1,780]	(2,133) [568]
(e)	Benefits Paid	(1,833) [(2,534)]	(1,404) [(963)]
(f)	PV of Obligation as on 31 st March 2010	65,402 [53,527]	12,066 [12,641]
(iii)	Changes in Plan Assets during the year ended 31 st March 2010:		
(a)	Fair Value of Plan Assets as on 01 st April 2009	55,264 [48,612]	NIL [NIL]
(b)	Actual Return on Plan Assets	5,526 [4,607]	NIL [NIL]
(c)	Actuarial Gain / (Loss)	NIL [NIL]	NIL [NIL]
(d)	Contributions	9,243 [4,297]	NIL [NIL]
(e)	Benefits Paid	(1,625) [2,253]	NIL [NIL]
(f)	Accrued Payments (Not paid due to some technical reasons)	(208) [(282)]	NIL [NIL]
(g)	Fair Value of Plan Assets as on 31 st March 2010 including bank balance of Rs.211 (PY Rs.211)	68,411 [55,193]	NIL [NIL]



GUJARAT INSECTICIDES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010

(iv)	Net Assets / Liabilities recognized in the Balance sheet as at 31 st March 2010:			
	(a)	PV of Obligation as on 31 st March 2010	65,402 [53,527]	12,066 [12,641]
	(b)	Fair Value of Plan Assets as on 31 st March 2010	68,411 [55,193]	NIL [NIL]
	(c)	Net Liabilities / (Assets) recognized in the Balance Sheet as at 31 st March 2010	(3,009) [(1,666)]	12,066 [12,641]
(v)	Principal Actuarial Assumptions:			
	(a)	Discount Rate as on 31 st March 2010 (per annum) (Refer Note-1)	7.50 % [7.50 %]	7.50 % [7.50 %]
	(b)	Actual Rate on Return of Plan Assets as at 31 st March 2010 (per annum) (Refer Note-3)	10.00 % [9.44 %]	N.A. [NA]
	(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	NIL [5]
(b)	Auditors' Remuneration:	
	(i) Audit Fees	500 [500]
	(ii) Tax Audit Fees	75 [75]
	(iii) Reimbursement of Expenses	6 [5]
(c)	Cost Auditor's Remuneration:	
	Audit Fees	40 [20]



GUJARAT INSECTICIDES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010

(F) DEFERRED TAXATION:

[Rupees in Thousand]

(a)	Deferred Tax Assets arising on account of timing differences:	
(i)	Expenses Allowable on Actual Payment	4,102
		[4,297]
(ii)	Provision for Doubtful Debts / Advances	13,453
		[10,427]
	Total	17,555
		[14,724]
(b)	Deferred Tax Liability arising on account of timing differences:	
(i)	Depreciation	10,261
		[11,087]
	Total	10,261
		[11,087]
(c)	Net Deferred Tax Asset (Liability)	7,294
		[3,636]
	Total	7,294
		[3,636]

(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	63,976
		[94,038]
(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)	174.96
		[257.17]

(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	1,096.3	221.4
			[2,230]	[667.7]	[295.3]
(b)	Intermediate	MT	2,200	2,996.0	931.3
			[2,200]	[3,024.8]	[1,015.0]



GUJARAT INSECTICIDES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010

(c)	Formulations	MT	300	260.3	30.9
			[300]	[226.0]	[40.1]
		KL	3,500	1,451.8	431.3
			[3,500]	[1,697.1]	[600.3]
(d)	Pigment Intermediates (Exclusively used by GCL)	MT	1,250	45.0	NIL
			[1,250]	[22.0]	[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 738.4 MT (Previous Year 345.4 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	36.7 [74.5]	11,064 [21,813]	13.8 [36.7]	4,560 [11,064]	897.3 [410.2]	3,02,239 [1,59,078]
Intermediates	MT	0.1 [0.3]	108 [247]	0 [0.1]	75 [108]	2,064.7 [2,010.1]	7,02,715 [7,27,478]
Formulations	MT	41.1 [20.6]	21,506 [15,649]	49.0 [41.1]	14,727 [21,506]	221.5 [165.5]	69,947 [57,168]
	KL	398.3 [370.6]	58,959 [41,810]	429.7 [398.3]	72,404 [58,959]	989.1 [1,069.2]	2,32,324 [2,28,608]
Trading – Formulations	MT	83.2 [48.0]	2,258 [2,579]	77.7 [83.2]	2,282 [2,258]	343.8 [175.7]	16,560 [10,387]
	KL	42.2 [67.7]	23,580 [31,117]	18.8 [42.2]	22,338 [23,580]	46.40 [61.9]	63,356 [65,466]
TOTAL			1,17,473 [1,13,315]		1,16,386 [1,17,473]		13,87,141 [12,48,183]

(J) DETAILS OF CONSUMPTION OF RAW MATERIALS:

Sr. No.	Particulars	Unit	Quantity [MT / KL]	Value [Rupees in Thousand]
(a)	Organic Chemicals	[MT]	5,540 [4,953]	5,74,990 [4,76,243]
		[KL]	NIL [20]	NIL [837]
(b)	Inorganic Chemicals	[MT]	6,315 [6,298]	1,85,243 [1,89,968]
TOTAL				7,60,234 [6,67,048]



GUJARAT INSECTICIDES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010

(K) DETAILS OF PURCHASE OF TRADING GOODS:

Particulars	Unit	Quantity (MT / KL)	Value (Rupees in Thousand)
Formulations	[KL]	23.0	51,263
		[71.4]	[62,584]
	[MT]	338.3	14,010
		[211.0]	[8,968]
TOTAL			65,273 [71,552]

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

Sr. No.	Particulars	%	Rupees in Thousand
(a)	Raw Materials:		
	(i) Indigenous	80.00	6,06,749
		[81.07]	[5,40,749]
	(ii) Imported	20.00	1,53,484
		[18.93]	[1,26,229]
	Total	100.00	7,60,233
		[100.00]	[6,67,048]
(b)	Stores Indigenous	100.00	19,874
		[100.00]	[12,368]

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

Particulars	Rupees in Thousand
Raw Materials	31,590 [46,142]

(N) EARNING IN FOREIGN EXCHANGE:

Particulars	Rupees in Thousand
Export of Goods on FOB basis	91,971 [1,11,458]

(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	1,221 [NIL]
(b)	Interest & Finance Charges - Bank	67 [166]
(c)	Travelling Expenses - Directors	NIL [37]
TOTAL		1,288 [203]



GUJARAT INSECTICIDES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010

(P) Foreign currency exposure that is not hedged by derivative instruments as on 31st March 2010, is as follows:-

Particulars	Currency	Amount in Foreign Currency (in Thousands)	Amount [Rupees in Thousand]
Sundry Creditors	USD	57 [183]	2,617 [9,301]
Sundry Debtors	USD	190 [1,025]	8,681 [51,071]
Net Receivable			11,298 [60,372]

(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	63,684 [95,441]
	♦ Finished Goods	54,476 [54,665]
	♦ Fixed Assets	19,504 [44,057]
	♦ Reimbursement of Expenses	703 [6,874]
(ii)	Sales:	
	♦ Raw Materials	10,013 [13,506]
	♦ Finished Goods	6,37,807 [6,77,471]
	♦ Fixed Assets and Others	10,937 [3,986]
	♦ Job Work	23,787 [39,824]
	♦ Recovery of Expenses	246 [8,716]
	♦ Compensation for Damages	22,705 [NIL]
	♦ Cenvat Credit availed-Tolling arrangement	1,728 [286]

**GUJARAT INSECTICIDES LIMITED**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010

(iii)	Equipments on Returnable Basis:	
	♦ Received	6,918 [768]
	♦ Returned	1,700 [89]
	♦ Outstanding	7,599 [2,381]
(iv)	Outstanding Receivable (Net)	2,70,585 [80,141]
(v)	Corporate Guarantee Received	2,95,000 [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

For and on behalf of the Board

J R Panchal
DGM – Finance

K H Gharda
Chairman

D H Mirani
Director

D T Desai
Director

Place : Mumbai
Date : 14/08/2010

GHARDA AUSTRALIA PTY. LTD.

REPORT OF THE BOARD OF DIRECTORS'

The Directors have pleasure in presenting herewith their 12th Annual Report together with the Audited Statement of Accounts for the period ended March 31, 2010.

1. Operations :

The company is a wholly owned subsidiary of Gharda Chemicals Ltd, India. The company holds and maintains product registrations. During the year there was no income. The loss of AUD 9,764 is transferred to the Balance Sheet.

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 2010-11. M/s.Dhanraj Jain & Associates, Chartered Accountants, are eligible for re-appointment.

For and on behalf of the Board,

K.H.GHARDA
Director

Mumbai : July 15, 2010.



Dhanraj Jain & Associates

CHARTERED ACCOUNTANTS

31, Shubh Commercial Premises Co-op. Soc. Ltd., Opp. Temptation Hotel,
Akruli Station Road, Kandivli (East), Mumbai - 400 101.
Tel.: 65733877 Email: drjassociate@yahoo.co.in

Auditors Report to the members of GHARDA AUSTRALIA PTY LIMITED

1. We have audited the attached Balance Sheet of GHARDA AUSTRALIA PTY LIMITED as at 31st March, 2010 and related Profit and Loss Account 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. An audit includes examining on test-basis evidence supporting the amounts and disclosures in the financial statements. Audit also includes assessing the accounting principals used and significant estimates made by management, as well as statement evaluating the overall financial presentation. We believe that our audit provides reasonable basis for our opinion.
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 audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
 - (c) The Balance Sheet referred to in this report is in agreement with the books of account;
 - (d) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss account read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (I) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010
 - (II) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.

For DHANRAJ JAIN & ASSOCIATES
Chartered Accountants

(DHANRAJ JAIN)

Place: Mumbai
Date: 15th July, 2010

Proprietor
Membership No. 41754

GHARDA AUSTRALIA PTY. LTD.

BALANCE SHEET AS AT MARCH 31, 2010

	SCHEDULE	2010 AUD	2009 AUD
<u>SOURCES OF FUNDS</u>			
<u>SHAREHOLDERS' FUNDS</u>			
Share Capital	A	75,000	75,000
Profit and (Loss) Account		(71,549)	(61,785)
	TOTAL	3,451	13,215
<u>APPLICATION OF FUNDS</u>			
Fixed Assets - Registrations	B	-	-
Current Assets, Loans & Advances	C	3,840	17,317
Less : Current Liabilities & Provisions	D	389	4,102
NET CURRENT ASSETS		3,451	13,215
	TOTAL	3,451	13,215
NOTES	F		
<p>As per our report of even date For DHANRAJ JAIN & ASSOCIATES Chartered Accountants</p>			
<p>DHANRAJ JAIN PROPRIETOR Membership No. 41754 at Mumbai, India Date: July,15, 2010.</p>		<p>K. H. Gharda DIRECTOR</p>	

<u>GHARDA AUSTRALIA PTY. LTD.</u>			
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010			
	SCHEDULE	2010 AUD	2009 AUD
<u>INCOME</u>			
Usage Rights		-	-
	TOTAL	-	-
<u>EXPENDITURE</u>			
Other Expenses	E	9,764	7,782
Amortization		-	-
	TOTAL	9,764	7,782
Profit / (Loss) before prior period items		(9,764)	(7,782)
Prior period items		-	-
Profit / (Loss) before taxation		(9,764)	(7,782)
Taxation (Including Prior Years)		-	-
Profit / (Loss) after taxation		(9,764)	(7,782)
Balance brought forward		(61,785)	(54,003)
Profit / (Loss) available for appropriation		(71,549)	(61,785)
APPROPRIATIONS			
Transferred to Balance Sheet		(71,549)	(61,785)
Basic / diluted earnings per share		(0.13)	(0.10)
NOTES	F		
<p>As per our report of even date For DHANRAJ JAIN & ASSOCIATES Chartered Accountants</p> <p>DHANRAJ JAIN PROPRIETOR Membership No. 41754</p> <p>K. H. Gharda DIRECTOR</p> <p>at Mumbai, India Date: July,15, 2010.</p>			

GHARDA AUSTRALIA PTY.LTD.

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR
THE YEAR ENDED MARCH 31,2010

	2010 AUD	2009 AUD
<u>A. SHARE CAPITAL</u>		
AUTHORISED		
75,000 (2009: 75,000) Equity Shares of AUD 1 each	75,000	75,000
Issued, Subscribed and Paid up		
75,000 (2009 : 75,000) Equity Shares of AUD 1 each	75,000	75,000
	75,000	75,000
<u>B. FIXED ASSETS - INTANGIBLE ASSETS</u>		
Opening Balance (At cost)	18,500	18,500
Additions made during the year	-	-
	18,500	18,500
Accumulated Amortization	18,500	18,500
Amortization	-	-
Written down value	-	-
<u>C. CURRENT ASSETS, LOANS & ADVANCES</u>		
Balance with Bank	74	-
Prepayments - Accounting First Financial Services Pty Ltd.	3,766	-
GST Recoverable	-	2,045
Sundry Debtors - Gharda Chemicals Limited	-	15,272
(Considered good - outstanding for more than six months)		
	3,840	17,317
<u>D. CURRENT LIABILITIES</u>		
Account Payable	389	500
Payable Others - Accounting First Financial Services Pty Ltd.	-	3,602
	389	4,102
<u>E. OTHER EXPENSES</u>		
Accountancy Charges	1,318	1,318
Management Fees	5,000	5,000
Audit Fees	112	100
Office Maintenance Charges	1,182	1,182
Miscellaneous Expenses	2,152	182
	9,764	7,782

F. 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. 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. The financial statements are prepared in annexing the same with parent company's account.

B. Revenue Recognition

Income and expenses are recognized on accrual basis.

2. In the opinion of the Board of Directors,

(i) Current Assets, loans and advances do have a value on realization 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 Nil (2009 : AUD 15,272) (Maximum outstanding due during the year AUD 15,272)

5. Earning Per Share (EPS) :

Particulars	2010	2009
Net Profit / (Loss) after taxation for the year (AUD)	(9764)	(7782)
Weighted number of ordinary shares for basic EPS	75000	75000
Nominal value of ordinary share in (AUD)	1	1
Basic and diluted earning / (loss) ordinary shares in (AUD)	(0.13)	(0.10)

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

Schedules A to F form part of accounts for the year ended March 31, 2010.

As per our report of even date attached for and on behalf at Board of Directors

For DHANRAJ JAIN & ASSOCIATES
Chartered Accountants

K.H.GHARDA
DIRECTOR

(Proprietor)

Place : Mumbai
Date : 15th July, 2010

GHARDA GENERICS INC.

REPORT OF THE BOARD OF DIRECTORS'

The Directors have pleasure in presenting herewith their 2nd Annual Report together with the Audited Statement of Accounts for the period ended March 31, 2010.

1. Operations :

The company is a wholly owned subsidiary of Gharda Chemicals Ltd, India. Sales turnover achieved is USD 1,283,070. The company suffered a loss of USD 21,324.92 during the year which is transferred to the Balance Sheet.

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 2010-11. M/s.Dhanraj Jain & Associates, Chartered Accountants are eligible for re-appointment.

For and on behalf of the Board,

K.N.SINGH
Director

Mumbai : July 15, 2010



Dhanraj Jain & Associates

CHARTERED ACCOUNTANTS

31, Shubh Commercial Premises Co-op. Soc. Ltd., Opp. Temptation Hotel,
Akruli Station Road, Kandivli (East), Mumbai - 400 101.
Tel.: 65733877 Email: drjassociates@yahoo.co.in

Auditors Report to the members of GHARDA GENERICS INC.

1. We have audited the attached Balance Sheet of GHARDA GENERICS INC. as at 31st March, 2010 and related Profit and Loss Account 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. An audit includes examining on test basis evidence supporting the amounts and disclosures in the financial statements. Audit also includes assessing the accounting principals used and significant estimates made by management, as well as statement evaluating the overall financial presentation. We believe that our audit provides reasonable basis for our opinion.
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 audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
 - (c) The Balance Sheet referred to in this report is in agreement with the books of account;
 - (d) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss account read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India.
- (I) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010
- (II) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.

For DHANRAJ JAIN & ASSOCIATES
Chartered Accountants

Place: Mumbai
Date: 15th July, 2010

(DHANRAJ JAIN)
Proprietor
Membership No. 41754

GHARDA GENERICS INC.**BALANCE SHEET AS AT MARCH 31, 2010.**

	SCHEDULE	2010 USD	2009 USD
<u>SOURCES OF FUNDS</u>			
<u>SHAREHOLDERS' FUNDS</u>			
Share Capital	A	30,000.00	30,000.00
Profit and (Loss) Account		(21,324.92)	-
		8,675.08	30,000.00
<u>APPLICATION OF FUNDS</u>			
Current Assets, Loans & Advances	B		
Accounts Receivable		940,210.00	-
Cash and Bank balance		779.87	29,650.21
		940,989.87	29,650.21
Less: Current Liabilities	C		
Accounts Payable		932,169.60	-
Expense Payable		145.19	69.33
		932,314.79	69.33
Net Current Assets		8,675.08	29,580.88
<u>MISCELLANEOUS EXPENDITURE</u>			
Pre-operative Expenses	D	-	419.12
		8,675.08	30,000.00
NOTES	F		
As per our report of even date For DHANRAJ JAIN & ASSOCIATES Chartered Accountants			
DHANRAJ JAIN PROPRIETOR Membership No. 41754 at Mumbai, India Date: July,15, 2010.		Dr.K.N.Singh Director	

GHARDA GENERICS INC.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	SCHEDULE	2010 USD	2009 USD
<u>INCOME</u>			
Sales		1,283,070.00	-
	TOTAL	1,283,070.00	-
<u>EXPENDITURE</u>			
Cost of material sold	E	1,303,146.40	-
Other expenses:			
Professional fees		409.00	-
Bank Charges		303.25	-
Audit fees		117.15	-
Pre-operative Expenses Written off		419.12	-
	TOTAL	1,304,394.92	-
Profit / (Loss) before taxation		(21,324.92)	-
Taxation		0.00	-
Profit / (Loss) after taxation		(21,324.92)	-
Balance brought forward		0.00	-
Profit / (Loss) available for appropriation		(21,324.92)	-
<u>APPROPRIATIONS</u>			
Transferred to Balance Sheet		(21,324.92)	-
Basic / diluted earnings per share		(0.71)	-

NOTES

F

As per our report of even date
For **DHANRAJ JAIN & ASSOCIATES**
Chartered Accountants

DHANRAJ JAIN
PROPRIETOR

Membership No. 41754
at Mumbai, India Date: July, 15, 2010.

Dr.K.N.Singh
Director

GHARDA GENERICS INC.

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR
THE YEAR ENDED MARCH 31, 2010

	2010 USD	2009 USD
<u>A. SHARE CAPITAL</u>		
AUTHORISED		
10,000,000 EQUITY SHARES OF USD 0.01 EACH	100,000.00	100,000.00
Issued, Subscribed and Paid up		
3,000,000 EQUITY SHARES OF USD 0.01 EACH	30,000.00	30,000.00
	30,000.00	30,000.00
<u>B. CURRENT ASSETS, LOANS & ADVANCES</u>		
Balance with Bank - Wachovia Bank	779.87	29,650.21
Accounts Receivable (Considered good- outstanding for more than six months)	940,210.00	-
	940,989.87	29,650.21
<u>C. CURRENT LIABILITIES</u>		
Audit Fees payable	112.00	50.00
Expenses payable	33.19	19.33
Accounts Payable - Gharda Chemicals Limited	932,169.60	-
	932,314.79	69.33
<u>D. PRE-OPERATIVE EXPENSES</u>		
Bank Charges	-	369.12
Audit Fees	-	50.00
	-	419.12
<u>E. COST OF MATERIAL SOLD</u>		
Raw Material	1,153,680.00	-
Formulation Cost	149,466.40	-
	1,303,146.40	-

F. NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES :

A. Convention :

The financial statements are prepared under historical cost convention and on mercantile basis of accounting. The financial statements are prepared in annexing the same with parent company's account.

B. Pre operative expenses:

Pre operative expenses have been written off entirely during the year.

C. 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 outsourced).

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

2. The annual accounts are drawn up for the year ended March 31, 2010.
3. Gharda Generics Inc. is a fully owned subsidiary of Gharda Chemicals Limited. It is entitled to the benefits of and is responsible for :
 - (i) The product registration obtained in USA and
 - (ii) The membership of various trade research associations; contributions wherein have been made by the parent company.
4. In the opinion of the Directors
 - (i) Current Assets are stated at a value which is realizable in the ordinary course of business.
 - (ii) All the known liabilities have been provided for and there are no Contingent liabilities.
5. Previous year figures are for the period from 08/05/2008 to 31/03/2009. Schedule A to E form part of accounts for the year ended March 31, 2010

As per our report of even date attached

for and on behalf at Board of Directors

For DHANRAJ JAIN & ASSOCIATES

Chartered Accountants

Dr.K.N.Singh
DIRECTOR

(Proprietor)

Place : Mumbai

Date : 15th July, 2010