

AVI PHOTOCHEM LIMITED

110, Manish Ind Est No. 4, Navghar Rd, Vasai (E),
Dist: Thane, Pin 401210, India

Twenty Second Annual Report 2010 - 2011

AVI PHOTOCHEM LIMITED

TWENTY SECOND ANNUAL REPORT 2010-11

BOARD OF DIRECTORS : Mr. Avinash Vora : Executive Chairman
Mrs. Daksha Vora : Executive Director up to 30-10-10
Mr. Vikram A Vora : Executive Director W.E.F. 30-10-10
Mr. Pradeep Joshi : Independent Director
Mr. Ray Almeida : Independent Director W.E.F. 30-10-10

AUDITORS : M/s. J.H. Ghumara & Co.
Chartered Accountants

BANKER'S: THE COSMOS CO OP BANK LIMITED
THE PUNJAB MAHARASTRA BANK LIMITED

REGISTERED OFFICE: 110, Manish Ind Est No. 4,
Navghar Rd, Vasai (E)
Dist: Thane, Pin 401210,
India
Email: avichem@vsnl.com

Registrar Transfer Agents: **System Support Services**
209 Shivai Ind. Estates, 89, Andheri Kurla Road,
Saki Naka, Andheri E, Mumbai -400 072
Ph 022- 28500835, Fax 022-28501438,
email: sysss72@yahoo.com

AVI PHOTOCHEM LIMITED

Regd Office: 110, Manish Ind Est No. 4, Navghar Rd, Vasai (E), Dist: Thane, Pin 401210, India

NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the members of Avi Photochem Limited will be held on Friday, the 30th day of September, 2011 at 10.00 A.M. at 110, Manish Ind Est No. 4, Navghar Rd, Vasai (E), Dist: Thane, Pin 401210, India to transact the following business as:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report and Audited Statement of Accounts for the year ended 31st March, 2011.
2. To appoint a Director in place of Mr. Pradeep Joshi, who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL RESOLUTION

4. To consider if thought fit, to pass with or without modification the following resolution as an ordinary resolution.
“RESOLVED THAT, Shri Vikram A Vora who was appointed as an additional Executive Director of the company by the board of directors in the Meeting held on 30th October 2010 who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a director of the company.”
5. To consider if thought fit, to pass with or without modification the following resolution as an ordinary resolution.
“RESOLVED THAT, Shri Ray Almeida who was appointed as an additional Executive Director of the company by the board of directors in the Meeting held on 30th October 2010 who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a director of the company.”

**BY ORDER OF THE BOARD
FOR AVI PHOTOCHEM LIMITED**

Sd/-

Place: Mumbai
Date: 04/09/2011

Avinash D Vora
CHAIRMAN

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED TO BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.**
2. The Register of Member will remain close from 29th September, 2011 to 30th September, 2011 (Both days inclusive).
3. Please intimate the changes, if any, in your registered address, to the Company's Registrar & Share Transfer Agent at the following address:-

System Support Services

209 Shivai Ind. Estate, 89, Andheri Kurla Road, Saki Naka, Andheri E, Mumbai -400 072
Ph 022- 28500835, Fax 022-28501438, email: sysss72@yahoo.com

Shareholders who have multiple folios in identical names or joint names in the same order are requested to intimate to Company to consolidate all such share holding into a single folio. Shareholders desiring any information as regards the Accounts are requested to write to the Company at any early date so as to enable the Management to keep the information ready.

4. Explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of item no. 4 and 5 is also annexed.
5. Green initiative in Corporate Governance: The Government Of India, Ministry Of Corporate Affairs (MCA) vide its circular no. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 has taken a "Green Initiative" and has allowed companies to make service of documents including Annual Report, Audited Financial Statements, Director's Report, Auditor's Report, etc. to the members through the electronic mode, to the registered email addresses of the members. This is a golden opportunity to contribute to our Nation at large. All you have to do is to register your e-mail address with the company to receive communication through the electronic mode.

EXPLANATORY STATEMENT:

Item No. 4:

Shri Vikram A Vora was appointed as an additional director on the Board of Directors of the company on 30th October, 2010. According to the provisions of Section 260 of the Companies Act, 1956 he holds office up to the date of ensuing annual general meeting of the company. The company has received a notice under section 257 of the Companies Act, 1956 from a member signifying his intention to propose his appointment as an director of the company along with a deposit fee of Rs. 500/-. A Brief resume of Shri Vikram A Vora is also included in the Corporate Governance Report. The Board recommends that it is in the interest of the company to avail his services. The Board of Directors recommends the resolution for approval of the members. None of the directors other than Shri Vikram A Vora and Mr. Avinash D Vora are interested in this resolution.

Item No. 5:

Shri Ray Almeida was appointed as an additional director on the Board of Directors of the company on 30th October, 2010. According to the provisions of Section 260 of the Companies Act, 1956 he holds office up to the date of ensuing annual general meeting of the company. The company has received a notice under section 257 of the Companies Act, 1956 from a member signifying his intention to propose his appointment as an director of the company along with a deposit fee of Rs. 500/-. A Brief resume of Shri Ray Almeida is also included in the Corporate Governance Report. The Board recommends that it is in the interest of the company to avail his services. The Board of Directors recommends the resolution for approval of the members.

None of the directors other than Shri Ray Almeida is interested in this resolution.

AVI PHOTOCHEM LIMITED

Regd Office: 110, Manish Ind Est No. 4, Navghar Rd, Vasai (E), Dist: Thane, Pin 401210, India

DIRECTORS REPORT

To
The Shareholders,

Your Directors have pleasure in presenting the Twenty Second Annual Report of the company with the audited statement of accounts for the year ended 31st March, 2011.

1. **Financial Results**

	For the year ended on 31.03.2011	For the year ended on 31.03.2010
Total Income	2,188,961.27	0.00
Total Expenditure	2,660,904.57	795,635.73
Profit / (Loss) before Taxation	471,943.30	795,635.73
Provision for Tax	0.00	527,720.00
Profit / (Loss) after Taxation	(471,943.30)	1,323,355.73
Balance b/f from Previous Year	36,794,529.98	35,471,174.25
Balance Carried to Balance Sheet	37,266,473.28	36,794,529.98

2. **Working Results:** During the year, the company has incurred loss of Rs. 471,943.30 (Previous Year Rs. 1,323,355.73).
3. **Dividend:**
In view of losses, directors have not declared dividend for the year.
4. **Fixed Deposits:**
The company has not accepted any deposits from the public during the year under review.
5. **Particulars of Employees:**
Details of remuneration paid to employees as required by section 217(2A) of the Companies Act 1956, are not applicable since the company has not employed any person drawing salary of more than Rs 24,00,000 per annum or Rs 2,00,000 per month.
6. **Management Discussion & Analysis:**
As required by clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion and Analysis Report are appended.
7. **Director's Responsibility Statement:**
In compliance of Section 217(2AA) as incorporated by the Companies (Amendment) Act, 2000, your Directors confirm that:

- i. In the preparation of annual accounts, the applicable accounting standards have been followed and that there were no material departures
- ii. The accounting policies selected by them have been applied consistently and judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the company as at 31st March 2011 and of the profit of the company for the year ended on that date
- iii. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. The annual accounts have been prepared on a going concern basis.

8. **Conservation of energy, technology, absorption & foreign exchange earnings and outgo:**

Information pursuant to section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 has not been furnished as the same is not applicable to the company during the year.

9. **Auditors:**

The Auditors M/s J.H. Ghumara & Co. Chartered Accountants, Mumbai hold the office until the conclusion of ensuing Annual General Meeting. The Board of Directors has recommended their re-appointment as auditors for the year 2010-11. Your company has received the consent of auditor to be re-appointed as the auditor of the company, if made.

10. **Auditors Remarks:**

Remarks in the auditors report are self explanatory and hence need no further clarification as it is also mention in notes to accounts.

11. **Directors:**

In accordance with the provision of the Companies Act, 1956 Mr. Pradeep Joshi Director, retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for reappointment.

Mrs. Daksha A Vora, director of the Company Resigned on 30th October, 2010. The Board placed their sincere appreciation for the services rendered by her during her tenure as director.

Shri Vikram A Vora and Shri Ray Almeida were appointed as additional directors of the company under Section 260 of the companies act, 1956 holds their office up to this annual general meeting. Company has received notices from shareholders of the Company with requisite deposit of Rs. 500/- each for their appointment as directors of the Company. The resolution for their appointment as Director is proposed in the Notice of this Annual General Meeting for consideration of the Members of the Company.

12. **Corporate Governance:**

A separate report on the Corporate Governance and Management Discussion & Analysis is attached as a part of the Annual Report. The Auditors' Certificate regarding compliance of the conditions of Corporate Governance is also annexed.

13. **Secretarial Audit Report:**

The Company has obtained compliance certificate from practicing company secretary under section 383A of the Companies Act, 1956 and is being form part of the Balance Sheet.

14. **Change of Registered Office:**

During the year the Company has shifted its registered office of the company from Lotepersuram, Ratnagiri to 110, Manish Ind Est No. 4, Navghar Rd, Vasai (E), Dist: Thane – 401210.

15. **Appreciation:**

Your Board of Directors wishes to express its deep appreciation and gratuity to the bankers, shareholders and clients for their sustained support, without which the continuing progress of the company would not have been possible.

FOR AVI PHOTOCHEM LIMITED

Place: Mumbai
Date: 04/09/2011

AVINASH D VORA
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Your Directors have pleasure in presenting the Management Discussion and Analysis report for the year ended on 31st March 2011.

INDUSTRY STRUCTURE, DEVELOPMENT:

The Company is operating in 110, Manish Ind Est No. 4, Navghar Rd, Vasai (E), Dist: Thane, Pin 401210, India

PERFORMANCE

The Company is doing trading business in chemicals. Company is looking for trying to explore the overseas market for its business.

SEGMENT-WISE PERFORMANCE:

The Company is into trading in chemicals, bulk chemicals and photographic raw materials.

OPPORTUNITIES AND THREATS

The fundamental growth drivers of the country's economy as well as our company continue to remain strong despite the pressures of slowdown and inflationary conditions prevalent till recently in the nation and also globally. The Chemical Industry in the country is continuously attracting investments from domestic and foreign investors.

The threats to the segments in which the company operates are volatility in Exchange rate, pricing pressure arising due to competition from low cost suppliers, technology upgradation, sever competition among competitor and newly emerging competitive nations and stricter environment laws. Further, the Indian economy is now integrated with the world economy to a very large extent and therefore vulnerable to the direct impact of such a slowdown; such an impact could adversely affect the Company's performance as well. Therefore, the company has decided to close down the manufacturing activity, concentrate on the trading, and look for other opportunities in the Export market.

STRENGTH

The existing management has a strong technical knowledge and experience in the chemical business. Mr. Avinash Vora, Chairman and Executive Director is an entrepreneur and is having vast knowledge and expertise in handling various business including the business of the Company.

RISKS AND CONCERNS

Your company is working essentially in global market place. Currently the MIDC is not able to provide the common Effluent Treatment plant which is necessary for the Manufacturing of the pigments and also necessary from the environment point of view, also the infrastructure provided at the MIDC like Water is not available and hence it causes a huge increase in manufacturing cost because of which we can not be competitive in the market.. However the capability of providing quality services, timely completing of projects and the excellent performance will provide the competitive edge to the Company's business in this sector.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has proper and adequate internal control system commensurate with the size of the business operations geared towards achieving efficiency in its various business operations,

safeguarding assets, optimum utilization of resources and compliance with statutory regulations. The management is ensuring an effective internal control system to safeguard the assets of the company. Efforts for continued improvement of internal control system are being consistently made in this regard.

HUMAN RESOURCES VIS-À-VIS INDUSTRIAL RELATIONS

The Company values and appreciates the dedication and drive with which its employees have contributed towards improved performance during the year under review. The industrial relations with workers at plant and officers are cordial during the year under review. All issues pertaining to staff matters are resolved in harmonious and cordial manner.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates changes in the Government regulations, tax laws, and other statutes and other incidental factors.

**BY ORDER OF THE BOARD
FOR AVI PHOTOCHEM LIMITED**

Place: Mumbai
Date: 04-09-2011

Sd/-

CHAIRMAN

CORPORATE GOVERNANCE REPORT

The company pursuant to the code on Corporate Governance introduced by the Securities and Exchange Board of India [SEBI] furnishes its report as under:

1. COMPANY PHILOSOPHY ON CODE OF GOVERNANCE :

The company philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity in all facts of its operations, and in all its inceptions with its stakeholders, including shareholders, employees and the government. AVI Photochem Limited believes in enhancing shareholders value, over a period of time.

The company firmly believes in and has consistently practiced good corporate governance for the efficient conduct of its business and for meeting its obligations towards all its shareholders.

The company has tuned up its corporate governance practice so as to bring them in conformity with requirements of clause 49 of the listing agreement.

2. COMPOSITION OF BOARD OF DIRECTORS:

During the year the Board Meetings Held on 30/4/2010, 31/7/2010, 01-09-2010, 30/10/2010 and 31/1/2011.

Sr. No.	Name of the Director	Category of Director	No. of Board meetings attended	Attendance at the last AGM	No. of other directorship held	No. of committee / membership* held in other company
1	Avinash D Vora	Executive Chairman	5	Yes	1	Nil
2	Daksha A Vora @	Executive	4	Yes	1	Nil
3	Pradeep Joshi	Non-Executive Independent	5	Yes	Nil	Nil
4	Vikram A Vora *	Executive	1	Yes	Nil	Nil
5	Ray Almeida **	Non-Executive Independent	5	Yes	Nil	Nil

@ resigned on 30-10-1010

*Appointed on 30-10-2010

** ceased to be Director on 30th September 10 reappointed on 30th October 2010

* Only Remuneration Committee, Shareholders / Investors Grievance Committee and Audit Committee are considered for the purpose.