



ANNUAL REPORT

OF

GARODIA CHEMICALS LIMITED

FOR THE YEAR

2010 - 2011

## NOTICE

**NOTICE IS HEREBY GIVEN THAT ANNUAL GENERAL MEETING OF THE MEMBERS OF GARODIA CHEMICALS LIMITED WILL BE HELD ON FRIDAY, 30<sup>TH</sup> SEPTEMBER, 2011 AT 11:00 A.M AT 149/156, GARODIA SHOPPING CENTRE, GARODIA NAGAR, GHATKOPAR (EAST), MUMBAI - 400077 TO TRANSACT THE FOLLOWING BUSINESS:**

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2011, the Profit And Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Kunal Naik, who retires by rotation and, being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Brian Fernandes, who retires by rotation and, being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit to pass with or without modification(s), the following resolution as Ordinary Resolution:

**"RESOLVED THAT** M/s Milind Mehta & Co., Chartered Accountants, be and is hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors of the Company".

### **NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL ONLY, INSTEAD OF HIMSELF AND A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.**
2. Members/proxies should bring duly filled attendance slip sent herewith to attend the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain close from Friday 23<sup>rd</sup> September, 2011 to Friday 30<sup>th</sup> September 2011 (both days inclusive).
4. Members holding shares in physical form are requested to notify the change, if any, in their address and blank mandate details to the Registrar and Share Transfer Agent, Link Intime India Pvt Ltd, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400078.
5. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
6. Members seeking any information on the Accounts are requested to write to the Company, which should reach the Company at least one week before the date of the Annual General Meeting so as to enable the Management to keep the information ready. Replies will be provided only at the Annual General Meeting.

**Date: 2<sup>nd</sup> September, 2011**

**Place : Mumbai**

**By order of the Board of Directors**

**Sd/-**

**Nishant Garodia**

**Director**

## DIRECTORS REPORT

### The Members of Garodia Chemicals Ltd.

Your Directors have pleasure in presenting their Annual Report along with Audited accounts for the year ended 31<sup>st</sup> March, 2011.

#### 1. PERFORMANCE:-

PARTICULARS	2010-11	2009-10
Gross Income	3,07,800.00	0.00
Total Expenditure	20,88,161.00	14,65,320.00
Loss for the year	-17,80,361.00	-14,65,320.00
Add- B/ F Losses	15,50,68,132.00	15,36,02,812.00
Loss carried to Balance sheet	15,68,48,493.00	15,50,68,132.00

#### 2. DIVIDEND:

In view of losses, your Directors do not recommend any dividend.

#### 3. PERFORMANCE DURING THE CURRENT YEAR:

In view of heavy losses accrued over the years & the Company's activities have come to a stand still.

#### 4. DEPOSIT FROM PUBLIC:

The Company has not accepted any deposits from the members of the public as defined in section 58A of the Company's Act 1956.

#### 5. PARTICULARS OF EMPLOYEES:

Provisions of section 217 (2A) of the Companies Act 1956 read with companies (Particulars of Employees) Rules 1975 are not attracted in respect of any employees of the Company.

#### 6. COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988:

Considering Nature of business of your Company no comment is made on the energy consumption and technology absorption.

#### 7. FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no Foreign Currency earning & expenditure during the year.

#### 8. DIRECTORS RESPONSIBILITY STATEMENT:

Directors hereby confirm that:

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

**9. DIRECTORS:**

There is no change in Board of Directors of Company.

**10. REPLY TO QUALIFICATIONS IN AUDITORS REPORT:**

With respect to Auditors qualification in their report dated 8th September, 2006, explanation given by directors is as follows:

**Point No.4(a), 4(b) and 4(d)**

The documents got misplaced due to some reasons. However the Company has made an application to receive Duplicate documents.

**Point No.4(e)**

None of the directors of the Company are disqualified under Section 274(1)(g) of the Companies Act, 1956.

**Point No.4(f)**

The documents got misplaced due to some reasons. However the Company has made an application to receive Duplicate documents. The management is in process of obtaining confirmations.

**10. AUDITORS:**

M/s. Milind Mehta & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for the re-appointment. The Board of Directors recommends the re-appointment of M/s. Milind Mehta & Co. as Statutory Auditors of the Company.

**11. ACKNOWLEDGMENT:**

The Directors take this opportunity to thank shareholders, bankers and auditors for their support & co- operation to the Company. The directors wish to place on record their appreciation for dedication of employees of Company.

Place: Mumbai.

Date: 2<sup>nd</sup> September, 2011

For and On Behalf of Board of Directors

Sd/-  
Chairman

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **INDUSTRY STRUCTURE & DEVELOPMENTS:**

Garodia Chemicals Limited is the manufacturer of chemicals. The Company has heavy accumulated losses due to hefty competition from China Market and has also suspended the manufacturing activities. Because of which your company could not do any thing, but to wait for the market and other conditions to revive.

### **OPPORTUNITIES & THREATS:**

Due to the heavy competition and hefty losses, the Company has stopped its manufacturing activities and closed its plant as well. The Company has made a loan application with Central Bank of India but the bank has refused the same. The company is now waiting for an opportunity to make good all the losses and restart its manufacturing activities.

### **SEGMENT REPORTING:**

This reporting does not apply to the company since your Company has revenues/losses coming from only one segment.

### **OUTLOOK:**

The management of the Company is planning to come out of this situation.

### **RISKS AND CONCERNS:**

All the promises which management is making, depends on the strength of the shareholders and the confidence, which they have bestowed on the management.

As on date there are many complaints received by us from the shareholders, but the Company is in the process of complying with the compliances and are confident of solving all the problems of non compliances with all the Governmental Authorities in near future along with the shareholders of the Company.

### **INTERNAL CONTROL SYSTEM & ADEQUACY:**

Considering the sales volume of your Company, there is no system developed for internal audit for your company at this juncture.

### **DISCUSSION ON FINANCIAL PERFORMANCE:**

The company had incurred huge losses and financial liabilities, however is confident to come out of all the problems and will try to restart its manufacturing activities in near future.

### **HUMAN RESOURCES / INDUSTRIAL RELATIONS:**

The relation between the employees and the Company remained cordial through out the year.

### **CAUTIONARY STATEMENT:**

Details given hereinabove relating to various activities and future plans may be “forward-looking statements” within the meaning of applicable laws and regulations. Actual performance may differ substantially or materially from those expressed or implied. The Company may need to change plans or other projections due to changes in Govt. policies, tax laws and other incidental factors.

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY

The Company believes in adopting the Best Global Practices in the area of Corporate Governance and follows the principles of full transparency and accountability, thereby protecting the interest of all the stakeholders.

The Board considers itself a Trustee of all Shareholders & acknowledges its responsibilities to the Shareholders for creating & safeguarding Shareholder's Wealth. During the year under review, the Board continued its pursuit of achieving these objectives through the adoption and monitoring of corporate strategies, prudent business plans, monitoring of major risks of the Company's business and ensuring that the Company pursues policies and procedures to satisfy its legal & ethical responsibilities.

### 2. BOARD OF DIRECTORS

The Board of Directors provides strategic direction & thrust to the operation of the Company. The Board has a Non – Executive Chairman & three other Directors. Out of these, two members are independent directors. Normally the meetings of the Board are held at Mumbai, dates of which are decided in advance. The members of the Board have access to all information and record of the Company. Senior officials are invited to attend the meetings and provide clarification as and when required.

During the financial year, 5 Board meetings were held on April 28, 2010, July 28, 2010, September 3, 2010, October 28, 2010 and January 27, 2011.

The details of constitution of Board of Directors as on March 31, 2011 are as under:

Name of the Director	Category	No. of Board Meeting Attended	Attendance at Last AGM	No. of Directorship in other public limited Companies	Committee positions in other Companies*	
					Chairman	Member
Mr. Mahesh Garodia <i>Chairman</i>	Non-Executive & Non-Independent Director	5	Yes	Nil	Nil	Nil
Mr. Nishant Garodia	Executive Director	5	Yes	Nil	Nil	Nil
Mr. Kunal Naik	Non-Executive & Independent Director	5	Yes	Nil	Nil	Nil
Mr. Brian Fernandes	Non-Executive & Independent Director	5	Yes	Nil	Nil	Nil

\* Only Audit Committee and Shareholders'/Investors' Grievance Committee positions are considered.

### RESPONSIBILITIES OF THE BOARD

The Board reviews periodically the performance of the Company, action taken on recovery of overdues and quarterly compliance of Corporate Governance and listing requirements.

During the year, the Board of Directors of the Company have approved and laid down a code of conduct applicable for all the Board Members and the Employees of the Company. Further all Board Members and the Employees of the Company have affirmed their adherence to the code.

### 3. AUDIT COMMITTEE

During the financial year, 5 Audit Committee meetings were held on April 28, 2010, July 28, 2010, September 3, 2010, October 28, 2010 and January 27, 2011.

**Constitution of Audit Committee & related information**

Name of the Director	Category	No. of Meetings attended during the financial year ended 31 <sup>st</sup> March, 2011
Mr. Kunal Naik <i>Chairman</i>	Non Executive & Independent Director	5
Mr. Nishant Garodia	Executive Director	5
Mr. Brian Fernandes	Non Executive & Independent Director	5

The role, powers and functions of the Audit Committee are as per Section 292A of the Companies Act, 1956 and guidelines stated in the revised Clause 49 of the Listing Agreement.

**4. REMUNERATION COMMITTEE**

The company has not yet constituted Remuneration Committee. This will be constituted on need basis.

**5. REMUNERATION OF DIRECTORS**

None of the Non-Executive as well as Executive Director has been paid any sitting fees, remuneration or compensation during the financial year.

**6. SHAREHOLDERS / INVESTOR GRIEVANCES COMMITTEE**

The Board has constituted an Investor grievance committee consisting of Mr. Kunal Naik as Chairman and Mr. Nishant Garodia. The Committee looks into grievances of the investors of the Company.

Investor Grievance Committee meeting was not held during the financial year.

**7. GENERAL BODY MEETINGS**

AGM for the Financial Year	Location of holding AGM	Date and Time of AGM
2009 – 2010	Registered Office	30 <sup>th</sup> September, 2010 at 11.00 a. m.
2008 – 2009	Registered Office	30 <sup>th</sup> September, 2009 at 11.00 a. m.
2007 – 2008	Registered Office	30 <sup>th</sup> September, 2008 at 11.00 a. m.

**8. DISCLOSURES**

- There are no materially significant transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have a potential conflict with the interest of the Company at large. The Register of Contracts containing transactions in which Directors are interested is placed before the Board regularly for its approval.
- During last three years, no penalties were imposed on the Company. However, there were little non-compliance by the Company and strictures were imposed on the company by Stock Exchange or SEBI on the matters related to capital markets, during the last three years.
- The Company has been providing the Chairman of the Company with the resources required to implement his role.

- The Company has a Code of Conduct for its employees. The Board members and Senior Management personnel of the Company affirm that they have complied with this code.
- The Company has suspended its manufacturing activities and closed down its plant.

#### **9. MEANS OF COMMUNICATION**

The Company has approved the quarterly, half-yearly and annual results but failed to publish the same in the news papers.

#### **10. GENERAL SHAREHOLDER INFORMATION**

AGM date, time and venue	30 <sup>th</sup> September, 2011 at 11:00 a.m. at 149/156, Garodia Shopping Centre, Garodia Nagar, Ghatkopar (East), Mumbai 400 077.
Financial Year	1 <sup>st</sup> April to 31 <sup>st</sup> March
Date of Book closure	23 <sup>rd</sup> September till 30 <sup>th</sup> September 2011 (both days inclusive).
Dividend Payment Date	No Dividend declared
Listing on Stock Exchanges	Bombay Stock Exchange (BSE)
Stock Code	530161 on BSE
Market Price Data	Equity shares are suspended from trading on BSE.
Registrar and Transfer Agents	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078 Tel No.(022) 2596 3838 Fax No.(022) 2594 6969

#### **SHARE TRANSFER SYSTEM:**

In order to expedite the process of share transfer, the Board has delegated the power of transfer of shares to Mr. Nishant Garodia who considers and approves transfers every fifteen days.

#### **DISTRIBUTION OF SHAREHOLDING**

The distribution of shareholding as on March 31, 2011 was as under:

Nominal value of Shareholding	No. of Shareholders	% of Shareholders	Share Amount	% of Share Amount
Upto 500	7,138	92.0201	10,504,000	14.5885
501 to 1000	291	3.7515	2,516,000	3.4943
1001 to 2000	118	1.5212	1,890,000	2.6249
2001 to 3000	89	1.1474	2,247,000	3.1207
3001 to 4000	18	0.2320	654,000	0.9083
4001 to 5000	27	0.3481	1,335,000	1.8541
5001 to 10000	31	0.3996	2,435,000	3.3819
10001 and above	45	0.5801	50,421,000	70.0272
<b>Total:</b>	<b>7757</b>	<b>100.00</b>	<b>72,002,000</b>	<b>100.00</b>