



ANNUAL REPORT

OF

GARODIA CHEMICALS LIMITED

FOR THE YEAR

2011-2012

NOTICE

NOTICE IS HEREBY GIVEN THAT ANNUAL GENERAL MEETING OF THE MEMBERS OF GARODIA CHEMICALS LIMITED WILL BE HELD ON SATURDAY 29TH SEPTEMBER 2012 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, 2012, 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. Mahesh Gordhandas Garodia, who retires by rotation and, being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Nishant Maheshkumar Garodia, 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 M.K.MEHTA & CO, Chartered Accountants, be and s 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 fixed by the Board of Directors of the Company”.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETINGS IS ENTITLED TO APPOINT A PROXY OR PORXIES 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 FORM 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 attendance slip sent herewith to attend the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 26th September, 2012 to Friday, 28th September, 2012.
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: 30th May 2012

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 31st March, 2012.

1. PERFORMANCE:-

PARTICULARS	2011-12	2010-11
Sales & Other Income	00.00	307,800.00
Less : Expenditure	3,314,453.00	2,088,161.00
Profit/(Loss) Before Extraordinary Items and Tax	(3,314,453.00)	(1,780,361.00)
Less : Extra ordinary items	(10,513,090.00)	0.00
Less : Provision for Taxation	0.00	0.00
Add/Less : Deferred Tax Liabilities	0.00	0.00
Loss for the year	(13,827,543.00)	(1,780,361.00)

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:

The 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. AUDITORS:

M/s. M. K. MEHTA & CO., Chartered Accountants retire at the conclusion of the Ensuing General Meeting, are eligible for the re-appointment. You are requested to appoint the Auditors & fix their remuneration.

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: 30th May 2012

**For and On Behalf of Board of Directors
Garodia Chemicals Limited**

**SD/-
Director**

Addendum to Directors Report:

Dear Members,

With Reference to the captioned subject matter, Please find below the Clarifications to the qualifications mentioned in the Auditors' Report.

1) Non - provision of Interest expenses on loans and borrowings taken from IDBI (now taken over by Aaskha Holdings Pvt Ltd) and Central Bank of India:

Clarification: In view of the heavy accumulated losses and suspension of the manufacturing activities for long time, the Company has not made provision for interest expenses.

2) Maintenance of proper records showing full particulars including qualitative details and situation of Fixed Assets:

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

3) Outstanding payments to Financial Institutions / Banks as on 31st March, 2012:

Clarification: The Company could not make the payments due to some unavoidable reasons. However, the Company shall arrange to make the payments ASAP.

For and On Behalf of Board of Directors

SD/-

Director

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 anything, 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.

There were many complaints received by us from the shareholders, but the Company has now complied with all the compliances and all complaints of shareholders were solved. The non compliance with the Listing Agreement with Bombay Stock Exchange (BSE) pending during the earlier years was resolved during last year. The Company has received a letter from BSE for revocation of suspension levied by the BSE on the trading of company's shares. Hence, the trading in the Company's shares has been started on BSE.

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 Directors 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 May 14, 2011, July 29, 2011, September 2, 2011, November 14, 2011 and February 2, 2012.

The details of constitution of Board of Directors as on March 31, 2012 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 May 14, 2011, July 29, 2011, September 2, 2011, November 14, 2011 and February 2, 2012.

Constitution of Audit Committee & related information

Name of the Director	Category	No. of Meetings attended during the financial year ended 31st March, 2012
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.

During the financial year, 1 Investor Grievance Committee meeting was held on 20 January, 2012.

7. GENERAL BODY MEETINGS

AGM for the Financial Year	Location of holding AGM	Date and Time of AGM
2010 – 2011	Registered Office	30 th September, 2011 at 11.00 a. m.
2009 – 2010	Registered Office	30 th September, 2010 at 11.00 a. m.
2008 – 2009	Registered Office	30 th September, 2009 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 except the penalty levied by Bombay Stock Exchange (BSE) for revocation of suspension of trading of shares of the Company.
- 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.
- The Company has received revocation letter from Bombay Stock Exchange. Thus, the Company's suspension has been revoked and normal trading has been started on Bombay Stock Exchange.

9. **MEANS OF COMMUNICATION**

The Company has approved the quarterly, half-yearly and annual results and same were published in the news papers.

10. **GENERAL SHAREHOLDER INFORMATION**

AGM date, time and venue	29 th September, 2012 at 11:00 a.m. at 149/156, Garodia Shopping Centre, Garodia Nagar, Ghatkopar (East), Mumbai 400 077.
Financial Year	1 st April to 31 st March
Date of Book closure	26 th September 2012 to 28 th September 2012 (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	48.49 per share
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, 2012 was as under:

Nominal value of Shareholding	No. of Shareholders	% of Shareholders	Share Amount	% of Share Amount
Upto 5000	7,120	91.990	10,494,000	14.5746
5001 to 10000	292	3.773	2,526,000	3.5082
10001 to 20000	118	1.525	1,890,000	2.6249
20001 to 30000	89	1.150	2,247,000	3.1207
30001 to 40000	18	0.233	654,000	0.9083
40001 to 50000	27	0.349	1,335,000	1.8541
50001 to 100000	31	0.401	2,435,000	3.3819
100001 and above	45	0.581	50,421,000	70.0272
Total:	7,740	100.00	72,002,000	100.00

SHAREHOLDING PATTERN AS ON MARCH 31, 2012

Category	No. of shares held	Percentage of shareholding
A. Promoters' Holding		
1. Promoters		
-- Indian Promoters	3534400	49.09
--- Foreign Promoters	-	-
2. Person acting in Concert	-	-
Sub - Total	3534400	49.09
B. Non – Promoters' Holding		
3. Institutional Investors		
a. Mutual Funds and UTI	-	-
b. Banks, Financial Institutions, Companies (Central/State Govt. Institutions/Non-Govt. Institutions)	952700	13.23
c. FIs	-	-
Sub - Total	952700	13.23
4. Others		
a. Private Corporate Bodies	188600	2.62
b. Indian Public	1880000	26.11
c. NRIs/NRRs/ OCBs	644500	8.95
d. Any Other	-	-
Sub – Total	2713100	37.68
Grand Total	7200200	100.00

DEMATERIALISATION OF SHARES AND LIQUIDITY

The Company is yet to provide dematerialization facility to its shareholders.

Outstanding GDR/ADR/Warrants or any Convertible Instruments, conversion dates and likely impact on equity.

Not Applicable

Plant locations: Not Applicable

Address for Correspondence

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149/156, Garodia Shopping Centre,
Garodia Nagar, Ghatkopar (East),
Mumbai 400 077
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