



CHAIRMAN MESSAGE 2010

OPTIMIZING THROUGH STRATEGY

Less. And More.

The entire world is experiencing changes as never witnessed before. They are in the form of scale, scope and speed that have not been anticipated demanding ingenuity and resource optimization to cope up with the issues that have emerged. There is a need balance the forces of the macro level environment sensitively with the micro level goals and resources of the organization to not only survive but even thrive in today's fiercely globally competitive market.

Strategic thinking and action bring about changes in organizations that control the present and shape the future. Sometimes, difficult decisions can mean one ending but it can also mark another beginning. A rocket sheds some of its parts to escape the earth's gravity and gain greater momentum and movement to fulfill its mission. Companies are no different. They have to continuously monitor and evaluate the situation to decide how much to carry and what to unload at appropriate time in the interests of the larger and long term objectives.

Your company is in the business of continuing to do business with the clear and complete vision of taking decisions and action that propel it towards achieving this goal with the resources it has or those with whom it can network. With this strategy, it has taken steps to ensure the optimum path that will lead it to the future that it wants to create.

During the year under review the Company has demerged its Baroda division to Baroda Textile Effects limited after obtaining the court's order under section 391 to 394 of the Companies Act, 1956 The business was subsequently acquired by Huntsman International (India) Private limited. The Honorable High Court of Gujarat has sanctioned the scheme of demerger on 15th May, 2009. A Certified copy was received on 11th June, 2010 and the scheme becomes effective from 22nd June, 2010. As per the terms of the non –compete clause, the remaining Vatva plants will be operated under tolling arrangements for exclusive supplies to Huntsman Group Companies for a period of three years.

The Company has obtained the approval of Shareholders of the Company for Change of its Main Objects by Postal Ballot on 30th September, 2009.

The Company has diversified its activities during the year and entered into realty and infrastructure business. The company as a partner in Metro Samved Engineers launched a Multi Storied Scheme named " Alpine Hights " near Income-tax in the prime location of the City. The company has made investments in land in three other locations. The Company has focused on realty and infrastructure business as one of its strategic areas for future growth. It is also exploring new manufacturing/trading business for its growth.

The Company is pleased to inform you that it is once again in the list of dividend paying Companies for the year 2009-10.

Your company will continue its bold and strategic decisions and actions that enable it to fulfill its commitments and aspirations as it has a very clear focus on stakeholder satisfaction. It has always been fortunate to receive the full support of all its directors, management team, employees, shareholders, customers, supply and distribution networks, institutions, associates and moves ahead with confidence on the basis of this support in the future. I express my sincere and heartfelt gratitude to all of them and look forward to a brighter and more optimistic future to-gether.

Ahmedabad
28th August, 2010



Gautam M. Jain



METROCHEM INDUSTRIES LIMITED

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METROCHEM INDUSTRIES LIMITED

BOARD OF DIRECTORS

- : Gautam M. Jain**
Chairman & Managing Director
- Anil M. Jain**
Deputy Managing Director
- Rahul Jain**
Executive Director
- Sudhir N. Doshi** (upto 22-08-2009)
- Nilesh Desai**
- Sandip S. Bhandari**
- Mahendra G. Lodha** (w.e.f. 19-2-2010)

COMPANY SECRETARY

- : Nitin S. Shah**

AUDITORS

- : Deepak Soni & Associates**
Chartered Accountants
Ahmedabad

BANKERS

- : Indian Bank**

REGISTERED OFFICE

- : Plot No. 491, G.I.D.C., Phase II,
Vatva, Ahmedabad - 382 445.**

ADMINISTRATIVE OFFICE

- : 505/506, "SURYA RATH"
Near White House,
Panchwati, Ellisbridge
Ahmedabad - 380 006**

CORPORATE OFFICE

- : 508/509 "SHILP"
C.G. Road, Navrangpura,
Ahmedabad - 380 009**

WORKS

- : (I) Unit : 2, Plot No. 472-475 and 489-492,
Phase II, G.I.D.C., Vatva,
Ahmedabad - 382 445**
- (II) Unit : 3, Plot No. 407-408,
Phase II, G.I.D.C., Vatva,
Ahmedabad - 382 445**

**REGISTRARS AND
TRANSFER AGENTS**

- : Link Intime India Pvt. Ltd.
221, Sudarshan Complex,
Near Mithakhali Underbridge, Navrangpura,
Ahmedabad - 380 009**

NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the members of Metrochem Industries Limited will be held on Wednesday, the 29th September, 2010, at 11.30 a.m. at the Registered Office of the Company at Plot no 491, GIDC, Phase II, Vatva, Ahmedabad-382445 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Nilesh R.Desai who retires by rotation and being eligible, offers him self for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

ORDINARY RESOLUTION:

5. **To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution.**

“RESOLVED THAT Shri Mahendra G.Lodha, who was appointed by the Board of Directors as an additional director on the Board of Directors of the Company on 19/02/2010 and hold the holds office up to the date of this Annual General Meeting under the provisions of section 260 of the Companies Act, 1956 and in respect of whom the Company has, as required, under section 257 of the Companies Act, 1956 received notices in writing from the members of the Company signifying their intention to propose him as a candidate for the office of the Director of the Company, liable to retire by rotation.”

SPECIAL RESOLUTION:

6 REAPPOINTMENT OF SHRI RAHUL G. JAIN AS EXECUTIVE DIRECTOR

To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution.

RESOLVED THAT subject to the provisions of Sections 198,269,309 and other applicable provisions of the Companies Act,1956, if any, the approval of the Company be and is hereby accorded to the reappointment of Shri Rahul Jain, as Executive Director of the Company for a period of three years with effect from 1st June,2010 on the terms and conditions as the Board may consider appropriate, provided, however that the terms of remuneration of Shri Rahul Jain shall not exceed the ceiling as set out in Schedule XIII to the Companies Act,1956 as amended from time to time and such other guidelines as may be issued hereafter in this behalf.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all necessary and desirable steps of effecting this appointment and matter incidental thereto.”

By the Order of the Board
For Metrochem Industries Limited

Nitin S. Shah
Company Secretary

Place : Ahmedabad
Date : 28/08/2010
Registered Office : Plot No 491,GIDC, Phase II,
Vatva,Ahmedabad-382445

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him and the proxy need not be a member of the Company. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 18th September, 2010 to Saturday the 25th September, 2010 (both days inclusive).
3. Members who hold the shares in dematerialised form are requested to bring their Client ID and DP ID for easier identification of attendance at the AGM.
4. Members holding the shares in physical mode are requested to notify immediately for change of their address and bank particulars to the Company or its Share Transfer Agent. In case their shares are held in dematerialized form then information should be passed on directly to their respective Depository Participants and not to the Company / Share Transfer Agent without any delay.
5. The dividend as recommended by the Board, if declared at the meeting , will be payable to those members whose names appear on the Company's Register of Members as on 18th September, 2010.
6. Any request by demat holders for change of bank particulars after despatch of Dividend Warrant should be accompanied by copy of Client Master list showing the changed bank details.
7. In terms of Section 205A and 205C of the Companies Act, 1956, any dividend remaining unclaimed for a period of seven years from the due date of payment is required to be transferred to the ' Investors' Education and Protection Fund (IEPF). Accordingly, the unclaimed dividend for the financial year 2002-03 has been transferred to the said fund. The dividend for the financial year 2003-04 and thereafter, which remain unclaimed for a period of seven years will be transferred by the Company to the IEPF. Members, who have not encashed their dividend warrant so far, for the financial year 2003-2004 and the subsequent years, are requested to make their claims to the office of the Registrars Transfer Agents, Link Intime India Limited, 221, Sudarshan Complex, Near Mithakhali Underbridge, Navrangpura, Ahmedabad-380009. It may be noted that once the unclaimed dividend is transferred to the IEPF as above, no claim shall lie against the Company or the said fund in respect of any amounts which were unclaimed / unpaid for a period of seven years from the dates that they first become due for payment and no payment shall be made in respect of any such claims.
8. As required under the Listing Agreement with the Stock Exchanges, the particulars of Directors who are proposed to be appointed / re-appointed are as per attached Annexure 1.

By the Order of the Board
For Metrochem Industries Limited

Place : Ahmedabad
Date : 28/08/2010
Registered Office : Plot No 491, GIDC, Phase II,
Vatva, Ahmedabad-382445

Nitin S. Shah
Company Secretary

ANNEXURE TO THE NOTICE OF ANNUAL GENERAL MEETING

DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT IN ANNUAL GENERAL MEETING TO BE HELD ON 29th SEPTEMBER, 2010

Name of Director	Mr. Nilesh R. Desai
Date of Birth	06/07/1960
Date of Appointment	05.05.2007
Qualification Expertise in specific functional areas	Insurance Consultant & Advisor and having vast experience of different Industries
List of Companies in which outside Directorship held	1. Electrotherm (India) Limited 2. Sahajanand Laser Technology limited
Chairman / Member of the Committee of the Board of Directors of the Company	1. Chairman of Remuneration Committee 2. Member of Audit Committee 3. Member of Investors Grievance Committee
Chairman/Member of the Committees of Directors of other Companies in which he is a Director	NIL
Chairman / Member of the Committee of the Board of Directors of the Company	NIL
Chairman/Member of the Committees of Directors of other Companies in which he is a Director	NIL

* Shri Anil.M. Jain has shown his unwillingness to continue as a Director who is liable to retire by rotation during this Annual General Meeting

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business of item no.4 to 5 of the notice.**Item No.4**

Shri Mahendra G.Lodha has been appointed as Additional Director on the Board of Directors with effect from 19th February, 2010. As per the provisions of section 260 of the companies Act, 1956 all the above directors shall hold the office up to the date of the ensuing 23rd Annual General Meeting of the Company. As required by the section 257 of the Companies Act, 1956. Notices have been received by the Company from the members of the Company along with the deposits of Rs.500/- signifying their intention to propose Shri Mahendra G.Lodha as candidate for the office of the Directors of the Company.

Shri Mahendra G.Lodha aged 54 years is a Practicing Chartered Accountants.. He has varied experience in the area of Finance, taxation, accounts and legal matters. He is having more than 30 years experience of working with different types of Industries.

In the interest of the Company, your Directors recommend the appointment of Shri Mahendra G.Lodha as Director of the Company.

None of the Directors of the Company are concerned or interested in the resolution.

Item 5

Shri Rahul G.Jain has been appointed as Executive Director of the Company with From 1st June, 2007 for a period of three years. The remuneration payable to Shri Rahul Jain, as a Executive Director is approved by Remuneration Committee and Board of Directors of the Company.

Shri Rahul Jain being relative of Shri Gautam Jain and Shri Anil Jain, his reappointment as Executive Director is governed by section 198, 269, 309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII and other applicable provisions, if any, of the companies Act, 1956

Pursuant to the provisions of section 198, 269, 309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 Shri Rahul Jain is reappointed as Executive Director For a period of three years w.e. f. 1st June, 2010 on the terms and conditions as Board may consider appropriate.

The Present term of appointment of Shri Rahul Jain as a Executive Director shall end on 30th May, 2013.

1. Monthly Remuneration by way of salary, dearness allowance, perquisites and other allowances not exceeding of Rs. 50000/- (Rupees Fifty Thousand Only.) per month i.e. 1st June, 2010 in the pay scale of Rs.50000-10000-70000.

a) Perquisites.

- a. Contribution to provident fund, superannuation fund or annuity fund to the extent singly or put together are not taxable under the Income-tax Act, 1961
 - b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
 - c. Encashment of leave at the end of tenure.
- b) The Executive Director shall be entitled to other perquisites as are allowed to executives in the Company based on the approval of the Board of Directors From time to time.

Your Directors recommend this resolution.

None of the Directors of the Company except Shri Gautam Jain is concerned and interested in the resolution.

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting their Twenty Third Annual Report together with the audited Statement of Accounts for the year ended 31st March, 2010

FINANCIAL RESULTS

	(Rs. Lacs)	
PARTICULARS	YEAR ENDED 31-03-2010	YEAR ENDED 31-03-2009
Sales & Other Income	5962.57	22342.21
Profit Before Interest, Depreciation and Tax	4460.39	1055.48
Less : Interest	3.53	711.61
Depreciation	118.49	868.17
Profit / (Loss) Before Taxes	4338.37	(524.30)
Less : Provision for Tax		
Current Tax	0.00	0.00
Deferred Tax	0.00	(204.00)
Fringe Benefit Tax	0.00	6.00
Short Provision Earlier Years	268.55	
Profit / (Loss) After Tax	4069.82	(326.30)
Balance brought forward from the previous year	764.94	1091.24
Profit Available for Appropriation	4834.76	764.94
Appropriations:		
Transfer to General Reserve	406.98	0.00
Proposed Dividend on Equity Shares	228.67	0.00
Tax on Dividend	38.86	0.00
Total	674.51	0.00
Balance Carried to Balance Sheet	4160.25	764.94

OPERATIONS

During the year under review, sales and other income amounted to **Rs. 1900.19 Lacs (Previous Year Rs. 22342.21 Lacs)** and **Gain on Demerger of Vadodara Unit of Rs. 4062.38 lacs** (Previous Year Rs.Nil). In view of the de-merger the figures for the current year are not comparable with those of the previous year.

Against Net loss of Rs. 326.30 lacs during the previous year, there was a Net profit of **Rs. 4069.82 lacs** (including Gain on Demerger of Vadodara Unit) during the year under review.

There was no sale of Iron Ore during the year as well as during the previous year.

DIVIDEND

The Board of directors have recommended dividend @20% (Previous Year Nil) on paid up capital of the Company for the year ended on 31st March, 2010, subject to approval of shareholders at the Annual General Meeting.

CAPITAL EXPENDITURE

Your Company have made a net addition of **Rs. 95.77 lacs** to various manufacturing fixed assets (Previous Year Rs. 936.80 lacs) during the year under review. Further, all fixed assets of Vadodara Unit becomes Nil due to demerger of the same unit during the year under review.

INSURANCE

The fixed assets and stocks of the Company are adequately insured.

ENVIRONMENT AND POLLUTION CONTROL MEASURES

The Company continues to embark upon the environment and pollution control measures. In order to keep the plants environmental friendly, natural plants and trees are developed in and around the manufacturing area and all measures to keep pollution in control are taken.

DEMERGER SCHEME

The Hon'ble High Court of Gujarat was pleased to sanction the scheme of De-merger on 15th May, 2009. With filing of necessary form with office of Registrar of Companies, the scheme has become effective from 17th June 2009 and accordingly Baroda Division of Company has been transferred to Baroda Textile Effects Limited a company owned by Huntsman International (India) Private Limited. As per the Agreement necessary tolling arrangement for Vatva units have also been entered into by Company.

Company has given undertaking that they shall not for a period of three years from the Closing Date by itself or through its affiliates (directly or indirectly) engage in activities competing with the Business.

Company has diversified its business in investment in Infrastructure and real estate business during the year under review. Company has acquired the land in partnership and put residential Scheme namely "Alpine Heights" Near Income tax, Ahmedabad-380009.

AMALGAMATION -MERGER

Company has signed the Merger Agreement and approved a Composite Scheme of Arrangement in its Board meeting held on 25th August, 2010- in the nature of Amalgamation for merger of Metrochem Industries Limited (MCIL) with Global Boards Limited (GBL). This is proposed in order to have efficient working, explore business possibilities for the benefit of the Shareholders and public at large. The Amalgamation of Metrochem Industries Limited would be subject to requisite approval of the shareholders and creditors of the Company, Statutory authorities including Approval/ Intimation to Bombay Stock Exchange, honourable High Court of the applicable jurisdiction.

POSTAL BALLOT

Details of voting by means of postal ballot process conducted during the year under review for seeking approval of Shareholders are as under:

Resolution No as given in the Postal Ballot Notice dated 22 nd August, 2009	Type of Resolution	Description of the Resolution	Results
1.	Special Resolution Date of Result: 30th September, 2009	Special Resolution pursuant to the Section 17 of the Companies Act, 1956 for insertion of the new Sub-clause no 2 to 11 to the Clause III (A) under the head Main Objects Clause of the Memorandum of Association of the Company.	Total number of votes in favour of the resolution were 8414227 as against 400 the. Resolution was passed as a Special resolution.
2.	Special Resolution Date of Result: 30th September, 2009	Special Resolution pursuant to the Section 17 A read with section 146 of the Companies Act, 1956 for Shifting the Registered office from Village : Umraya, Vadodara to Plot No: 491, GIDC, Phase-II, Vatva, Ahmedabad	Total number of votes in favour of the resolution were 8414227 as against 400 the resolution. Resolution was passed as a Special resolution.

POSTAL BALLOT

Special Resolution under section 17 of the Companies Act, 1956 for addition to the New Object to the Main Object Clause and to make investment and loans in excess of the limit prescribed under Section 372A of the Companies Act, 1956 is proposed through Postal Ballot.

COST AUDIT

Your Company has appointed Kiran J. Mehta & Co., Cost Auditors, a firm of Practising Cost Accountants, for the financial year 2010-11 for the cost audit of the Company's cost records pursuant to an order of the Department of Company Affairs, Company Law Board, and New Delhi.

CONSOLIDATED ACCOUNTS

As required under Clause 32 of the Listing Agreement with the Stock Exchanges, audited consolidated financial statements form part of the Annual Report.

SUBSIDIARY COMPANIES

As required under section 212 of the Companies Act, 1956, the Audited Balance Sheet and Profit and Loss Account along with the Reports of Directors and Auditors of Metrochem Capital Trust Limited, Subsidiary of the Company, are annexed hereto

DIRECTORS

Shri Nilesh R. Desai and Shri Anil M. Jain, Directors of the Company, retire by rotation and being eligible offer themselves for reappointment. Shri Anil M. Jain has shown his unwillingness to continue as a Director. So Shri Anil M. Jain will vacate his office as Director w.e.f 29th September, 2010.

FIXED DEPOSITS

The Company has not accepted/renewed fixed deposit during the year under review .

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under the Listing Agreement with the Stock Exchanges is enclosed as **Annexure II**.

CORPORATE GOVERNANCE

A separate report on Corporate Governance, along with Auditors Certificate on its compliance, is enclosed as **Annexure III**

DIRECTORS RESPONSIBILITY STATEMENT

In compliance of Section 217 (2AA) as incorporated by the Companies (Amendment) Act, 2000 in the Companies Act, 1956, your Directors confirm that:

- a) The company has followed the applicable accounting standards in the preparation of the Annual Accounts and there had been no material departure.
- b) 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 as at March 31, 2010 and of the Profit of the Company for the year ended on that date.
- c) The directors had taken proper and sufficient care 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.
- d) The directors have prepared the Annual Accounts on a going concern basis.

AUDITORS AND AUDITORS REPORT

M/s. Deepak Soni & Associates, Chartered Accountants, Ahmedabad, the Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. They have expressed willingness to serve, if reappointed.

Observations of the Auditors are self-explanatory.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The statement containing the necessary information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure and forms part of this Report.

"GROUP" FOR INTER-SE TRANSFER OF SHARES

As required under Clause 3 (e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) regulation, 1997, persons constituting "Group" (within the meanings as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulation(s) 10 to 12 of the aforesaid SEBI Regulations are given in **Annexure IV** attached herewith and said Annexure forms part of the report.