

IHSEDU SPECIALITY CHEMICALS PVT.LIMITED

ANNUAL REPORT

(1ST JANUARY, 2011 TO 31ST MARCH, 2011)



IHSEDU SPECIALITY CHEMICALS PRIVATE LIMITED

REGD. OFFICE □ : AKHANDANAND, 38, MAROL CO-OP. IND. ESTATE, OFF M. V. ROAD, SAKINAKA, ANDHERI (E), MUMBAI - 400 059. INDIA.
TEL. : +91 22 40271300 / 66970470 • FAX : +91 22 40271399 / 66970474 • E-Mail : jaol@vsnl.net • Visit : www.jayantagro.com

PROJECT OFF. □ : PLOT NO. 59 - P2/P1, NEAR JASUBHAI'S GODOWN, OPP. BHAGWAN PARK, GACL ROAD, RANOLI, TAL : VADODARA,
GUJARAT - 391 350 INDIA. TEL.: (0265) 2240 410 • FAX :(0265) 2240 403

FACTORY □ : 296/300, VILLAGE DHANORA, TALUKA :VADODARA, DIST. VADODARA GUJARAT. INDIA.

NOTICE

Notice is hereby given that the Sixth Annual General Meeting of the Shareholders of Ihsedu Speciality Chemicals Private Limited will be held on 26TH September, 2011 at 11.00 a.m. at the Registered Office at "Akhandanand" , 38, Marol Co.Op. Industrial Estae, Off. M.V.Road, Saki Naka, Andheri (East), Mumbai 400 059 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 , and the Cash Flow Statement for the period ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Hemant V. Udeshi who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. J.V.Mariwala who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Regd Office:
Akhandanand,
38, Marol Co-op. Ind. Estate
Off. M.V.Road, Sakinaka
Andheri (East)
Mumbai – 400 059.

Place: Mumbai.
Date : 27th July, 2011

By Order of the Board of Directors of
Ihsedu Speciality Chemicals Pvt.Ltd


Vikram Udeshi
Director

IHSEDU SPECIALITY CHEMICALS PRIVATE LIMITED



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FACTORY ☐ : PLOT NO. 296 - 300, NEAR. GIPCL & ECPL, BEHIND GUJARAT CARBON COMPOUND, IPCL - NANDESARI ROAD, DHANORA,
PO : PETROCHEMICALS - 391 346, DISTRICT : VADODARA, GUJARAT, INDIA. PHONE : 0265 2230357 / 2230467,
FAX : 0265 2230143 • E-Mail : ihsedubrd@gmail.com

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their Sixth Annual Report and the Audited Statement of Accounts of the Company for the period ended March 31, 2011.

FINANCIAL RESULTS:

The Company has not yet commenced the commercial production and still conducting the Trial Runs. Accordingly no profit and loss account was prepared. During the period under review the Company has sold the goods manufactured during the Trial Run worth Rs. 32.77 millions. However the production has neither been fully stabilized nor achieved on a continuous basis. Pending commercial production, the costs incurred on setting up the facilities are carried forward (net after deduction of the revenue generated out of the Trial Run) in the accounts for capitalisation.

CHANGE IN FINANCIAL YEAR:

During the period under review, the Company has changed its financial year from 1st April 2010 to 31st December 2010 to 1st January 2011 to 31st March 2011 and subsequent the financial years will be starting from 1st April to 31st March. This was done to overcome the operational difficulties as well as to align the financial year of the Company that too with the Holding Company.

DIRECTORS:

In accordance with the provisions of the Articles of Association of the Company, Mr..Hemant V. Udeshi and Mr.J.V. Mariwala is retiring by rotation and being eligible, offers himself for re-appointment.

...2/-

IHSEDU SPECIALITY CHEMICALS PRIVATE LIMITED



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: 2 :

CONSERVATION OF ENERGY/TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING/OUTGO:

The Company has installed micro filters system for collecting rain water to use in the plant which will save the energy to pump the water, by which the energy cost will be saved.

Details of Foreign Exchange outgo on account of Imports and Foreign Expenditure are shown in notes E and F respectively of notes to accounts, Schedule 10. Members are requested to refer these notes.

PARTICULARS REGARDING EMPLOYEES:

None of the employees of the Company is in receipt of remuneration in excess of the sum prescribed under Section 217 (2A) of the Companies Act 1956, read with Companies (Particulars of Employees) Rules, 1975.

FIXED DEPOSITS:

The Company has not accepted any fixed deposits during the year under review.

DIRECTORS' RESONSIBILITY STATEMENT:

As required under Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:-

- i) in the preparation of the annual accounts, the applicable accounting Standards had been followed, and there was no material departure;
- ii) 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 31st March, 2011

...3/-



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: 3 :

- iii) 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;
- iv) the Directors had prepared the annual accounts on a going concern basis.

AUDITORS:

You are requested to appoint Auditors for the current year and authorize the Board to fix their remuneration. It is proposed to re-appoint M/s. T.P.Ostwal & Associates, Chartered Accountants, as the Statutory Auditors of the Company.

INSURANCE :

The properties and insurable interest of your Company like Building, Plant and Machinery, Stocks, etc are properly insured.

ACKNOWLEDGEMENT:

The Directors wish to place on record their sincere appreciation for the dedication and devotion to duty shown by the employees at all levels. The Directors also thank the Company's Bankers for the help and co-operation extended during the period.

Place : Mumbai,
Dated : 27th July, 2011

For and On behalf of the Board of Directors

Vithaldas G. Udeshi
Chairman

T.P. Ostwal & Associates(Regd.)

CHARTERED ACCOUNTANTS.

Bharat House, 4th Floor, 104, Mumbai Samachar Marg, Fort, Mumbai 400 001.

+91 22 4069 3939 ☎ Fax: 91-22-40693999,

Web: <http://www.tpostwal.in>, E-mail: fca@vsnl.com

AUDITORS' REPORT

To
The Members of
IHSEDU SPECIALITY CHEMICALS PRIVATE LIMITED

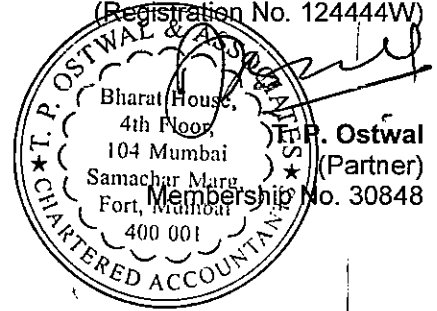
1. We have audited the attached Balance Sheet of **IHSEDU SPECIALITY CHEMICALS PRIVATE LIMITED** ("the Company") as at 31st March, 2011 and the Cash Flow Statement for the period ended on that date, both annexed thereto. There is no business activity conducted by the Company for the period, hence no Profit & Loss Account is prepared and a statement of pre-operative expenses has been prepared and annexed thereto. These financials statements are prepared for the period of 3 months from 1st January, 2011 to 31st March, 2011 ("Period"). 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 of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph (3) above, 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 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 and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of the section 211 of the Companies Act, 1956;
 - e. on the basis of the written representations received from the directors of the Company, taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;



f. in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, 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:

- (i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011; and
- (ii) in the case of the Cash Flow Statement, of the cash flows for the Period ended on that date.

For T. P. Ostwal & Associates (Regd.)
Chartered Accountants
(Registration No. 124444W)



Place: Mumbai.

Date: 27 JUL 2011

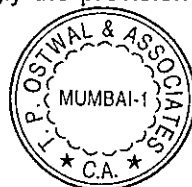
ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date on the financial statements for the Period ended 31st March, 2011 of Ihsedu Speciality Chemicals Private Limited and on the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that: -

- i.
 - (a) The Company has maintained proper books and records showing full particulars, including quantitative details and situations of fixed assets.
 - (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are physically verified periodically. In our opinion, periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, the Company has not made any substantial disposal of fixed assets during the Period and going concern status of the company is not affected.
- ii.
 - (a) As explained to us, inventory has been physically verified by the Company's management during the Period. In our opinion, the frequency of verification of inventory is reasonable.
 - (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 are 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 of inventories as compared to the book records.
- iii.
 - (a) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties, covered in the register required to be maintained under Section 301 of the Companies Act, 1956. Therefore the provisions of sub clauses (a), (b), (c) and (d) of the Paragraph 4(iii) of the Order are not applicable to the Company.
 - (e) The Company has not taken any unsecured loans from companies, firms or other parties, covered in the register required to be maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clause (e), (f) and (g) of Paragraph 4(iii) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- v. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements, the particulars of which need to be entered into the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4(v) of the Order is not applicable.

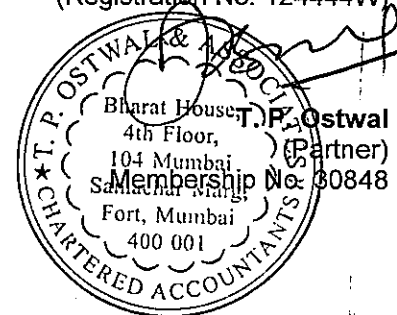


- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public. Accordingly provisions of Paragraph 4(vi) of the Order are not applicable.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. According to the information and explanations given to us, maintenance of the cost records has not been prescribed by the central government under section 209(1) (d) of the Companies Act, 1956. Accordingly the provisions of Paragraph 4 (viii) of the order is not applicable to the Company.
- ix. In respect of statutory dues:
- (a) According to the information and explanations given to us and according to the records of the Company as examined by us, undisputed statutory dues including Provident fund, Employees State Insurance, Income tax, Custom duty, Excise duty, Service tax and any other material statutory dues applicable to the company have been regularly deposited during the Period with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2011 for a Period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, as on 31st March, 2011 there are no dues of Sales Tax, Customs duty, Wealth tax, Excise duty, Service tax and cess which have not been deposited on account of any dispute.
- x. The Company does not have accumulated losses at the end of the Period under audit. It has not incurred cash losses during the Period and in the immediately preceding financial Period.
- xi. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks.
- xii. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debenture or any other securities. Accordingly the provision of Paragraph 4(xii) of the order is not applicable to the Company.
- xiii. In our opinion, the Company is not a chit fund or a Nidhi or a mutual benefit fund/society. Accordingly, the provision of clause 4(xiii) of the said Order is not applicable to the Company.
- xiv. As per records of the Company as examined by us and on the basis of information and explanations given to us, Company is not dealing or trading in shares, securities and debentures and other investments. Accordingly the provision of Paragraph 4(xiv) of the order is not applicable to the Company.
- xv. According to the information and explanations given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from any banks or financial institutions. Accordingly the provision of Paragraph 4(xv) of the order is not applicable to the Company.



- xvi. In our opinion and according to the information and explanations given to us, the Company has applied term loan taken for the purpose for which they were raised during the Period under audit.
- xvii. In our opinion and according to the information and explanations given to us, and on an overall examination of the books of accounts of the Company, we report that no funds raised on a 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 preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the Period.
- xix. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the Period covered under audit. Accordingly, the provisions of Paragraph 4(xix) of the Order are not applicable to the Company.
- xx. During the Period, the Company has not raised any money by way of public issues of shares.
- xxi. According to the information and explanations given by the management, we report that no material fraud on or by the Company has been noticed or reported, during the course of our audit.

For T. P. Ostwal & Associates (Regd.)
Chartered Accountants
(Registration No. 124444W)



Place: Mumbai.

Date: 27 JUL 2011

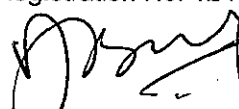
IHSEDU SPECIALITY CHEMICALS PVT. LTD

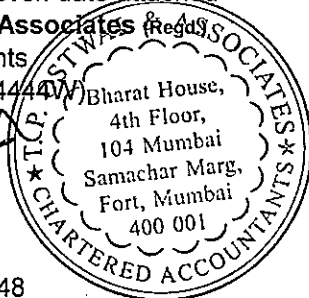
BALANCE SHEET AS AT 31ST MARCH, 2011

| | Schedule | As at 31.03.2011 ₹ | As at 31.12.2010 ₹ |
|--|----------|--------------------------|--------------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Fund | | | |
| Share Capital | [1] | 250,000,000 | 250,000,000 |
| Reserves and Surplus | [2] | 24,588,000 | 24,588,000 |
| | | 274,588,000 | 274,588,000 |
| Loan Funds | | | |
| Secured Loan | [3] | 447,440,679 | 439,131,189 |
| | | 722,028,679 | 713,719,189 |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross Block | [4] | 181,808,990 | 181,785,721 |
| Less : Depreciation | | 6,892,599 | 5,264,154 |
| Net Block | | 174,916,391 | 176,521,567 |
| Capital Work-In-Progress | | 444,352,090 | 443,451,953 |
| Advances against capital commitments | | - | - |
| | | 619,268,481 | 619,973,520 |
| PRE-OPERATIVE EXPENSES | [5] | 271,680,703 | 244,707,338 |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| Inventories | | 67,490,665 | 95,470,936 |
| Sundry Debtors | | 1,745,058 | 1,569,018 |
| Cash and Bank Balances | | 9,107,472 | 8,238,711 |
| Loans and Advances | | 69,836,236 | 69,478,544 |
| | | 148,179,430 | 174,757,209 |
| LESS : CURRENT LIABILITIES AND PROVISIONS | [7] | | |
| Current Liabilities | | 317,222,478 | 325,841,421 |
| Provisions | | 5,291 | 5,291 |
| | | 317,227,769 | 325,846,712 |
| NET CURRENT ASSETS | | (169,048,339) | (151,089,503) |
| MISCELLANEOUS EXPENDITURE | | | |
| Preliminary Expenses | | 127,834 | 127,834 |
| | | 722,028,679 | 713,719,189 |
| Significant Accounting Policies | [8] | | |
| Notes on Accounts | [9] | | |

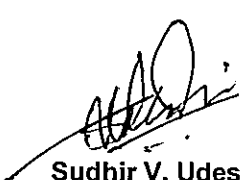
As per our report of even date attached

For T. P. Ostwal & Associates (Regd.)
Chartered Accountants
(Registration No: 124444W)


T. P. Ostwal
Partner
Membership No:30848



For and on behalf of the Board of Directors


Sudhir V. Udeshi
Wholetime Director


Director


Director


Director

Place: Mumbai

Date: 27 JUL 2011

IHSEDU SPECIALITY CHEMICALS PVT. LTDCASH FLOW STATEMENT FOR THE PERIOD FROM 1ST JANUARY, 2011 TO 31ST MARCH, 2011

| Particulars | As at 31.03.2011 ₹ | As at 31.12.2010 ₹ |
|---|--------------------------|--------------------------|
| A Cash Flow from Operating Activities | | |
| Net Profit before tax | - | - |
| Adjustments for :- | | |
| Interest Accrued but not Due | 38,433 | (1,429,522) |
| Operating profit before working capital charges | <u>38,433</u> | <u>(1,429,522)</u> |
| Adjusted for :- | | |
| (Increase)/Decrease in Inventories | 27,980,271 | (64,318,508) |
| (Increase)/Decrease in Debtors & Other Receivables | (533,732) | (18,933,838) |
| Increase/(Decrease) in Payables & Other Liabilities | (8,618,943) | 246,325,087 |
| | <u>18,866,030</u> | <u>161,643,219</u> |
| B Cash Flow from Investing Activities | | |
| Purchase of Fixed Assets/Increase in Pre Operative Expenses | (26,268,326) | (183,896,331) |
| Net Cash from /(used in) Investing Activities | <u>(26,268,326)</u> | <u>(183,896,331)</u> |
| C Cash Flow from Financing Activities | | |
| Borrowings | 8,271,057 | 21,439,336 |
| Equity Share issued | - | - |
| Net Cash from/(used in) Financing Activities | <u>8,271,057</u> | <u>21,439,336</u> |
| Net Increase/(Decrease) in cash equivalents | 868,761 | (813,776) |
| Cash & Cash equivalent | | |
| At the beginning of the year | 8,238,711 | 9,052,487 |
| At the end of the year | 9,107,472 | 8,238,711 |

As per our report of even date attached

For T. P. Ostwal & Associates (Regd.)

Chartered Accountants

(Registration No: 124444W)

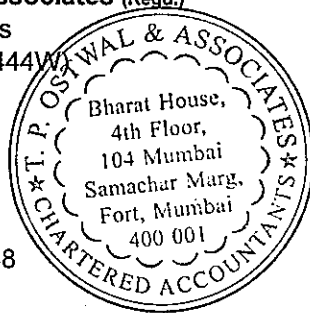
T. P. Ostwal

Partner

Membership No: 30848

Place: Mumbai

Date: 27 JUL 2011



For and on behalf of the Board of Directors

Sudhir V. Udeshi
Wholetime Director

Director

Director

Director

IHSEDU SPECIALITY CHEMICALS PVT. LTD

| SCHEDULES FORMING PART OF THE BALANCE SHEET | As at 31.03.2011 ₹ | As at 31.12.2010 ₹ |
|---|--------------------------|--------------------------|
| SCHEDULE 1 | | |
| SHARE CAPITAL: | | |
| Authorised | | |
| 25,000,000 (P.Y. 25,000,000) Equity Shares of ₹ 10 each | 250,000,000 | 250,000,000 |
| ISSUED, SUBSCRIBED AND PAID UP | | |
| 25,000,000 (P.Y. 25,000,000) Equity Shares of ₹ 10/- each fully paid up | 250,000,000 | 250,000,000 |
| [Of the above 18,990,000 (P.Y. 18,990,000) Equity Shares are held by Jayant Agro Organics Limited, Holding Company] | | |
| TOTAL | 250,000,000 | 250,000,000 |
| SCHEDULE 2 | | |
| RESERVES AND SURPLUS: | | |
| Share Premium | | |
| Balance as per last Balance Sheet | 24,588,000 | 24,588,000 |
| TOTAL | 24,588,000 | 24,588,000 |
| SCHEDULE 3 | | |
| SECURED LOAN: | | |
| From Banks | | |
| Term Loan (Note 1) | 401,696,107 | 420,999,760 |
| Working Capital Loan (Note 2) | 43,014,286 | 15,439,576 |
| Interest accrued on Term Loan | 2,730,286 | 2,691,853 |
| TOTAL | 447,440,679 | 439,131,189 |

Note:

1. Term Loan is secured against pari passu charges on all fixed assets of the Company.
2. Working Capital Loan is secured by by hypothecation of stocks, bills documents, etc.
3. Both this type of loans are collaterally secured by personal guarantee of two Directors and Corporate guarantee by Jayant Agro Organics Ltd. (Holding Co.).
4. Installments due within a year ₹ 77,214,612/- (P.Y. ₹ 77,214,612/-).



IHSEDU SPECIALITY CHEMICALS PVT. LTD

Schedules annexed to and forming part of Accounts

SCHEDULE 4: FIXED ASSETS

| Particulars | Gross Block | | | | Depreciation | | | | Net Block | |
|--------------------------------------|---------------------|-----------------------------------|------------------------------------|---------------------|--------------------|-------------------|------------------------------------|--------------------|---------------------|---------------------|
| | As at 01.01.2011 | Additions during the period | Deductions during the period | As at 31.03.2011 | Upto 01.01.2011 | For the period | Deductions during the period | Upto 31.03.2011 | As at 31.03.2011 | As at 31.12.2010 |
| | Freehold Land | 38,022,750 | - | - | 38,022,750 | - | - | - | - | 38,022,750 |
| Building | 57,849,017 | - | - | 57,849,017 | 1,502,948 | 472,439 | - | 1,975,387 | 55,873,630 | 56,346,069 |
| Plant & Machinery | 82,816,763 | 7,500 | - | 82,824,263 | 3,335,169 | 1,080,365 | - | 4,415,534 | 78,408,729 | 79,481,594 |
| Computer | 881,810 | 7,650 | - | 889,460 | 159,998 | 35,638 | - | 195,636 | 693,824 | 721,812 |
| Furniture & Fixtures | 1,556,765 | 8,119 | - | 1,564,884 | 94,943 | 24,559 | - | 119,502 | 1,445,382 | 1,461,822 |
| Vehicles | 658,616 | - | - | 658,616 | 171,097 | 15,444 | - | 186,541 | 472,076 | 487,520 |
| Total | 181,785,721 | 23,269 | - | 181,808,990 | 5,264,154 | 1,628,445 | - | 6,892,599 | 174,916,391 | 176,521,567 |
| Previous Year | 179,440,881 | 2,344,840 | - | 181,785,721 | 329,344 | 4,934,810 | - | 5,264,154 | 176,521,567 | - |
| Capital Work In Progress | | | | | | | | | 444,352,090 | 443,451,953 |
| Advances Against Capital Commitments | | | | | | | | | - | - |



IHSEDU SPECIALITY CHEMICALS PVT. LTD

| SCHEDULES FORMING PART OF THE BALANCE SHEET | As at | As at |
|---|--------------------|--------------------|
| | 31.03.2011 | 31.12.2010 |
| | ₹ | ₹ |
| SCHEDULE 5 | | |
| PRE-OPERATIVE EXPENSES: | | |
| (Pending Capitalisation) | | |
| Balance as per last Balance Sheet | 244,707,338 | 79,288,679 |
| Electricity Expenses | 9,500 | 54,480 |
| Power Consumption | 2,267,249 | 28,861,040 |
| Salaries, Wages, PF & Other Funds | 2,745,320 | 7,684,133 |
| Directors Remuneration | 715,719 | 1,333,092 |
| Labour Expenses | 700,234 | 5,097,110 |
| Interest: | | |
| - Term Loan | 13,038,241 | 37,905,636 |
| - Working Capital | 891,709 | 2,266,051 |
| - Others | 457 | 12,721,545 |
| Stamping & Registration Charges | 500 | 312,942 |
| Insurance | 186,896 | 532,139 |
| Travelling & Other Expenses | 265,181 | 1,039,068 |
| Lodging & Boarding Expenses | 55,682 | 443,626 |
| Software Expenses | - | 126,501 |
| Bank Charges | 1,859,112 | 1,433,818 |
| Postage Expenses | 2,289 | 15,023 |
| Telephone Expenses | 137,976 | 309,714 |
| Security Expenses | 274,508 | 768,760 |
| Advertisement Expenses | 14,889 | 51,300 |
| Legal & Professional Expenses | 372,012 | 3,166,648 |
| Licence & Subscription | 3,938 | 29,663 |
| Pooja and Other Expenses | - | 32,945 |
| Printing & Stationery | 50,303 | 135,718 |
| Rent, Rates and Taxes | 627,089 | 1,242,142 |
| Office Expenses | 25,764 | 261,882 |
| Canteen expenses | 35,025 | 93,597 |
| Repairs & Maintenance | 192,631 | 733,495 |
| Boiler Operation Fees | 383,345 | 1,854,656 |
| Electrical Maintenance | 86,958 | 311,689 |
| House Keeping & Maintenance | 156,625 | 503,518 |
| ETP Maintenance | 236,701 | 628,898 |
| Factory Maintenance | 148,334 | 440,000 |
| Conveyance | 61,534 | 192,094 |
| Motor car Expenses | 130,974 | 296,053 |
| Books & Periodicals | 531 | 13,864 |
| Brokerage On Sales | 26,850 | 156,320 |
| Brokerage On Purchases | 24,103 | - |
| Freight Coolie Cartage | 96,405 | 260,501 |
| Miscellaneous Expenses | 9,816 | 94,299 |
| Analysis & Testing Charges | 40,950 | 14,247 |
| Donation | - | 9,000 |
| Board Meeting Expenses | - | 7,091 |
| Depreciation | 1,628,445 | 4,934,810 |
| Audit Fees | 220,600 | 441,200 |
| Raw Material Consumed during Trial Run | 32,474,118 | 112,667,772 |
| | 304,905,848 | 308,766,759 |
| Less: | | |
| Sale of goods Manufactured during Trial Run | 32,773,771 | 63,683,276 |
| Interest on GEB Deposits | 451,374 | 376,145 |
| | 33,225,145 | 64,059,421 |
| TOTAL | 271,680,703 | 244,707,338 |
| Less : Capitalised | | |
| | - | - |
| TOTAL | 271,680,703 | 244,707,338 |
| Balance Carried to Balance Sheet | | |



IHSEDU SPECIALITY CHEMICALS PVT. LTD

| SCHEDULES FORMING PART OF THE BALANCE SHEET | As at 31.03.2011 ₹ | As at 31.12.2010 ₹ |
|---|--------------------------|--------------------------|
| SCHEDULE 6 | | |
| CURRENT ASSETS, LOANS AND ADVANCES: | | |
| INVENTORIES | | |
| (As taken valued and certified by management) | | |
| Raw Materials, Chemicals, and Packing Materials (at cost) | 13,205,655 | 12,036,463 |
| Work in Process (at cost) | 8,825,040 | 8,060,899 |
| Finished Goods (Trial Run) | 45,459,970 | 75,373,574 |
| TOTAL | 67,490,665 | 95,470,936 |
| SUNDRY DEBTORS | | |
| (Unsecured, considered good) | | |
| Exceeding Six Months | 1,049,665 | 1,012,554 |
| Others | 695,393 | 556,464 |
| TOTAL | 1,745,058 | 1,569,018 |
| CASH AND BANK BALANCES | | |
| Cash on Hand | 182,574 | 154,872 |
| Balance in: | | |
| - Current Accounts | 8,911,337 | 8,083,839 |
| - Margin Money Account | 13,560 | - |
| TOTAL | 9,107,472 | 8,238,711 |
| LOANS AND ADVANCES | | |
| (Unsecured, considered good) | | |
| Excise & Other Taxes Recoverable | 53,828,634 | 54,188,970 |
| Deposits with Government and Others | 14,729,493 | 14,400,993 |
| Advances Recoverable in Cash or in Kind | 1,278,110 | 888,581 |
| TOTAL | 69,836,236 | 69,478,544 |
| TOTAL | 148,179,430 | 174,757,209 |
| SCHEDULE 7 | | |
| CURRENT LIABILITIES AND PROVISIONS: | | |
| CURRENT LIABILITIES | | |
| Security Deposits | 1,302,965 | 1,302,965 |
| Sundry Creditors | 24,114,579 | 38,624,281 |
| Advance against Orders | 73,274 | 222,459 |
| Advance from Holding Company | 286,991,843 | 280,173,551 |
| Retention Money | 3,244,125 | 4,028,048 |
| Other Liabilities | 1,495,692 | 1,490,118 |
| TOTAL | 317,222,478 | 325,841,421 |
| PROVISIONS | | |
| For Fringe Benefit Tax (net of advance tax) | 5,291 | 5,291 |
| TOTAL | 5,291 | 5,291 |
| TOTAL | 317,227,769 | 325,846,712 |



Ihsedu Speciality Chemicals Pvt. Ltd.

Schedules annexed to and forming part of Accounts
SCHEDULE 9: SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING

The Financial statements are prepared under historical cost convention, on the accrual basis of accounting and under the going concern assumption, in accordance with the generally accepted accounting principles in India and comply with the Accounting Standards notified in the Companies (Accounting Standard) Rules 2006,(as amended) issued by the Central Government, in consultation with National Advisory Committee on Accounting Standard ('NACAS') and relevant provisions of Companies Act, 1956 ('the act'), to the extent applicable.

B. USE OF ESTIMATES

The preparation of financial statements required management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between actual results and estimates are recognized in the period in which they materialize.

C. FIXED ASSETS

Fixed assets are carried at the original cost of acquisition and include all incidental expenses related to acquisition and installation of the concerned Assets.

D. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition of qualifying asset are capitalized for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes 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.

E. DEPRECIATION

Depreciation on assets is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

Assets of ₹ 5,000/- or less is expensed out during the year of purchase.

F. INVESTMENTS

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long-term based on Management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value. Long term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is not temporary in the opinion of the management.

G. INVENTORIES

- (a) Raw material, Chemicals, Packing Materials and Stores and Spares are valued at cost.
- (b) Work- in -process is valued at cost.
- (c) Finished goods are valued at cost or net realisable whichever is lower.
- (d) By-Products are valued at net realizable value.
- (e) Cost is determined on First-in-First Out basis.



H. EMPLOYEE BENEFITS

Defined Contribution Plan

Retirement Benefits in the Provident Fund and Family Pension Fund, which are defined contribution schemes, are charged to the Profit and Loss account of the year when contributions accrue.

I. FOREIGN CURRENCY

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Foreign currency monetary assets and liabilities remaining unsettled at the year end are translated at the year end rate and difference in translation is recognized in the Preoperative Expenditure Account.

J. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

K. TAXES ON INCOME

Current Tax

Current Tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred Taxation

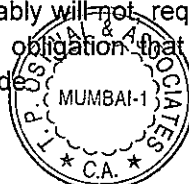
Deferred tax reflects the tax effects of timing differences between accounting income and the taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets, if any, are reviewed as at each Balance Sheet date to reassess realization.

L. IMPAIRMENT OF ASSETS

At each Balance Sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset.

M. PROVISIONS AND CONTINGENT LIABILITIES

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.



Ihsedu Speciality Chemicals Pvt. Ltd.

SCHEDULE 10: NOTES ON ACCOUNTS

A. Managerial Remuneration

| Particulars | (Amount in ₹) | |
|--------------------------------|------------------------------------|---------------------------------------|
| | For Period ended March 31, 2011 | For Period ended December 31, 2010 |
| Remuneration | 603,000 | 1,125,000 |
| Perquisites | 112,719 | 208,092 |
| Contribution to Provident Fund | 34,200 | 102,600 |
| Total | 749,919 | 1,435,692 |

- Note : i. Remuneration comprises of Salary and Allowances.
ii. Computation of Net Profit under Section 349 and 350 of Companies Act, 1956 is not possible to give in absence of the Profit & Loss Account, as the Company is yet to commence its commercial production.

B. Payments to Auditor :

| Particulars | (Amount in ₹) | |
|----------------------|------------------------------------|---------------------------------------|
| | For Period ended March 31, 2011 | For Period ended December 31, 2010 |
| Statutory Audit Fees | 110,300 | 441,200 |
| Income Tax Matters | 110,300 | - |
| Other Services | 11,030 | - |
| Total | 231,630 | 441,200 |

C. Estimated amount of contracts remaining to be executed on Capital Accounts amounted to NIL (P.Y. NIL).

D. Related Party Disclosures : (As identified by the Management)

Related party disclosures as required by Accounting Standard 18, "Related Party Disclosures", issued by the Institute of Chartered Accountants of India are given below :-

a) List of related parties

i. Holding Company :

Jayant Agro-Organics Ltd.

ii. Associate Company:

Mitsui & Co. (Asia Pacific) PTE Ltd., Singapore.

Mitsui & Co. Ltd., Japan.

iii. Fellow Subsidiary:

Ihsedu Agrochem Private Ltd.

Ihsedu Coreagri Services Private Ltd.

Ihsedu Itoh Green Chemicals Marketing Private Limited.

iv. Enterprises Controlled by directors/relatives :

Jayant Finvest Limited

Gokuldas K Udeshi Investment



Thsedu Speciality Chemicals Pvt. Ltd.

v. Key Management Personnel :

| Name | Designation |
|--------------------------|--------------------|
| Mr. Vithaldas G. Udeshi | Chairman |
| Mr. Sudhir V. Udeshi | Wholetime Director |
| Mr. Abhay V. Udeshi | Director |
| Mr. Hemant V. Udeshi | Director |
| Dr. Subhash V. Udeshi | Director |
| Mr. Vikram V. Udeshi | Director |
| Mr. Kimihide Kondo | Alternate Director |
| Mr. Makoto Kato | Director |
| Mr. Masanori Ikebe | Director |
| Mr. Jayasinh V. Mariwala | Director |

b) Details relating to parties referred to in items above :

(Amount in ₹)

| Particulars | Holding Company | Controlled by Directors & Relatives | Associate Company | Fellow Subsidiary | Key Management Personnel |
|-------------------------------|------------------------------|-------------------------------------|-------------------|-------------------|--------------------------|
| Interest Paid | - (12,606,925) | - | - | - | - |
| Job Charges | - | - | - | (963,926) | - |
| Purchases | 861,150 (49,147,055) | - | - | (27,811,734) | - |
| Sales | 25,005,915 (55,099,992) | - | - | - | - |
| Subscription to Equity Shares | - | - | - | - | - |
| Remuneration | - | - | - | - | 749,919 (1,435,692) |
| Closing Balance | 286,991,843 (280,173,551) | - | - | - | - |

Notes :

1. The above information has been reckoned on the basis of information available with the Company.
2. Figures in brackets are in respect of the Previous Year.

E. Value Of Imports On C.I.F. Basis

(Amount in ₹)

| Particulars | For Period ended March 31, 2011 | For Period ended December 31, 2010 |
|--------------|---------------------------------|------------------------------------|
| Fixed Asset | - | 1,342,051 |
| Total | - | 1,342,051 |

F. Expenditure In Foreign Currency

(Amount in ₹)

| Particulars | For Period ended March 31, 2011 | For Period ended December 31, 2010 |
|---------------------|---------------------------------|------------------------------------|
| Travelling Expenses | - | 356,491 |
| Total | - | 356,491 |

- G. Pending the Company's request for reconsideration of matter, the penalty levied by Effluent Channel Projects Limited ("ECPL") an authorized agency of the Gujrat Pollution Control Board for monitoring the waste water disposal amounting to ₹ 12,371,450/- to be payable in installments by October, 2012 has not been provided in the books.



Ihsedu Speciality Chemicals Pvt. Ltd.

H. The Company is in the process of identifying the Micro, Small and Medium Enterprises as defined under the "The Micro, Small and Medium Enterprises Development Act, 2006." However, based on the information so far available with the Company, the Company has no dues to micro and small enterprises during the period ended March 31, 2011.

I. Trial Run Cost:

The Company has commenced Trial Production of the plant erected during the previous year. Steps are being taken to achieve continuous production. However due to non absorption of technology fully, the completion of plant is still pending. All the expenses incurred and income earned during the integrated tests and trial run production as well as related other expenses are treated as a part of expenditure during the construction for ultimate capitalization as per the Accounting Standard AS 10 on Accounting For Fixed Assets issued by Institute of Chartered Accountant of India. The plant consists of various sections; some sections follow a batch process and the rest form part of continuous production process. The plant and the product where the intermediate product-forms the batch process has been produced, has been capitalized. The continuous plant will be capitalized after the final product from the process starts commercial production. Pre-operative expenses to be allocated among the fixed assets in the year of commencement of commercial production.

J. Sales made of the products manufactured during the trial production have been reduced from Pre-Operative expenses.

K. Pre-Operative Expenditure:

Pre-operative expenditure is incurred till commencement of production on the Machine installed during the year and it has been treated as incidental cost of plant & machinery and factory building and have been allocated to these assets in the ratio of total direct cost arrived at after taking into account direct incidental expenses incurred for erection of the assets. Costs directly attributable have been allocated directly and other indirect costs have been allocated proportionate on basis of the value of direct expense incurred on assets. Remaining preoperative expenses amount has been kept in Pre-operative expenses account for further capitalization among different assets on proportionate basis.

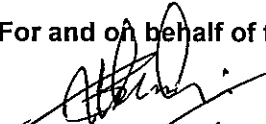
L. Borrowing Cost:

Borrowing Cost has been allocated to various assets capitalized and to preoperative expenses based on the utilization of borrowed funds for the acquisition of capital assets including payment for transfer of technology.

M. During the year, the company has changed its financial year from April to December to January to March. Accordingly these financial statements has been prepared for 3 months period from 1st January, 2011 to 31st March, 2011. Hence previous periods figures are not comparable.

N. Previous periods figures have been regrouped / rearranged wherever necessary.

For and on behalf of the Board


Sudhir V. Udeshi
Wholetime Director


Director


Director


Director

Place: Mumbai

Date:

27 JUL 2011



IHSEDU SPECIALITY CHEMICALS PVT. LTD

SCHEDULE FORMING PART OF BALANCE SHEET AS TA 31ST MARCH, 2011
Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract and Company's General Business Profile : (Part IV)

I Registration Details

Registration No. : 11-164412
State Code : 11
Balance Sheet Date : 31.03.2011

(₹ '000)

II Capital raised during the year (Amount in Rupees)

Public Issue : -
Rights Issue : -
Bonus Issue : -
Private Issue : -

III Position of Mobilisation and deployment of Funds (Amount in ₹)

Total Liabilities : 722,029
Total Assets : 722,029

IV Sources of Funds :

Paid up Capital : 250,000
Reserve & Surplus : 24,588
Secured Loans : 447,441
Unsecured Loans : -
Share Application Money : -

V Application of Funds

Net Fixed Assets : 619,268
Investments : -
Net Current Assets : (169,048)
Deferred Tax Assets : -
Misc. Expenditure : 127.83
Accumulated Losses : -

VI Performance of Company (Amount in ₹)

Turnover / Total income : -
(Including other income and inventories)
Total Expenditure : -
Profit/Loss Before Tax : -
Profit/Loss After Tax : -
Earning per share in ₹ : -
Divident Rate % : -

VII Generic Names of Three Principal Products/Services of Company (As per monetary Terms)

Item Code No. (ITC Code) : 29171300
Product Description : Sebacic Acid

For and on Behalf of Board of Directors



S. V. Udeshi
S. V. Udeshi
Wholetime Director

[Signature]
Director

[Signature]
Director

[Signature]
Director

Place: Mumbai

Date:

27 JUL 2011