

**IHSEDU AGROCHEM PVT.LIMITED**

***ANNUAL REPORT***

***2011- 2012***

# IHSEDU AGROCHEM PVT. LTD.

(A 100% SUBSIDIARY OF JAYANT AGRO-ORGANICS LIMITED)

MANUFACTURERS & EXPORTERS OF CASTOR OIL & ITS PRODUCTS



**REGD. OFFICE :** AKHANDANAND, 38, MAROL CO-OP IND. ESTATE, OFF M.V. ROAD, SAKINAKA, ANDHERI (E), MUMBAI - 400 059. INDIA.  
TEL. : (022) 4027 1300 • FAX : (022) 4027 1399 • E-MAIL : jaol@vsnl.net • WEBSITE : www.jayantagro.com  
**FACTORY :** PLOT NO. 667, STATE HIGHWAY NO. 41, JAGANA, PALANPUR, DIST. BANASKANTHA, GUJARAT - 385 011 . INDIA.  
TEL.: (02742) 252 658 • FAX : (02742)258 623

## NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of IHSEDU AGROCHEM PVT. LTD. will be held on Monday, September 24, 2012 at 11.00 a.m. at the Registered Office of the Company at Akhandanand, 38, Marol Co-op. Indl. Estate, 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 Audited Balance Sheet as at 31<sup>st</sup> March, 2012, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditor's thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr. Bharat M.Udeshi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vithaldas G.Udeshi, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

### **Note :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER.
2. The instrument appointing a proxy should be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.

By Order of the Board

sd/-

Place : Mumbai.

Date : 3<sup>rd</sup> August, 2012

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

Vithaldas G.Udeshi  
Chairman

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## DIRECTORS' REPORT

To,  
The Shareholders,  
Ihsedu Agrochem Pvt. Ltd.

Your Directors have pleasure in submitting their Twelfth Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2012

### 1. FINANCIAL RESULTS:

Particulars	2011-2012 ₹ in Lacs	2010-2011 ₹ in Lacs
Revenue from operations and other income	91,950.15	29,871.23
Profit before Finance Cost, Depreciation, Amortisation Expenses ,Exceptional Item and Tax	2,347.22	1373.79
Less: Depreciation, and Amortisation Expenses	329.25	272.09
Profit before Finance cost, Exceptional Item and Tax	2017.97	1101.70
Less: Finance Costs	532.21	165.39
Profit before Tax and Exceptional Item	1485.76	936.31
Less : Exceptional Item	15.97	(0.09)
Profit before Tax	1469.79	936.40
Less: Provision for Tax	549.73	239.11
Profit After Tax	920.06	697.29
Add: Profit brought forward from the previous year	2104.97	1439.75
Profit available for appropriation, which is appropriated as follows:	3025.03	2137.04
Appropriations:		
Proposed Dividend	137.50	27.50
Corporate Dividend Tax on Proposed Dividend	22.30	4.57
Transferred to General Reserve	95.00	-
Balance carried to Balance Sheet	2770.23	2104.97
Total	3025.03	2137.04

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## 2. PERFORMANCE:

Your Directors are happy to inform you that your Company has achieved the turnover of Sales and Services of Rs.91,932.58 lacs and the profit after tax was Rs.920.06 lacs against Rs.29,806.24 lacs and Rs.697.29 lacs respectively in the previous year.

## 3. EXPANSION:

The Company, during the year under review, has installed additional Plant & Machinery worth Rs.1245.05 lacs ,and constructed Building valued at Rs.29.77 lacs to expand its overall capacity.

## 4. DIVIDEND:

The Directors have recommended for consideration of the Shareholders at the ensuing Annual General Meeting payment of a Dividend at Rs. 2.50 per share (25%) for the year ended 31<sup>st</sup> March, 2012

## 5. FIXED DEPOSITS :

The Company has not accepted any deposit from the public, during the year under review.

## 6. DIRECTORS :

In accordance with the provisions of the Articles of Association of the Company, Mr. Bharat M.Udeshi and Mr. Vithaldas G. Udeshi are retiring by rotation and being eligible offer themselves for re-appointment.

## 7. PARTICULARS OF EMPLOYEES :

Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 are Nil.

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## 8. 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 T.P.Ostwal & Associates, Chartered Accountants, as the Statutory Auditors of the Company.

## 9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO :

The particulars required under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are annexed to this Report as Annexure "A".

## 10. DIRECTORS RESPONSIBILITY STATEMENT :

As required under Section 217 of the Companies Act, 1956, the Directors hereby confirm that:

- 1) in the preparation of the annual accounts, applicable accounting standards have been followed and there are no material departures;
- 2) the Directors have 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 of the Company for the said period;
- 3) the Directors have 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 to the best of their knowledge and ability;
- 4) the Directors have prepared the annual accounts on a going concern basis.

For and on behalf of the Board

sd/-

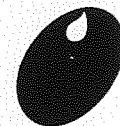
VITHALDAS G. UDESHI  
CHAIRMAN

Place : Mumbai  
Date : 3<sup>rd</sup> August, 2012

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## ANNEXURE "A" TO DIRECTORS' REPORT

Statement of particulars under Companies (Disclosure of Particulars) in the Report of Board of Directors Rules 1988.

### A CONSERVATION OF ENERGY

Energy conservation measures taken:-

The commercial production commenced only in January 2004.

#### FORM "A"

a	Power & Fuel consumption	<u>2011-2012</u>	<u>2010-2011</u>
1	(i) <u>Electricity</u>		
	Purchased Units	12,385,540	9,951,280
	Total Amount (Rs.in Lacs)	803.42	600.50
	Rate / Unit Rs.)	6.49	6.04
	(ii) <u>Own generation</u>		
	Through Diesel Generator :	-	-
2	Fuel Consumption		
	Castor Meal (MT)	21,675.362	16,418.038
	Total Amount (Rs. in Lacs)	975.39	733.41
	Rate/Unit (Rs.)	4,500.00	4,450.00
b	Consumption per unit of castor seed Crushing (MT)	304,871.770	255,853.264
	Electricity (Per MT)	263.53	234.74
	Fuel Consumption (Per MT)	319.93	286.65
B	TECHNOLOGY ABSORPTION	-----	-----

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## FORM "B"

a Research & Development ----

b Technology Absorption, Adoption and Innovation ----

c. FOREIGN EXCHANGE EARNING AND OUTGO :

The Details of Total exchange used and earned are provided in Note 27, 28 & 29 of notes on Financial Statements.

For and on behalf of the Board

sd/-

Place : Mumbai.

Date : 3<sup>rd</sup> August, 2012

VITHALDAS G. UDESHI  
CHAIRMAN

# **T.P. Ostwal & Associates (Regd.)**

CHARTERED ACCOUNTANTS.

Bharat House, 4<sup>th</sup> 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](mailto:fca@vsnl.com)

## **AUDITORS' REPORT**

To  
The Members of  
**IHSEDU AGROCHEM PRIVATE LIMITED**

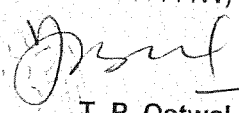
1. We have audited the attached Balance Sheet of **IHSEDU AGROCHEM PRIVATE LIMITED** ("the Company") as at 31<sup>st</sup> March, 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility 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, the Statement of Profit and Loss and also the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, the Statement of Profit and Loss and also the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of 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 31<sup>st</sup> March, 2012 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 31<sup>st</sup> March, 2012;
- (ii) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date and;
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

  
**T. P. Ostwal**  
(Partner)  
Membership No. 30848

Place: Mumbai.

Date:  3 AUG 2012

## ANNEXURE TO THE AUDITORS' REPORT

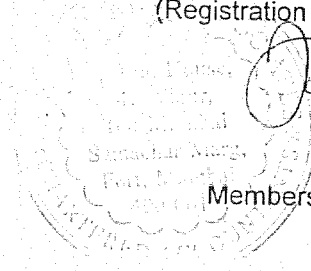
Referred to in paragraph (3) of our report of even date on the financial statements for the year ended 31<sup>st</sup> March, 2012 of Ihsedu Agrochem Private Limited and on the basis of such checks as we considered appropriate and based on the information and explanations given to us, we state that:

- i.
  - (a) The Company has generally 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 the 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 year 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 year. 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.
  - (b) 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 weaknesses 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, provisions of Paragraph 4(v) of the Order are 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 internal audit functions carried out during the year by firm of chartered Accountants appointed by the Management have been commensurate with the size of the Company 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 are 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 with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2012 for a Period of more than six months from the date they became payable.
  - (b) According to the information and explanations given to us, as on 31<sup>st</sup> March, 2012 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.
- ii. The Company neither has accumulated losses nor incurred cash losses during the financial year covered by our report and immediately preceding financial year.
- x. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks.
- xi. 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.
- xii. In our opinion, the Company is not a chit fund or a Nidhi or a mutual benefit fund/society. Accordingly, the provision of Paragraph 4(xiii) of the Order is not applicable to the Company.
- xiii. As per records of the Company 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.
- xiv. 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.

- xv. In our opinion and according to the information and explanations given to us, the Company has applied term loans taken for the purpose for which they were raised during the year under audit.
- xvi. 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 and vice-versa.
- xvii. According to the information and explanations given to us during the year, 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.
- xviii. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the year covered under audit. Accordingly, the provisions of Paragraph 4(xix) of the Order are not applicable to the Company.
- xix. During the year, the Company has not raised any money by way of public issues of shares.
- xx. 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 year.

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



**T. P. Ostwal**  
(Partner)  
Membership No. 30848

Place: Mumbai

Date: 3 AUG 2012

# Ihsedu Agrochem Private Limited

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2012

Particulars	Note No.	2012	(Amount in ₹) 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share Capital	2	55,000,000	55,000,000
Reserves and Surplus	3	286,795,255	210,502,931
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	214,385,644	132,202,446
Deferred Tax Liabilities (net)	5	75,761,767	58,504,193
Other Long-Term Liabilities	6	-	1,073,833
<b>Current Liabilities</b>			
Short-Term Borrowings	7	253,811,480	96,384,060
Trade Payables		374,014,599	171,819,964
Other Current Liabilities	8	204,838,768	239,632,394
Short-Term Provisions	9	34,276,437	20,102,933
	<b>TOTAL</b>	<b>1,498,883,950</b>	<b>985,222,754</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible Assets	10	607,633,173	513,275,597
Capital Work-in-Progress		28,406,922	117,569,669
Non Current Investments	11	11,000	11,000
Long-Term Loans and Advances	12	20,936,451	31,486,032
Other Non-Current Assets	13	-	150,500
<b>Current assets</b>			
Inventories	14	299,772,889	217,032,747
Trade Receivables	15	471,723,895	31,058,855
Cash and Bank Balances	16	8,960,740	50,275,384
Short-Term Loans and Advances	17	46,411,273	12,571,623
Other Current Assets	18	15,027,607	11,791,347
	<b>TOTAL</b>	<b>1,498,883,950</b>	<b>985,222,754</b>
Significant Accounting Policies			
Notes on Financial Statements	1 to 39		
As per our Report of even date			

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

Director

Director

Place: Mumbai

Date: 3 AUG 2012

# Ihsedu Agrochem Private Limited

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

		(Amount in ₹)	
Particulars	Note No.	2012	2011
<b>INCOME:</b>			
Revenue from Operations	19	9,193,257,890	2,980,624,393
Other Income	20	1,756,980	6,498,450
<b>Total Revenue</b>		<b>9,195,014,870</b>	<b>2,987,122,843</b>
<b>EXPENDITURE:</b>			
Cost of Materials Consumed	21	7,324,561,206	2,462,708,080
Purchases of Stock-in-Trade		1,346,505,278	273,486,559
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	22	7,124,032	(130,506,137)
Employee Benefits Expense	23	36,839,638	29,573,769
Finance Costs	24	53,221,347	16,539,639
Depreciation and Amortization Expense	10	32,924,841	27,209,353
Other Expenses	25	245,262,696	214,480,500
<b>Total Expenses</b>		<b>9,046,439,038</b>	<b>2,893,491,763</b>
<b>Profit before Exceptional Item and Tax</b>		<b>148,575,832</b>	<b>93,631,080</b>
<b>Less: Exceptional Items</b>	26	1,596,514	(8,502)
<b>Profit before Tax</b>		<b>146,979,318</b>	<b>93,639,582</b>
<b>Less: Tax Expense:</b>			
Current Tax		33,900,000	20,087,500
Deferred Tax		17,257,574	4,386,029
MAT Credit Entitlement		3,815,746	(563,290)
<b>Profit for the Year</b>		<b>92,005,998</b>	<b>69,729,343</b>

### Earnings per Equity Share of Face Value of ₹ 10/- Each

Basic and Diluted EPS (in ₹)	32	16.73	12.68
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### Significant Accounting Policies

### Notes on Financial Statements

1 to 39

As per our Report of even date

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

*(Signature)*  
Director

*(Signature)*  
Director

Place: Mumbai

Date: — 3 AUG 2012

# Ihsedu Agrochem Private Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012

		(Amount in ₹)	
Particulars	2012	2011	
<b>A Cash Flow from Operating Activities</b>			
Net Profit before tax	146,979,318	93,639,582	
Adjustments for :-			
Depreciation & Amortization	32,924,841	27,209,353	
Provision for Leave Encashment	2,517,032	752,927	
Loss/(Profit) on Sale of Assets	(292,657)	531,772	
Interest received	(447,582)	(333,869)	
Forward Contract Loss/(Gain)	235,454	-	
Excess Provision written back	(13,445)	(8,502)	
Wealth Tax Provision	40,000	40,000	
Wealth Tax Paid	(37,210)	(26,498)	
Interest Paid	48,788,334	16,539,639	
Operating profit before working capital changes	<b>230,694,085</b>	<b>138,344,404</b>	
Adjusted for :-			
(Increase)/Decrease in Inventories	(82,740,142)	(109,339,241)	
(Increase)/Decrease in trade receivables	(440,665,040)	(20,866,663)	
(Increase)/Decrease in long term and short term loans & advances	(27,105,816)	6,260,335	
(Increase)/Decrease in other current assets	(3,054,294)	660,921	
Increase/(Decrease) in trade payables	202,194,634	(156,449,308)	
Increase/(Decrease) in long term & short term provisions	269,049	208,511	
Increase/(Decrease) in other long term liabilities	(1,073,833)	-	
Increase/(Decrease) in other liabilities	(34,793,625)	156,444,558	
	<b>(386,969,067)</b>	<b>(123,080,887)</b>	
<b>B Cash Flow from Investing Activities</b>			
Purchase of Fixed Assets	(38,900,846)	(66,815,577)	
Sale of Fixed Assets	1,073,833	1,159,888	
Interest received	447,582	333,869	
Net Cash from /(used in) Investing Activities	<b>(37,379,431)</b>	<b>(65,321,820)</b>	
<b>C Cash Flow from Financing Activities</b>			
Borrowings	239,610,618	132,083,946	
Taxes Paid	(35,286,396)	(13,267,959)	
Dividend Paid	(2,750,000)	(2,750,000)	
Tax on Distributed Profits	(446,120)	(467,363)	
Interest Paid	(48,788,334)	(16,539,639)	
Net Cash from/(used in) Financing Activities	<b>152,339,768</b>	<b>99,058,985</b>	
Net Increase/(Decrease) in cash equivalents	<b>(41,314,644)</b>	<b>49,000,682</b>	
<b>Cash &amp; Cash equivalent</b>			
At the beginning of the year	50,275,384	1,274,702	
At the end of the year	8,960,740	50,275,384	

As per our report of even date

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

**T. P. Ostwal**  
(Partner)  
Membership No:30848

Place: Mumbai

Date: **3 AUG 2012**

For and on behalf of the Board of Directors

Director

Director

# Ihsedu Agrochem Private Limited

## Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2012

### Note 1: Significant Accounting Policies

#### A. Basis of Accounting

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the Generally Accepted Accounting Principles, Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof. During the year, Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. The Company has reclassified the previous year figures in accordance with the requirements applicable in the current year.

#### 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

**(a) Tangible Assets :** Tangible assets are stated at cost less accumulated depreciation and net of impairment, if any. Pre-operation expenses including trial run expenses (net of revenue) are capitalized. Borrowing costs during the period of construction is added to the cost of eligible tangible assets.

**(b) Intangible Assets :** Intangible assets are stated at cost less accumulated amortization and net of impairments, if any. An intangible asset is recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and its cost can be measured reliably. Intangible assets having finite useful lives are amortized on a straight-line basis over their estimated useful lives.

#### 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

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

(b) Depreciation on additions/ deletions of assets during the year is provided on a pro-rata basis.

(c) Leasehold Land is amortized over the period of lease.

(d) Intangible Asset is amortized over the useful life of asset.

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

Rate of depreciation on intangible asset is 25% on straight line basis.

#### F. Research and Development

Revenue expenditure on research and development is recognized as an expense in the year in which it is incurred and the expenditure on capital assets is depreciated on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956.



# Ihsedu Agrochem Private Limited

## Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2012

### Note 1: Significant Accounting Policies (contd.)

#### G. 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.

#### H. Inventories

(a) Inventories are valued at lower of cost or net realizable value except for scrap and by-products which are valued at net realizable value.

(b) Cost of inventories of finished goods and work-in-process includes material cost, cost of conversion and other costs.

(c) Cost of inventories of raw material and material cost of finished goods and work-in-process is determined on First In First Out (FIFO) basis except Chemicals, Packing Materials, stores and spare parts which are valued at weighted average cost.

#### I. Revenue Recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Sales are recognized when goods are supplied. Turnover includes sale of goods, services, scrap, export incentives and are net of sales tax/Value Added Tax and Excise Duty.

Dividend income is recognized when right to receive the payment is established by the Balance Sheet Date.

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

Exports are accounted on CIF basis.

#### J. Accounting of Claims

(a) Claims receivable are accounted at the time when such income has been earned by the Company depending on the certainty of receipts. Claims payable if any, are accounted at the time of acceptance.

(b) Claims raised by Government Authorities regarding taxes and duties, which are disputed by the Company, are accounted based on the merits of each claim.

(c) Central Sales Tax claims and duty drawback claims are accounted on accrual basis.

#### K. Foreign Currency Transactions

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities on the closing date denominated in foreign currencies are recognized in the profit and loss account as per AS 11. In case such monetary items are covered by forward contracts, gain or loss on the same is accounted in the statement of profit and loss as per AS 11.

# Ihsedu Agrochem Private Limited

## Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2012

### Note 1: Significant Accounting Policies (contd.)

**Hedge Reserve :** In order to recognize the impact of fluctuation in foreign currency rates arising out of instruments acquired to hedge highly probable forecast transactions, in appropriate accounting periods, the Company applies the principles of recognition set out in the Accounting Standard 30- Financial Instruments - Recognition and Measurement (AS-30) as suggested by the Institute of Chartered Accountants of India. Accordingly, the unrealized gain/(loss) (net) consequent to foreign currency fluctuations, in respect of effective hedging instruments, represented by simple forward covers, to hedge future exports, are carried as a Hedging Reserve and ultimately set off in the statement of Profit and Loss account when the underlying transaction arises.

#### **L. Sundry Debtors**

Sundry debtors are stated after writing off debts which are not recoverable. Adequate provision is made for debts if considered doubtful.

#### **M. Employee Benefits**

##### **Defined Contribution Plan**

(a) 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.

(b) Annual contribution towards Gratuity Liability is funded with the Life Insurance Corporation of India in accordance with their Gratuity scheme and is absorbed in the Accounts. The Company does not retain an obligation to pay further amounts if insurer does not pay all future employee benefits so the plan is not treated as defined benefit plan.

(c) Entitlements to annual leave and sick leave are recognized when they accrue to the employees. Sick leave can only be availed when annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulation of leave. Provision for Leave Encashment is based on year end leave balance.

#### **N. 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.

##### **Minimum Alternative Tax (MAT)**

Minimum Alternative Tax paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustments of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

# Ihsedu Agrochem Private Limited

## Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2012

### Note 1: Significant Accounting Policies (contd.)

#### O. Earnings Per Share (EPS)

A basic earning per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues, including for changes effected prior to the approval of the financial statements by the Board of Directors.

#### P. 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.

#### Q. Impairment of Assets

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized in the Statement of Profit and Loss if the carrying amount of an asset exceeds its recoverable amount.

#### R. Provisions and Contingent Liabilities

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

#### S. Proposed Dividend

Dividend recommended by the Board of Directors is provided for in the accounts, pending approval at the Annual General Meeting.

# Ihsedu Agrochem Private Limited

Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2012

## Note 2: Share Capital

### (a) Authorised/Issued/Subscribed & Paid Up

Particulars	2012		2011	
	Number	₹	Number	₹
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	6,000,000	60,000,000	6,000,000	60,000,000
<b>Issued, Subscribed and Paid up</b>				
Equity Shares of ₹ 10/- each fully paid up	5,500,000	55,000,000	5,500,000	55,000,000
	<b>5,500,000</b>	<b>55,000,000</b>	<b>5,500,000</b>	<b>55,000,000</b>

### (b) Reconciliation of outstanding number of shares

Particulars	2012		2011	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	5,500,000	55,000,000	5,500,000	55,000,000
Changes during the year	-	-	-	-
Shares outstanding at the end of the year	5,500,000	55,000,000	5,500,000	55,000,000

### (c) Details of shareholders holding more than 5 % shares

Name of Shareholder	2012		2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Jayant Agro-Organics Limited and its nominees.	5,500,000	100%	5,500,000	100%

**(d) Rights, preferences and restrictions attached to equity shares:** The Company has one class of equity shares having a face value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

### (e) Equity Shares held by Holding Company :

Particulars	2012	2011
	₹	₹
<b>Holding Company</b>		
55,00,000 (P.Y. 55,00,000) equity shares are held by Jayant Agro-Organics Limited. and its nominees.	55,000,000	55,000,000

# Ihsedu Agrochem Private Limited

Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2012

## Note 3: Reserves and Surplus

Particulars	(Amount in ₹)	
	2012	2011
<b>General Reserve</b>		
Opening Balance	5,583	5,583
Changes during the year	9,500,000	-
<b>Add: Forward Contract Reserve</b> (during the year)	266,920	-
Closing Balance	(a) <b>9,772,503</b>	<b>5,583</b>
<b>Surplus</b>		
Opening Balance	210,497,348	143,974,780
<b>Add: Net Profit/(Net Loss)</b> For the current year	92,005,998	69,729,343
<b>Less: Proposed Dividend</b>	13,750,000	2,750,000
Dividend Distribution Tax	2,230,594	456,775
Transfer to General reserve	9,500,000	-
Closing Balance	(b) <b>277,022,752</b>	<b>210,497,348</b>
<b>Total (a+b)</b>	<b>286,795,255</b>	<b>210,502,931</b>

## Note 4: Long Term Borrowings

Particulars	(Amount in ₹)	
	2012	2011
<b>Secured</b>		
<b>Term loans</b>		
From a bank	214,385,644	132,202,446
	<b>214,385,644</b>	<b>132,202,446</b>

(4.1) Term loan from a bank is Secured by hypothecation of Plant and Machinery and other Fixed Assets - (Present and Future) and equitable mortgage of land and building, factory premises of the company and personal guarantee of Directors and corporate guarantee provided by Holding Company.

(4.2) Term loan amounting to ₹ 416,200,000 is repayable in 92 quarterly installments from the date of loan alongwith interest @ "Bank Prime Lending Rate" + 4.25% p.a.

# Ihsedu Agrochem Private Limited

Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2012

## Note 5: Deferred Taxation

Deferred Tax Working As per Accounting Standard 22

Particulars	(Amount in ₹)		
	2012	2011	
Opening Deferred Tax Liability	58,504,193	44,063,537	
<b>Add: Deferred Tax Liability</b>			
Difference of net block claimed as per Income Tax Act over net block as per the books of accounts	18,119,496	14,725,482	
<b>Total (a)</b>	<b>76,623,689</b>	<b>58,789,019</b>	
<b>Less: Deferred Tax Asset</b>			
Expenses allowable on actual payment basis	861,922	284,826	
<b>Total (b)</b>	<b>861,922</b>	<b>284,826</b>	
<b>Deferred Tax Liability (Net)</b>	<b>Total (a-b)</b>	<b>75,761,767</b>	<b>58,504,193</b>

## Note 6: Other Long Term Liabilities

Particulars	(Amount in ₹)	
	2012	2011
Creditors for Capital Goods	-	1,073,833
	-	1,073,833

## Note 7: Short Term Borrowings

Particulars	(Amount in ₹)	
	2012	2011
<b>Secured</b>		
From banks	242,311,480	68,063,611
<b>Unsecured</b>		
Loans and Advances from Related Parties	11,500,000	28,320,449
	<b>253,811,480</b>	<b>96,384,060</b>

(7.1) Working capital loan from bank is secured by First charge on fixed asset (present/future) and hypothecation of all current assets, corporate guarantee of the Company and personal guarantee of directors)

(7.2) Unsecured loan from related parties is from a fellow subsidiary Company Ihsedu Itoh Green Chemicals Marketing Pvt. Ltd.

# Ihsedu Agrochem Private Limited

Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2012

## Note 8: Other Current Liabilities

Particulars	(Amount in ₹)	
	2012	2011
Interest Accrued and Due on Borrowings	2,048,568	1,808,121
Current Maturities on Long-Term Debt	62,520,000	55,572,774
Advances from Customers	109,086	260,349
Creditors for Capital Goods	13,351,906	7,515,391
Others Payable #	8,716,464	2,942,836
Statutory Dues	1,222,680	607,689
Bank Account Overdrawn	116,870,064	170,925,234
	<b>204,838,768</b>	<b>239,632,394</b>

# Other payable includes Provision for Expenses, salary payable, and other non trade payable.

## Note 9: Short Term Provisions

Particulars	(Amount in ₹)	
	2012	2011
<b>Provision for Employee Benefits:</b>		
Bonus	1,685,579	1,416,530
Leave Encashment	6,536,689	4,019,657
<b>Other Provisions:</b>		
Proposed Dividend	13,750,000	2,750,000
Dividend Distribution Tax	2,230,594	456,775
Income Tax	10,033,575	11,419,971
Wealth Tax	40,000	40,000
	<b>34,276,437</b>	<b>20,102,933</b>

# Ihstedu Agrochem Private Limited

Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2012

## Note 10: Fixed Assets

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01.04.2011	Additions/ Adjustments during the year	Deduction s/Adjustme nts during the year	As at 31.03.2012	As at 01.04.2011	For the year	Deductions/A djustments during the year	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
Tangible assets										
Freehold land	23,417,719	-	-	23,417,719	-	-	-	-	23,417,719	23,417,719
Buildings	73,985,761	2,977,088	-	76,962,849	7,466,213	2,011,955	-	9,478,168	67,484,681	66,519,548
Plant and machinery#	500,009,176	124,505,876	1,073,833	623,441,219	91,769,212	29,011,656	292,657	120,488,211	502,953,008	408,239,964
Computers	1,212,648	73,961	-	1,286,609	892,918	96,200	-	989,118	297,491	319,730
Furniture and fittings	4,596,000	-	-	4,596,000	1,250,149	290,927	-	1,541,076	3,054,924	3,345,851
Vehicles	10,460,616	506,668	-	10,967,284	2,573,734	1,041,891	-	3,615,625	7,351,659	7,886,882
Office Equipment	3,164,782	-	-	3,164,782	460,917	151,578	-	612,495	2,552,287	2,703,865
<b>Sub Total</b>	<b>616,846,702</b>	<b>128,063,593</b>	<b>1,073,833</b>	<b>743,836,462</b>	<b>104,413,143</b>	<b>32,604,207</b>	<b>292,657</b>	<b>136,724,693</b>	<b>607,111,769</b>	<b>512,433,559</b>
Leased Assets										
Leasehold Building	1,603,170	-	-	1,603,170	761,132	320,634	-	1,081,766	521,404	842,038
<b>Sub Total</b>	<b>1,603,170</b>	<b>-</b>	<b>-</b>	<b>1,603,170</b>	<b>761,132</b>	<b>320,634</b>	<b>-</b>	<b>1,081,766</b>	<b>521,404</b>	<b>842,038</b>
<b>Total</b>	<b>618,449,872</b>	<b>128,063,593</b>	<b>1,073,833</b>	<b>745,439,632</b>	<b>105,174,275</b>	<b>32,924,841</b>	<b>292,657</b>	<b>137,806,459</b>	<b>607,633,173</b>	<b>513,275,597</b>
Previous Year	550,744,359	70,649,708	2,944,195	618,449,872	79,217,457	27,209,353	1,252,535	105,174,275	513,275,597	-
Capital work-in-progress									<b>28,406,922</b>	<b>117,569,669</b>

# : Deduction in plant and machinery is on account of write back of amount payable to creditors. Amount of accumulated depreciation of ₹ 292,657/- on the same has been shown as profit on sale of asset.



# Ihsedu Agrochem Private Limited

Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2012

## Note 11: Non Current Investments

Particulars	(Amount in ₹)	
	2012	2011
National Saving Certificate	11,000	11,000
	<b>11,000</b>	<b>11,000</b>

## Note 12: Long Term Loans and Advances

Particulars	(Amount in ₹)	
	2012	2011
<b>Unsecured and Considered Good</b>		
Advance to Others	-	6,700,000
Security Deposits	8,071,301	7,981,298
(a)	<b>8,071,301</b>	<b>14,681,298</b>
<b>Other Loans and Advances</b>		
Loan to Employees	102,140	151,034
MAT Credit Entitlement	11,688,010	15,503,756
Loan to Others	1,075,000	1,075,000
Advance Fringe Benefit Tax	-	74,944
(b)	<b>12,865,150</b>	<b>16,804,734</b>
<b>Total (a+b)</b>	<b>20,936,451</b>	<b>31,486,032</b>

## Note 13: Other Non-Current Assets

Particulars	(Amount in ₹)	
	2012	2011
<b>Other Bank Balances</b>		
Margin Money with Bank	-	150,500
	<b>-</b>	<b>150,500</b>

## Note 14: Inventories

Particulars	(Amount in ₹)	
	2012	2011
Raw Materials, Chemicals and Packing Materials	148,164,948	58,690,007
Finished Goods	132,098,003	150,722,647
Work in Process	11,500,612	-
Stores and Spares	8,009,326	7,620,093
(For mode and method of valuation refer point H of Note 1 )		
	<b>299,772,889</b>	<b>217,032,747</b>

## Product wise Description of Finished Goods:

Castor Oil	128,434,217	150,176,215
By Product	3,663,786	546,432
	<b>132,098,003</b>	<b>150,722,647</b>

## Note 15: Trade Receivables

Particulars	(Amount in ₹)	
	2012	2011
<b>Unsecured and Considered Good</b>		
Over Six months	432,660	838,304
Others	471,291,235	30,220,551
	<b>471,723,895</b>	<b>31,058,855</b>

# Ihsedu Agrochem Private Limited

Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2012

## Note 16: Cash and Bank Balances

Particulars	(Amount in ₹)	
	2012	2011
<b>Cash and Cash Equivalents:</b>		
Cash on hand	1,270,603	358,653
Balance with Banks		
- in Current Accounts	7,539,637	49,916,731
<b>Other Bank Balance:</b>		
Margin Money with Bank	150,500	-
	<b>8,960,740</b>	<b>50,275,384</b>

## Note 17: Short Term Loans and Advances

Particulars	(Amount in ₹)	
	2012	2011
<b>Loans and advances to related parties #</b>		
Unsecured, considered good	-	4,800
<b>Others-Unsecured, considered good</b>		
Advances for Capital Goods	1,710,635	-
Advance to Others	6,700,000	-
Vat and Other Taxes Recoverable	37,734,898	12,222,223
Loan and Advances to Staff	265,740	344,600
	<b>46,411,273</b>	<b>12,571,623</b>

### # Loans and Advances to related parties includes :

#### Subsidiary Company

Ihsedu Coreagri Services Pvt. Ltd.	-	4,800
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## Note 18: Other Current Assets

Particulars	(Amount in ₹)	
	2012	2011
Export Incentive Receivable	14,642,498	9,724,010
Forward Contract Receivable	31,466	-
Advance to Suppliers	353,643	2,067,337
	<b>15,027,607</b>	<b>11,791,347</b>

# Ihsedu Agrochem Private Limited

Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2012

## Note 19: Revenue from Operations

Particulars	(Amount in ₹)	
	2012	2011
<b>Sale of Products</b>		
Finished Goods	8,982,335,709	2,683,680,331
<b>Less: Excise Duty</b>	3,262,571	-
	<b>8,979,073,138</b>	<b>2,683,680,331</b>
 Sale of Services	 199,416,637	 289,990,720
Power Generation Income	8,267,467	6,891,473
 <b>Other Operating Income</b>		
Foreign Exchange Difference	6,500,648	61,869
	<b>9,193,257,890</b>	<b>2,980,624,393</b>

### 19.1 Details of Product Sold:

Castor Oil	7,343,054,919	2,341,719,221
By Product	309,551,271	141,428,412
Castor Seed	1,326,466,949	200,532,698
	<b>8,979,073,139</b>	<b>2,683,680,331</b>

### 19.2 Details Manufactured and Traded Goods:

Manufactured Goods	7,623,222,559	2,401,173,564
Traded Goods	1,355,850,579	282,506,767

## Note 20: Other Income

Particulars	(Amount in ₹)	
	2012	2011
Net Gain on Foreign Exchange Fluctuation	1,158,656	11,825
Interest Income	447,582	333,869
Miscellaneous Receipts	26,770	83,145
Insurance Claim	-	6,069,611
Sundry Balances Written back	123,972	-
	<b>1,756,980</b>	<b>6,498,450</b>

## Note 21: Cost of Raw Materials Consumed

Particulars	(Amount in ₹)	
	2012	2011
Raw Material	7,255,024,262	2,408,199,450
Chemicals	69,536,944	54,508,630
	<b>7,324,561,206</b>	<b>2,462,708,080</b>

### 21.1 Principle Raw material:

Castor Seed	7,255,024,262	2,408,199,450
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# Ihsedu Agrochem Private Limited

Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2012

Note 22: Changes in inventories of finished goods, work-in-process and stock-in-trade

Increase/(Decrease) in Stock	(Amount in ₹)	
	2012	2011
<b>Opening Stock</b>		
Finished Goods	148,953,584	19,815,331
Traded Goods	1,769,063	401,179
	<b>150,722,647</b>	<b>20,216,510</b>
<b>Closing Stock</b>		
Finished Goods	132,071,524	148,953,584
Work in Process	11,500,612	-
Traded Goods	26,479	1,769,063
	<b>143,598,615</b>	<b>150,722,647</b>
<b>Increase/(Decrease) in Stock</b>	<b>7,124,032</b>	<b>(130,506,137)</b>

(22.1) Major component of Finished Goods:

<b>Opening Stock</b>		
- Castor Oil	150,176,215	19,839,001
- By Product	546,432	377,509
	<b>150,722,647</b>	<b>20,216,510</b>
<b>Closing Stock</b>		
- Castor Oil	128,434,217	150,176,215
- Work in Process	11,500,612	-
- By Product	3,663,786	546,432
	<b>143,598,615</b>	<b>150,722,647</b>

Note 23: Employee Benefits Expense

Particulars	(Amount in ₹)	
	2012	2011
Salaries and Incentives	34,049,576	26,267,769
Contributions to Provident Fund and Other Funds	2,577,302	3,103,753
Staff Welfare Expenses	212,760	202,247
	<b>36,839,638</b>	<b>29,573,769</b>

Note 24: Finance Costs

Particulars	(Amount in ₹)	
	2012	2011
<b>Interest Expense</b>		
Interest to Banks	48,788,334	14,743,277
<b>Other Borrowing Cost</b>		
Processing Fees	4,433,013	1,796,362
	<b>53,221,347</b>	<b>16,539,639</b>

# Ihsedu Agrochem Private Limited

Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2012

## Note 25: Other Expenses

Particulars	(Amount in ₹)	
	2012	2011
Consumption of Stores and Spares	16,759,776	14,714,649
Consumption of Packing Materials	47,513,999	54,437,891
Power and Fuel	83,757,851	65,820,978
Rent, Rates and Taxes	254,929	325,868
Repairs & Maintenance		
- Building	631,000	3,226,646
- Machinery	5,822,497	14,785,540
- Others	685,325	1,021,581
Insurance	2,907,012	491,454
Freight, coolie and cartage	56,314,469	38,128,152
Storage Charges	1,188,860	846,000
Brokerage on Sales	4,332,374	2,639,447
Brokerage on Purchases	5,382,875	604,500
Other operating expenses	17,422,719	16,727,494
Audit Fees (Refer Note 31)	2,289,010	710,300
	<u>245,262,696</u>	<u>214,480,500</u>

## Note 26: Exceptional Items

Particulars	(Amount in ₹)	
	2012	2011
<b>Excess Provision Written Back</b>		
- of taxes	74,944	(8,502)
- of others	(13,445)	-
Excise Duty	2,003,917	-
Profit on Disposal of Asset	(292,657)	-
Sales of Scrap	(176,245)	-
	<u>1,596,514</u>	<u>(8,502)</u>

# Ihsedu Agrochem Private Limited

Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2012

## Note 27: Expenditure In Foreign Currency

Particulars	(Amount in ₹)	
	2012	2011
Brokerage and Commission	1,701,108	409,887
Membership and Subscription	112,299	-
Export Expense	-	94,735
	<b>1,813,407</b>	<b>504,622</b>

## Note 28: Value of Imports on C.I.F. Basis

Particulars	(Amount in ₹)	
	2012	2011
Chemicals	3,579,200	2,088,740
	<b>3,579,200</b>	<b>2,088,740</b>

## Note 29: Earning in Foreign Currency

Particulars	(Amount in ₹)	
	2012	2011
FOB Value on Export	632,667,111	245,706,541
	<b>632,667,111</b>	<b>245,706,541</b>

## Note 30: Break up of Consumption

Particulars	(Amount in ₹)			
	2012		2011	
	%	Value	%	Value
<b>Raw Material and Chemicals</b>				
Indigenous	99.95	7,320,982,006	99.91	2,460,477,501
Import	0.05	3,579,200	0.09	2,230,579
<b>Total</b>	<b>100</b>	<b>7,324,561,206</b>	<b>100</b>	<b>2,462,708,080</b>

## Note 31: Payment to Auditors

Particulars	(Amount in ₹)	
	2012	2011
Statutory Audit Fees	674,160	500,000
Tax Audit Fees	140,450	100,000
Income Tax Matters	-	110,300
Professional Fees - Advisory	1,474,400	-
	<b>2,289,010</b>	<b>710,300</b>

## Note 32: Earning Per Share

Particulars	(Amount in ₹)	
	2012	2011
Net Profit Available for Equity Shareholders	92,005,998	69,729,343
Number of Shares	5,500,000	5,500,000
Basic and Diluted Earning Per Share (in ₹)	16.73	12.68
Face Value Per Equity Share (in ₹)	10	10

# Ihsedu Agrochem Private Limited

Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2012

## Note 33: Contingent Liability:

Contingent Liability on account of bills discounted is ₹ 850.15 lakhs (P.Y ₹ 76.66 lakhs).

## Note 34: 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. Ultimate Holding Company :

Jayant Finvest Limited.

#### ii. Holding Company :

Jayant Agro-Organics Limited.

#### iii. Fellow Subsidiary:

Ihsedu Speciality Chemicals Private Limited.

Ihsedu Coreagri Services Private Limited.

Ihsedu Itoh Green Chemicals Marketing Private Limited.

#### iv. Enterprises controlled by directors/relatives:

Gokulmani Real Estate Development Private Limited.

Enlite Chemical Industries Limited.

Gokuldas K. Udeshi Investments.

Kalyan Impex Private Limited.

Varun Leasing & Finance Private Limited.

Innovative Micro Systems Private Limited.

Akhandanand Engineering & Trading Company.

#### v. Key Management Personnel:

Name	Designation
Vitthaldas G. Udeshi	Wholetime Director
Dilipsinh G. Udeshi	Wholetime Director
Mulraj G. Udeshi	Wholetime Director
Bharat M. Udeshi	Wholetime Director
Jayraj G. Udeshi	Wholetime Director
Sudhir V. Udeshi	Director
Abhay V. Udeshi	Director
Vikram V. Udeshi	Director

# Ihsedu Agrochem Private Limited

Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2012

Note 34: Related Party Disclosures: (continued....)

b) Transaction with related parties during the year :

(Amount in ₹)

Particulars	Ultimate holding Company	Holding Company	Fellow Subsidiary	Controlled by director & relatives	Key Management Personnel
<b>Sale of Goods:</b>					
Jayant Finvest Ltd.	2,512.48 (1,111.56)	- -	- -	- -	- -
Jayant Agro-Organics Ltd.	-	68,989.40 (21,394.15)	- -	- -	- -
Ihsedu Speciality Chemicals Private Ltd.	-	-	1,224.23 (278.12)	-	-
Ihsedu Coreagri services Pvt.Ltd.	-	-	4,596.57 (-)	-	-
Enlite Chemicals Industries Ltd.	-	-	-	4,824.64 (893.77)	-
<b>Processing Charges Received:</b>					
Jayant Agro-Organics Ltd.	-	1,994.17 (2,890.27)	- -	- -	- -
Ihsedu Speciality Chemicals Private Ltd.	-	-	-	-	-
	-	-	(9.64)	-	-
<b>Purchase of Goods :</b>					
Jayant Agro-Organics Ltd.	-	46.76 (707.37)	- -	- -	- -
Ihsedu Coreagri services Pvt.Ltd.	-	-	-	-	-
	-	-	(494.25)	-	-
<b>Remuneration:</b>					
Remuneration to Executive Director	-	-	-	-	118.89 (76.81)
	-	-	-	-	-
<b>Interest Paid:</b>					
Ihsedu Itoh Green Chemicals Marketing Pvt.Ltd.	-	-	3.57 (-)	- -	- -
<b>Loans Received:</b>					
Ihsedu Itoh Green Chemicals Marketing Pvt.Ltd.	-	-	115.00 (-)	- -	- -
<b>Balances as at 31st March, 2012:</b>					
<b>Loans and Advances Receivable:</b>					
Ihsedu Coreagri Services Pvt Ltd	-	-	-	-	-
	-	-	(0.05)	-	-
<b>Trade Receivable:</b>					
Jayant Finvest Ltd.	429.02 (-)	- -	- -	- -	- -
Jayant Agro-Organics Ltd.	-	3,908.96 (283.20)	- -	- -	- -
Enlite Chemicals Industries Ltd.	-	-	-	210.62 (-)	-
<b>Loans Received</b>					
Ihsedu Itoh Green Chemicals Marketing Pvt.Ltd.	-	-	115.00 (-)	- -	- -
Share Capital Owned	-	550.00 (550.00)	- -	- -	- -

Note: 1) The above information has been reckoned on the basis of information available with the Company.

2) Figures in bracket represents the amount of previous year.



# ihsedu Agrochem Private Limited

## Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2012

**Note 35:** In Financial year 2010-11 Company has received a notice of demand from Gujarat Vat authorities claiming Vat of ₹ 1164.66 lacs including interest of ₹118.52 lacs and penalty of ₹ 702.23 lacs on self consumption of Castor meal (De-oiled cake) used in boiler as fuel. Company has paid ₹ 141.97 lacs on appeal to Tribunal; it has set aside the said demand and asked VAT authorities to pass the fresh order. Based on the order of Tribunal the said demand has not been shown as contingent Liability and Company is expected to receive the refund of ₹ 141.97 lacs from the VAT authorities.

### **Note 36: Micro, Small and Medium Enterprises Dues:**

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 year ended March 31, 2012.

### **Note 37: Capital Commitment**

Estimated amount of contracts remaining to be executed on capital account amounted to ₹ 12,000,000/- (P.Y. ₹ 25,000,000/-)

### **Note 38: Outstanding Forward Contracts**

Forward Contracts of ₹ 41,976,469 (USD 0.83 Million) (PY ₹ NIL) are outstanding as on March 31, 2012.

**Note 39:** Previous year figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification.