

# **AVI PHOTOCHEM LIMITED**

REGD OFFICE:

B-14, Lote Parsuram Indl Area,  
M.I.D.C, Ratnagiri - 415709

**ACCOUNTS OF THE YEAR ENDED 31ST MARCH 2008**

AUDITORS  
J.H.GHUMARA & CO.  
CHARTERED ACCOUNTANTS  
B-14, Jessika, Natakwala Lane  
S.V Road, Borivali (West)  
Mumbai 400092

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**NOTICE**

Notice is hereby given that the Nineteenth Annual General Meeting of the members of Avi Photochem Limited will be held on Saturday, the 30<sup>th</sup> day of September, 2008 at 11.30 A.M. at B-14, Lote Parsuram Indl Area, M.I.D.C, Ratnagiri - 415709. to transact the following business as :

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Directors' Report and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2008.
2. To appoint a Director in place of Mr. Dhirajlal Amidas Vora, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

**BY ORDER OF THE BOARD  
FOR AVI PHOTOCHEM LIMITED**

Place: Mumbai  
Date: 04/09/2008



**CHAIRMAN**

Notes:

1. A member is entitled to attend and vote is entitled to appoint Proxy to attend and vote instead of himself and the proxy need not be member of the Company.
2. Proxy forms in order to be effective must be received by the company not less than 48 hours before the meeting.

## **AVI PHOTOCHEM LIMITED**

Regd. Office: B-14, Lote Parsuram Indl Area, M.I.D.C, Ratnagiri - 415709.

### **DIRECTORS REPORT**

To  
The Shareholders,

Your Directors have pleasure in presenting the Nineteenth Annual Report of the company with the audited statement of accounts for the year ended 31<sup>st</sup> March, 2008.

1. **Financial Results:**

	<b>2007-08</b>	<b>2006-2007</b>
Sales	Nil	Nil
Other Income	Nil	26,009
Net Profit / (Loss) for the year	(13,65,984.31)	(14,92,421.06)

2. **Working Results:**

During the year, the company has incurred loss of Rs.13,65,984.31 (Previous Year Rs. 14,92,421.06).

3. **Dividend:**

In view of losses, directors have not declared dividend for the year.

4. **Fixed Deposits:**

The company has not accepted any deposits from the public during the year under review.

5. **Particulars of Employees:**

Details of remuneration paid to employees as required by section 217(2A) of the Companies Act 1956, are not applicable since the company has not employed any person drawing salary of more than Rs 24,00,000 per annum or Rs 2,00,000 per month.

6. **Management Discussion & Analysis:**

As required by clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion and Analysis Report are appended

7. **Director's Responsibility Statement:**

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

- i. In the preparation of annual accounts, the applicable accounting standards have been followed and that there were no material departures,



- ii. The accounting policies selected by them have been applied consistently and judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March 2008 and of the profit of the company for the year ended on that date
- iii. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. The annual accounts have been prepared on a going concern basis.

8. ***Conservation of energy, technology, absorption & foreign exchange earnings and outgo:***

Information pursuant to 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 has not been furnished as the same is not applicable to the company during the year.

9. ***Auditors:***

The Auditors M/s J.H. Ghumara & Co. Chartered Accountants, Mumbai hold the office until the conclusion of ensuing Annual General Meeting. The Board of Directors has recommended their re-appointment as auditors for the year 2007-08. Your company has received the consent of auditor to be re-appointed as the auditor of the company, if made.

10. ***Auditors Remarks:***

Remarks in the auditors report are self explanatory and hence need no further clarification.

11. ***Directors:***

In accordance with the provision of the Companies Act, 1956 Mr. Dhirajlal Amidas Vora Director, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

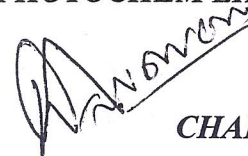
12. ***Appreciation:***

Your Board of Directors wishes to express its deep appreciation and gratuity to the bankers, shareholders and clients for their sustained support, without which the continuing progress of the company would not have been possible.

13. ***Corporate Governance:***

A separate report on the Corporate Governance and Management Discussion & Analysis is attached as a part of the Annual Report. The Auditors' Certificate regarding compliance of the conditions of Corporate Governance is also annexed.

**FOR AVI PHOTOCHEM LIMITED**



**CHAIRMAN**

Place: Mumbai  
Date: 04/09/2008

## AUDITORS' REPORT

1. We have audited the accompanying balance sheet of **AVI PHOTOCHEM LIMITED** as at 31<sup>st</sup> March, 2008 and the statements of profit and loss for the year ended, prepared in conformity with accounting principles generally accepted in India. 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 have conducted our audit in accordance with the 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 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 the 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 enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph (3) above:
  - 4.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - 4.2 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 these books.
  - 4.3 In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting standards referred to in Section 211(3C) of the Companies Act, 1956, Subject to, Non Compliance of :
    - a. Interest Income on sticky Loan (Refer Note 4 of Notes annexed to and forming part of Accounts)
    - b. Excise Duty (Refer Note 1.F of notes annexed to and forming parts of Accounts)
    - c. Custom Duty Refer 1.G of notes annexed to and forming parts of Accounts) and subject to valuation of inventory not complying with the provision of Accounting Standard 2 (Revised) (Refer Note 1.c)
  - 4.4 The Balance Sheet and the Profit and Loss Account dealt with by the report are in agreement with the books of account.





4.5 On the basis of the written representation received from the directors, as on 31<sup>st</sup> March, 2008 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31<sup>st</sup> March, 2008 from being appointed as Directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

4.6 In our opinion and to the best of our information and according to the explanations given to us, Balance Sheet and the Profit and Loss Account read with the Notes thereon, give the information required by the Companies Act, 1956, Subject to non compliance of :

- (i) a. Interest on Sticky Loans not provided which has resulted in understatement of loss by Rs.538,655/- (Refer note 4 of notes annexed to and forming parts of Accounts).
- b. Excise Duty (Refer Note 1.F of notes annexed to and forming parts of Accounts) which will have no effect on loss.
- c. Custom Duty (Refer Note 1.G of notes annexed to and forming parts of Accounts) which has no effect on the loss for the year.
- d. Non provision of term loan interest (Refer note 16 of Notes annexed to and forming parts Accounts) which has resulted in to understatement of current year loss by Rs.284,000/- and under statement of liability and accumulated loss by Rs.21,30,000/-
- e. Non provision of interest on other bank facilities (Refer note 16 of notes annexed to and forming parts of Accounts)

In view of (a) to (d) total loss for the current year have been understated by Rs.254,655/-. The impact of loss cannot be fully quantified in view of non quantification of interest figure of item (e).

AND

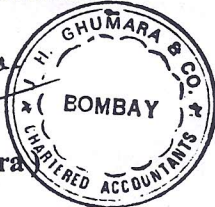
- (ii) a. Non-appointment of full time Company Secretary Refer Note No.11 of notes annexed to and forming parts of Accounts),
- b. Non-disclosure of creditors of Small Scale Industries (Refer Note 19 of notes annexed to and forming parts of Accounts)



4.7 In so far as it relates to Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March, 2008 in the manner required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2008; and
- (ii) in the case of the Profit & Loss Account, of the Loss of the Company for the year ended on that date.

For and on behalf of  
J.H. Ghumara & Co.  
Chartered Accountants



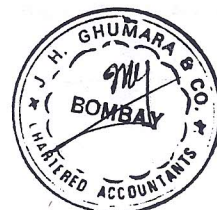
*J.H. Ghumara*  
(J.H. Ghumara)  
Proprietor  
Mumbai  
Dated: 4<sup>th</sup> September, 2008



**ANNEXURE TO THE AUDITORS REPORT OF AVI PHOTOCHEM LIMITED  
YEAR ENDED 31<sup>ST</sup> MARCH, 2008**

**(Referred to in paragraph (3) of our report of even dated)**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of all fixed assets.
- (b) According to the information and explanation provided to us, fixed assets have been physically verified by the management at reasonable intervals during the year. As informed to us by the management, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanation provided to us, none of the fixed assets have been sold during the year.
- (ii) (a) Physical Verification was conducted by the management at reasonable intervals during the year in respect of finished goods, semi-finished goods and raw material.
- (b) The procedure of physical verification is of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) The discrepancies noticed on verification between the physical stock and the book records were not material and the same have been properly dealt within the books of accounts.
- On the basis of our examination of the stock records, we are of the opinion that there has been a contravention of Accounting Standard 2 (Revised) "Valuation of Inventories" regarding the valuation of stock. However, the same will not have much material impact on the loss.
- (iii) (a) According to the records of the Company and according to the information and explanation given to us, the Company has not granted any loans to the companies, firms or other parties listed on the register maintained u/s 301 and to companies under same management. However, the company has taken interest free unsecured loans amounting to Rs.697,462/- from the 2 directors, the terms of which are not prejudicial to the interest of the company.
- (b) The company has taken interest free Unsecured Loans from the directors & those amounts are in nature of current account. However, the terms are not prejudicial to the company.
- (c) There is no stipulation of payment in case of loans given or taken.
- (d) This clause is not applicable in view of (iii) (a).
- (iv) In our opinion and according to the information and explanation provided to us, the company has no adequate internal control in commensurate with the size and nature of the business in respect of fixed assets, purchase of inventory or sale of inventory.



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- (v) (a) In our opinion and according to the information and explanations given to us, the transactions during the year that need to be entered into Register maintained under Section 301 of the Companies Act, 1956 has been entered.
- (b) In our opinion and according to the information and explanations provided to us each of these transactions have been made at the prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to explanations given to us, the company has complied with the provisions of sections 58A and 58AA of the act and the rules formed there under for acceptance of deposits. But no interest has been provided for the same.
- (vii) The Company is not having any internal audit system.
- (viii) This clause is not applicable as no Cost Records have been prescribed under section 209(1)(d) of the Companies Act, 1956 that are required to be maintained by the Company.
- (ix) (a) According to the information and explanation given to us and books and records examined by us there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Custom Duty and Excise Duty Except undisputed liabilities in respect of Sales tax amounting to Rs.9,570/-is outstanding as at 31<sup>st</sup> March ,2008 for a period of more than six months from that day they became payable.
- (b) There are no dues of Wealth tax/Custom Duty/Excise Duty/Cess that have not been deposited on account of any dispute.
- (c) There is disputed liabilities in respect of Income Tax amounting to Rs.6,40,000 which has not been paid by the company. Matter is pending before the ITAT and also disputed liabilities in respect of Sales Tax amounting to Rs. 3,25,000/-
- (x) The Company has accumulated losses at the end of the current financial year exceeding fifty percent of its net worth. The Company has suffered cash losses in the its immediately preceding Financial Year.
- (xi) The Company has not obtained any funds from Financial Institutions or has not raised money by issue of debentures. Hence, the clause is not applicable with regards to Financial Institutions and Debenture Holders.
- (xii) The Company has not granted any loans or advances in the nature of loans on the basis of security by way of pledge of any shares, debentures or other securities. Therefore this clause is not applicable.

