

# **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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**AVI PHOTOCHEM LIMITED**

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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**



**CHAIRMAN**

Place: Mumbai  
Date: 04/09/2008

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.

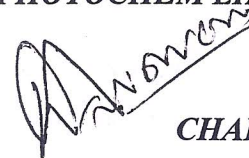
12. ***Appreciation:***

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

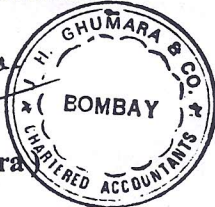
- (ii) a. Non-appointment of full time Company Secretary Refer Note No.11 of notes annexed to and forming parts of Accounts),
- b. Non-disclosure of creditors of Small Scale Industries (Refer Note 19 of notes annexed to and forming parts of Accounts)



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



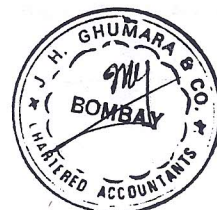
*J.H. Ghumara*  
(J.H. Ghumara)  
Proprietor  
Mumbai  
Dated: 4<sup>th</sup> September, 2008



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

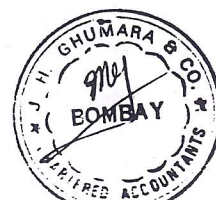
**(Referred to in paragraph (3) of our report of even dated)**

- (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 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.





**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)**

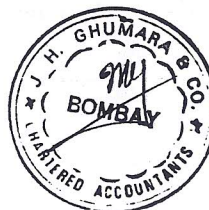
- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of all fixed assets.
- (b) According to the information and explanation provided to us, fixed assets have been physically verified by the management at reasonable intervals during 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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- (xiii) The Company is neither chit fund nor a nidhi/ mutual benefit fund/ society. Thus the provisions of any special statute applicable to chit fund are not applicable to the Company.
- (a) The clause is not applicable in view of para (xiii).
- (b) The clause is not applicable in view of para (xiii).
- (c) The clause is not applicable in view of para (xiii).
- (d) The clause is not applicable in view of para (xiii).
- (xiv) According to the information and explanations provided to us and on the basis of audit procedure the Company does not deal or trade in shares, securities, debentures and other investments. Thus, further provisions in respect of these transactions are not applicable to the Company and hence no further comments are issued under this clause.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) On the basis of audit procedure and according to the information and explanations given to us, the Company has not taken any term loans during the year and therefore this clause is not applicable.
- (xvii) Company has not raised any funds during the year therefore this clause is not applicable.
- (xviii) As informed by the management, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
- (xix) The Company has not issued any Debentures. Thus, there is no need for creation of any security.
- (xx) The Company has not raised money through public issue. Accordingly, provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (xxi) According to the information and explanation given to us, no frauds on or by the Company have been noticed or reported during the period under audit.

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



(J.H. Ghumara  
Proprietor  
Mumbai

Dated: 4<sup>th</sup> September, 2008





**AVI PHOTOCHEM LIMITED**

**Balance Sheet as at 31st March, 2008**

**SOURCES OF FUNDS**

**SHAREHOLDER'S FUNDS :**

	Sch	As At 31-03-2008 Rs.	As At 31-03-2007 Rs.
1. Share Capital	1	34,800,760.00	34,800,760.00
2. Reserves & Surplus	2	2,807,300.00	2,807,300.00
		<u>37,608,060.00</u>	<u>37,608,060.00</u>

**LOAN FUNDS :**

3. Secured Loans	3	20,573,762.46	20,573,762.46
4. Unsecured Loans	4	4,186,439.01	4,186,439.01
		<u>24,760,201.47</u>	<u>24,760,201.47</u>
<b>TOTAL</b>		<u><b>62,368,261.47</b></u>	<u><b>62,368,261.47</b></u>

**APPLICATION OF FUNDS**

1. Fixed Assets :	5		
Gross Block		19,077,114.62	19,077,114.62
Less: Depreciation		12,319,107.99	11,487,864.18
Net Block		<u>6,758,006.63</u>	<u>7,589,250.44</u>

**2. Current Assets, Loans and Advances :**

Inventories	6	14,440,110.12	14,440,110.12
Sundry Debtors	7	9,280,880.20	11,506,733.08
Cash & Bank Balance	8	167,985.05	178,749.55
Loans & Advances	9	7,843,439.26	10,139,482.38
	A	<u>31,732,414.63</u>	<u>36,265,075.13</u>

**Less: Current Liabilities & Provisions**

Current Liabilities	10	10,165,347.12	14,163,267.12
Provisions	11	436,920.00	436,920.00
	B	<u>10,602,267.12</u>	<u>14,600,187.12</u>

Net Current Assets (A-B) 21,130,147.51 21,664,888.01

**3. Miscellaneous Expenditure**

4. Profit & Loss Account (Debit Balance) 34,480,107.33 33,114,123.02

**TOTAL**

**62,368,261.47** **62,368,261.47**

Notes to Accounts :

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As per our Report of even date  
For and on Behalf of  
J. H. Ghumara & Co.  
Chartered Accountants

For Avi Photochem Ltd

(J. H. Ghumara)  
Proprietor  
Membership No. : 14320  
Mumbai, Dated: 4th September, 2008

(Avinash D. Vora) (Daksha A. Vora)  
Director Director



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x Daksha A. Vora

# AVI PHOTOCHEM LIMITED

## Profit and Loss Account for the Year Ended 31st March, 2008

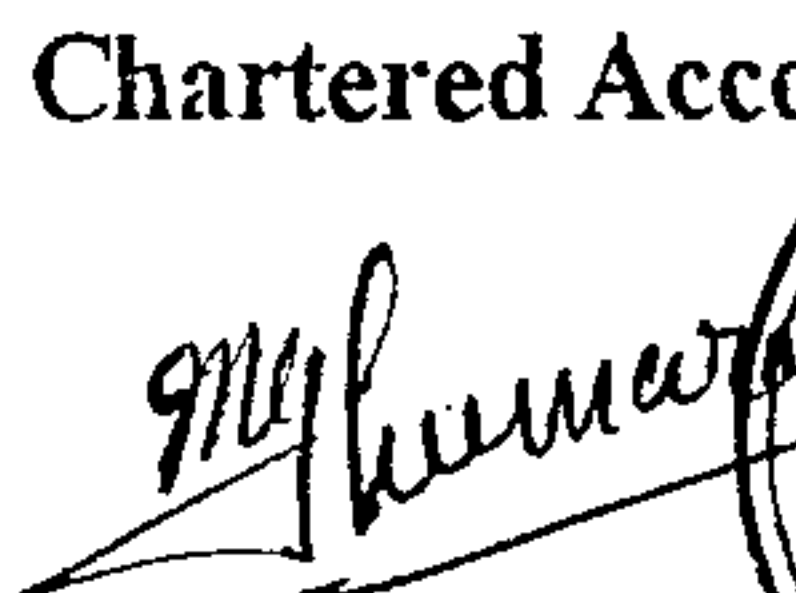
		31-03-2008 Rs.	31-03-2007 Rs.
<b>INCOME:</b>			
Sales		-	-
Other Income	12	-	26,009.00
Increase/ Decrease in Stocks	13	-	-
		<u>-</u>	<u>26,009.00</u>
<b>EXPENDITURE:</b>			
Cost of Goods Sold	14	-	-
Raw Material Consumed	15	-	-
Direct Expenses	16	-	-
Administrative & Selling Expenses	17	534,740.48	686,778.06
Depreciation		831,243.83	831,652.00
		<u>1,365,984.31</u>	<u>1,518,430.06</u>
Profit /(Loss) before Tax		(1,365,984.31)	(1,492,421.06)
Less: Provision for Taxation		-	-
Profit /(Loss) after Tax		<u>(1,365,984.31)</u>	<u>(1,492,421.06)</u>
Add : Balance Brought Forward		(33,114,123.02)	(31,621,701.96)
Balance Carried to Balance Sheet		<u>(34,480,107.33)</u>	<u>(33,114,123.02)</u>


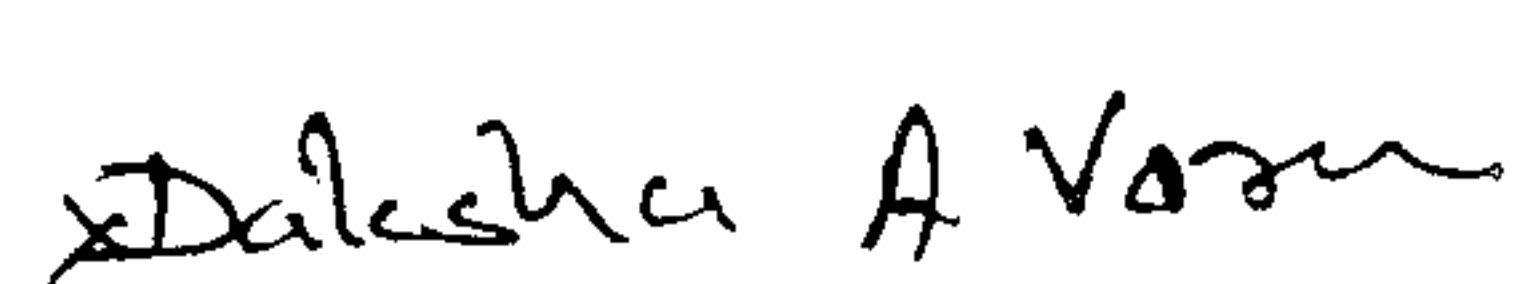
Notes to Accounts

18

As per our Report of even date  
For and on Behalf of  
J. H. Ghumara & Co.  
Chartered Accountants

For Avi Photochem Ltd

  
(J. H. Ghumara)  
Proprietor

  
(Avinash D. Vora) Director  
  
(Daksha A. Vora) Director

Membership No. : 14320

Mumbai, Dated: 4th September, 2008

# AVI PHOTOCHEM LIMITED

Schedules attached to and forming part of Accounts as at 31st March, 2008

SCHEDULES	As at 31/03/2008 Rs.	As at 31/03/2007 Rs.
<b>Schedule 1 : Share Capital :</b>		
<b>Authorised :</b>		
35,00,000 Equity Shares of Rs.10/- each	35,000,000.00	35,000,000.00
<b>Issued, Subscribed &amp; Paid Up :</b>		
34,80,076 Equity Shares of Rs.10/- each fully paid up [Out of the above 18,746 Equity Shares of Rs.10/- each issued as fully paid bonus shares by capitalisation of General Reserve ]	34,800,760.00	34,800,760.00
<b>Schedule 2: Reserves &amp; Surplus :</b>		
<b>1 Capital Reserve (Subsidy)</b>		
Opening Balance	2,807,300.00	2,807,300.00
Add : Additions during the Year	-	-
Closing Balance	2,807,300.00	2,807,300.00
<b>Schedule 3 : Secured Loans :</b>		
From Bank of Baroda:		
<b>a Term Loan :</b>		
(Secured against equitable mortgage of land at Plot No.B-14,M.I.D.C.,Parsuram Lote, Dist.Ratnagiri and factory building constructed thereon and hypothecation of entire Plants, Machinery and Equipments both present and future and personal guarantee of all the Directors.)(Amount due next one year Rs.999,996 Prev. Year Rs.999,996/-)	1,576,759.48	1,576,759.48
<b>b Cash Credit</b>		
(Secured against Hypothecation of Raw Materials, Semi Finished & Finished Goods)	16,411,912.09	16,411,912.09
<b>c Book Debts</b>		
(Secured against debtors)	1,500,000.00	1,500,000.00
<b>d Packing Credit</b>		
(Secured against letter of credit received against export orders)	1,085,090.89	1,085,090.89
	<u>20,573,762.46</u>	<u>20,573,762.46</u>



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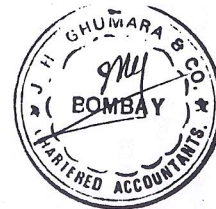
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AVI PHOTOCHEM LIMITED

Schedule 5 : Fixed Assets

NAME OF ASSETS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 31.03.2007	Additions	Deductions	As at 31.03.2008	Upto 31.03.2007	On Deduction	For the Year	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
1. Lease Hold Land	463,019.00	-	-	463,019.00	8,585.00	-	505.00	9,090.00	453,929.00	454,434.00
2. Factory Building	4,200,742.15	-	-	4,200,742.15	1,986,076.31	-	140,304.79	2,126,381.10	2,074,361.05	2,214,665.84
3. Plant & Machinery	11,895,531.22	-	-	11,895,531.22	7,455,200.83	-	565,037.73	8,020,238.56	3,875,292.66	4,440,330.39
4. Electrical Installation	863,652.75	-	-	863,652.75	737,616.12	-	61,060.25	798,676.37	64,976.38	126,036.63
5. Fire Extinguisher	1,710.00	-	-	1,710.00	1,710.00	-	-	1,710.00	-	-
6. Cycle	4,710.00	-	-	4,710.00	4,710.00	-	-	4,710.00	-	-
7. Computer	423,319.00	-	-	423,319.00	423,319.00	-	-	423,319.00	-	-
8. Typewriter	23,761.00	-	-	23,761.00	16,440.79	-	1,128.65	17,569.44	6,191.56	7,320.21
9. Furniture & Fixture	390,860.50	-	-	390,860.50	333,746.13	-	24,741.47	358,487.60	32,372.90	57,114.37
10. Pollution Control Equip	461,782.00	-	-	461,782.00	300,179.76	-	21,934.65	322,114.41	139,667.59	161,602.24
11. Air Conditioner	93,114.00	-	-	93,114.00	57,682.41	-	4,422.92	62,105.31	31,008.69	35,431.59
12. Fax Machine	72,000.00	-	-	72,000.00	51,876.00	-	3,420.00	55,296.00	16,704.00	20,124.00
13. Office Equipment	174,413.00	-	-	174,413.00	106,112.35	-	8,284.62	114,396.97	60,016.03	68,300.65
14. Television	8,500.00	-	-	8,500.00	4,609.48	-	403.75	5,013.23	3,486.77	3,890.52
<b>Total</b>	<b>19,077,114.62</b>	<b>-</b>	<b>-</b>	<b>19,077,114.62</b>	<b>11,487,864.18</b>	<b>-</b>	<b>831,243.83</b>	<b>12,319,107.99</b>	<b>6,758,005.82</b>	<b>7,589,250.44</b>
<b>Previous Year</b>	<b>19,077,114.62</b>	<b>-</b>	<b>-</b>	<b>19,077,114.62</b>	<b>9,824,514.47</b>	<b>-</b>	<b>831,697.69</b>	<b>9,824,514.47</b>	<b>9,252,599.34</b>	<b>9,252,599.34</b>



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**AVI PHOTOCHEM LIMITED**

Schedules attached to and forming part of Accounts as at 31st March, 2008

**Schedule 4 : Unsecured Loans :**

a Fixed Deposit :		
From Directors	300,000.00	300,000.00
From Others	267,500.00	267,500.00
b From DCKL by way of Sales Tax deferrment	2,411,526.00	2,411,526.00
c Directors Current Account	1,207,413.01	1,207,413.01
	<u>4,186,439.01</u>	<u>4,186,439.01</u>

**Schedule 6 : Inventories :**

(As taken valued &amp; certified by management)

Raw Materials	928,481.38	928,481.38
Packing Materials	121,991.67	121,991.67
Finished Goods	13,365,398.57	13,365,398.57
Fuel (L.D.O.)	24,238.50	24,238.50
	<u>14,440,110.12</u>	<u>14,440,110.12</u>

**Schedule 7 : Sundry Debtors :**

(Unsecured &amp; Considered good)

Less than Six Months

Others

	9,280,880.20	11,506,733.08
	<u>9,280,880.20</u>	<u>11,506,733.08</u>

**Schedule 8 : Cash & Bank Balances :**

Cash on hand

159,336.73 169,610.75

Balances with Scheduled Banks:

In Current Accounts

	8,648.32	9,138.80
	<u>167,985.05</u>	<u>178,749.55</u>

**Schedule 9 : Loans & Advances :**

(Unsecured &amp; Considered good)

Advances recoverable in cash or in kind or for value to be received :

Deposits with Government	5,034,997.78	5,061,824.78
Advance against Material	428,147.62	2,724,190.74
Deposits with Others	1,433,653.86	1,406,826.86
Advance tax	946,640.00	946,640.00
	<u>7,843,439.26</u>	<u>10,139,482.38</u>

**Schedule 10 : Current Liabilities :**

Sundry Creditors for Goods

8,620,104.17 10,946,024.17

Sundry Creditors for Expenses

204,895.17 204,895.17

Advances from Debtors

39,407.00 1,711,407.00

Other Liabilities

1,284,591.67 1,284,591.67

Book Overdrafts

16,349.11 16,349.11

10,165,347.12 14,163,267.12**Schedule 11: Provisions :**

Provision for Taxation

	436,920.00	436,920.00
	<u>436,920.00</u>	<u>436,920.00</u>



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**AVI PHOTOCHEM LIMITED**

Schedules attached to and forming part of Accounts as at 31st March, 2008

**Schedule 12 : Other Income :**

Sundry Balances Writtern Off	-	-
Keyman Insurance Refund	-	26,009.00
	-	<u>26,009.00</u>

**Schedule 13 : Increase/ Decrease in Stocks :**

Closing Stock :		
LDO	24,238.50	24,238.50
Packing Material	121,991.67	121,991.67
	<u>146,230.17</u>	<u>146,230.17</u>
Opening Stock :		
LDO	24,238.50	24,238.50
Packing Material	121,991.67	121,991.67
	<u>146,230.17</u>	<u>146,230.17</u>
	-	-

**Schedule 14 : Cost Of Goods Sold :**

Opening Stock of Finished Goods	13,365,398.57	13,365,398.57
Add : Purchases	-	-
	<u>13,365,398.57</u>	<u>13,365,398.57</u>
Less : Closing Stock of Finished Goods	13,365,398.57	13,365,398.57
	-	-

**Schedule 15 : Raw Material Consumed :**

Opening Stock of Raw Material	928,481.38	928,481.38
Add : Purchases	-	-
	<u>928,481.38</u>	<u>928,481.38</u>
Less : Closing Stock of Raw Material	928,481.38	928,481.38
Cost of Raw Material Consumed	-	-

**Schedule 16 : Direct Expenses :**

Transportation Charges	-	-
Coolie Cartage & Octroi	-	-
	<u>-</u>	<u>-</u>

**Schedule 17 : Administrative & Selling Expenses :**

AGM Expenses	64,870.00	55,450.00
Bank Charges	356.48	28.06
Bombay Sales Tax	-	-
Conveyance	15,665.00	11,500.00
Computer Expenses	41,700.00	36,500.00
Legal Expenses	85,100.00	79,100.00
Professional Fees	63,930.00	58,800.00
Postage, Telegram & Telephone	58,320.00	79,000.00
Printing & Stationery	111,720.00	117,700.00
Payment to Auditors		
Audit Fees	14,030.00	
Service Tax	-	9,000.00
Meeting Fees	<u>12,850.00</u>	15,500.00
Miscellaneous expenses	66,199.00	77,600.00
Repairs & Maintenance	-	146,500.00
	<u>534,740.48</u>	<u>686,778.06</u>



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## AVI PHOTOCHEM LIMITED

Schedules attached to and forming part of Accounts as at 31st March, 2008

### Schedule 18 : Notes Forming Part Of Accounts :

#### 1 Significant Accounting Policies:

##### A Basis of preparation of Financial Statements:

- a The Financial Statements have been prepared under the historical cost convention in which the Accounting Standards specified to be mandatory by the Institute of Chartered Accountants of India and the provisions of Companies Act 1956.
- b Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles followed by the Company.
- c Contingent liabilities, if any are taken as certified by the management and are disclosed separately in the notes to accounts.

##### B Fixed Assets and Depreciation :

- a Fixed Assets are stated at cost of acquisition/construction less accumulated depreciation.
- b Depreciation has been provided in the accounts on straight line at the rates provided in Schedule XIV of the Companies Act, 1956.
- c Depreciation on addition to fixed assets is calculated prorata from the date of such addition/put to use.
- d The Leasehold Land has been obtained from Maharashtra Industrial Development Corporation for a term of 95 years. The cost of the Leasehold land has been amortised over the Balance period of the Lease and is included in Depreciation.

##### C Inventories:

- a Raw Materials and packing materials are valued at cost.
- b Manufactured speciality chemicals are valued at net realisable value, other finished goods and semi finished goods have been valued at lower of cost or net realisable value. Cost is computed on reverse method i.e. net realisable value less estimated percentage of Profit.

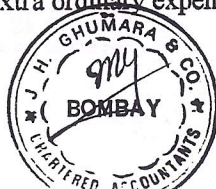
There has been contravention of Accounting Standard 2 (Revised) "Valuation of Inventories". Quantification of the same is not possible since the cost of purchase, costs of conversion and other costs cannot be derived as most of the items in stock consists of opening stock.

The goods lying in the bonded warehouse are valued excluding excise. If the value of excise is included, the value of inventories will increase by Rs.5,21,075/-. This also is in contravention of Accounting Standard 2 (Revised) in respect of "Valuation of Inventories". However, the same will have no impact on profit.

- c In respect of trading activities, stock is valued at cost or market value whichever is lower.

The goods lying in the custom bonded warehouse are valued excluding custom duty. If the value of duty is included, the value of inventory will increase by Rs.85,647/-. This also is in contravention of Accounting Standard 2 (Revised) in respect of "Valuation of Inventories". However, the same will have no impact on profit.

- D Revenue & Expenses : All income and expenditure items unless otherwise stated are recognised on accrual basis. Material known liabilities are provided for on the basis of available information / estimates. Material items of prior period expenses, non recurring and extra ordinary expenses are disclosed separately.



18

**AVI PHOTOCHEM LIMITED**

Schedules attached to and forming part of Accounts as at 31st March, 2008

**Schedule 18 : Notes Forming Part Of Accounts (Cont'd) :**

**E Sales :**

Sales include excise duty and Sales Tax but excludes discount and commission.

**F Excise Duty :**

Excise duty is accounted for as and when paid on clearance of goods from the bonded premises. No Provision is made for excise duty in respect of Finished goods lying in bonded premises.

**G Custom Duty :**

Custom duty is accounted for as and when paid on clearance of goods from the bonded premises. No Provision is made for Custom duty in respect of goods lying in bonded premises.

**H Foreign Currency Transaction :**

Open transaction of import/export in foreign currency are accounted for at exchange ratio prevailing at the year end. Gains/losses arising out of subsequent fluctuation in the rates are accounted for on realisation.

**I Retirement benefits/Encashment of leave :**

The company has already made sufficient provision in respect of gratuity. Management is of opinion that provision is sufficient hence no further provision is required.

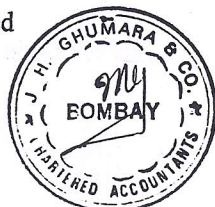
**J Bonus :**

- 1 No provision for bonus is made by the company in view of losses in the previous year.
- 2 No managerial remuneration or sitting fees have been paid to or provided for any directors of the company.
- 3 Previous years figures are regrouped and rearranged wherever necessary.
- 4 Out of the loans and advances given, advance amount of Rs.3,591,031 is doubtful of recovery and hence no provision for the interest amounting to Rs.538,655/- is made on those advance. The interest on this loan has not been provided since the year ended 31st March,1999
- 5 In the opinion of the Board, the Current Assets, Loans and Advances (Except mentioned in Note No.4 above) are approximately of the value stated, if realised in ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amounts reasonably necessary. No personal expenses have been debited to the Profit and Loss Account.
- 6 Sundry Debtors, Creditors, Loans, Advances are subject to confirmation and reconciliation, if any.

**7 Contingent Liabilities not provided for:**

	31-03-2008	31-03-2007
	(Rs. in Lakhs)	(Rs. in Lakhs)

a Estimated amount of contract to be executed on capital account and not produced for	Nil	Nil
b Letter of Credit opened in favour of the Company.	Nil	Nil
c Guarantee given on behalf of the Company.	0.10	0.10
d Bills Discounted with the Bank	NIL	NIL
e Disputed Income Tax liability pending in appeal	6.40	6.40
f Disputed Sales Tax	3.25	3.25
g Disputed Excise Duty	NIL	NIL
h Custom Duty on goods lying in custom bonded warehouse as at year end	0.86	0.86
i Excise Duty on goods lying in bonded warehouse as at year end	5.21	5.21



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**AVI PHOTOCHEM LIMITED**

Schedules attached to and forming part of Accounts as at 31st March, 2008

**Schedule 18 : Notes Forming Part Of Accounts (Cont'd) :**

- 8 The Company's income tax assessments have been completed upto Assessment year 2002-03 additional demand of Rs.3,10,047 has been raised against which assessee has preferred an appeal. The Company's Sales Tax Assessments have been completed upto A.Y. 93-94 and an additional demand of Rs. 73,085/- has arisen. The Company has preferred an appeal for orders of assessments years 91-92 and 92-93 for Chiplun with a disputed liability of Rs. 68,898/- and Rs.8,844/- respectively and for assessment year 93-94 for Mumbai with an disputed liability of Rs. 201,753/- .
- 9 The claim for Sec.80-I has been disputed by the Assessing Officer during the proceedings for A.Y.1994-95 against which appeal is pending.

	AS AT	AS AT
	31-03-2008	31-03-2007

10 Expenditure/Outgoings in Foreign Currency :

C.I.F. Value of Imports (Including Capital Goods)	NIL	NIL
Expenditure in Foreign Currency	NIL	NIL
Earnings in Foreign Currency	NIL	NIL
Dividend Remitted in Foreign Currency	NIL	NIL

- 11 The Company does not have a full time Company Secretary as required under Section 383A of the Companies Act,1956. The Company is taking necessary steps to comply with the same.

12 Debts due by company in which Director is interested:

(Rupees in Lakhs)

	As At 31.03.2008	Maxi. Amt. Outstdg.	As At 31.03.2007	Maxi. Amt. Outstdg.
a Advances includes Advances/Deposits given to a firm in which Directors are interested.	8.00	8.00	8.00	8.00
b Debts due by firm company in which Directors are interested.	74.32	74.32	79.04	79.04

13 Details in respect of Traded/Manufactured Items :

a Item	Opening Stock Value	Purchases Value	Turnover Value	Closing Stock Value
1 Organic Chemicals	4,847,895 (4,847,895)	NIL (3,271,391)	NIL (3,477,451)	4,847,895 (4,847,895)
2 Inorganic Chemicals	82,327 (82,327)	NIL (NIL)	NIL (NIL)	82,327 (82,327)
3 Formulations	2,069,816 (2,069,816)	NIL (NIL)	NIL (NIL)	2,069,816 (2,069,816)
4 Cameras, Equipments	3,165,068 (3,165,068)	NIL (NIL)	NIL (NIL)	3,165,068 (3,165,068)
5 Speciality chemicals	3,282,619 (3,282,619)	NIL (NIL)	NIL (NIL)	3,282,619 (3,282,619)

It is not possible to give quantitative details as different items are expressible in different measurement units.



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# AVI PHOTOCHEM LIMITED

Schedules attached to and forming part of Accounts as at 31st March, 2008

## Schedule 18 : Notes Forming Part Of Accounts (Cont'd) :

### b Quantitative Information of production

1 Details regarding licensed and installed capacity are as follows:

	2008-2009	2007-2008
Organic, inorganic chemical and formulation		
Licensed Capacity	Not Applicable	Not Applicable
Installed Capacity	1,800 MT	1,800 MT

2 Total Production:

Organic, Inorganic and Formulations	In Kgs/Lt/Kit	NIL	NIL

14 Last year company's factory was closed and no manufacturing activity was carried out.

15 Due to non payment of dues Maharashtra State Electricity Board has disconnected the power supply from 7th December, 1998.

16 A debt Recovery suit u/s 19 of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 has been filed against the Company by Bank of Baroda for non-payment of the dues amounting to Rs.21,419,597.46/- and the matter is pending in appeal. The suit has been filed for the sum outstanding along with current and future interest and other reliefs.

The company has also filed the counter claim in Debt Recovery Tribunal for Rs.741.4 lakhs matter is admitted and matter is pending before Debt Recover Tribunal.

Also, no provision for interest on term loan has been made to the extent of approximately Rs.2130000/- for the Thirty quarters from 1st October, 1999 to 31st March, 2008 including current year provision of Rs.284,000/-. Interest on other than term loan of Rs.176,304/- includes interest not provided for earlier years also.

The company has also not made any provision for interest on any other bank certificates which are outstanding and the same are not quantifiable.

The company is pursuing the matter with Bank of Baroda for settlement.

17 As per Accounting Standard 22- Taxes on Income issued by ICAI, working of Deffered Tax Asset/(Liability) is as under: Deffered Tax Asset and Liabilities are attributable to the following items:

	31.3.08	31.3.07
<b>Deffered Tax Liabilities:</b>		
Depreciation	1,710,782	1,937,575
	<u>1,710,782</u>	<u>1,937,575</u>
<b>Deffered Tax Assets:</b>		
Unabsorbed depreciation	1,308,980	1,316,129
Unabsorbed Business Loss	5,953,128	5,995,549
Unabsorbed Capital Loss	146,973	146,973
	<u>7,409,081</u>	<u>7,458,651</u>
<b>Net Deffered Tax Asset</b>	<u>5,698,299</u>	<u>5,521,076</u>

Since there is no virtual or reasonable certainty with the convincing evidence that future taxable income will be available against which such deffered tax asset can be realised, deffered tax asset is not recognised in the books as required by the paragraph 15 and 17 of Accounting Standard 22 issued by ICAI.



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**AVI PHOTOCHEM LIMITED**


**Schedules attached to and forming part of Accounts as at 31st March, 2008**

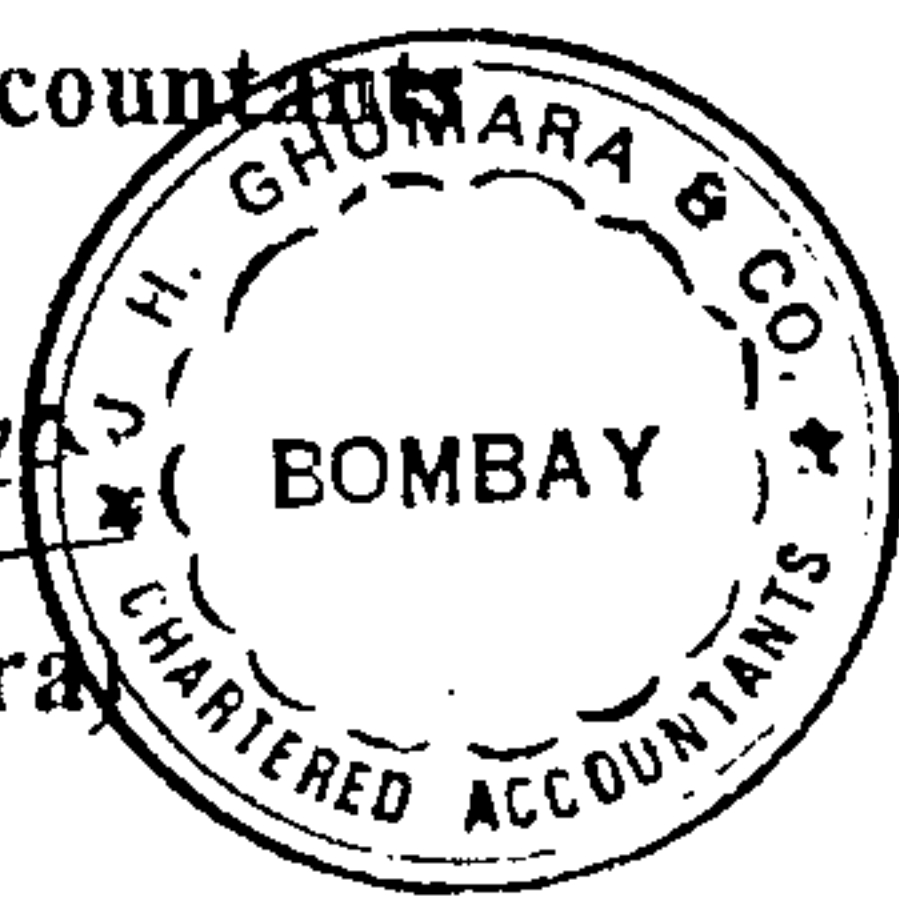
**Schedule 18 : Notes Forming Part Of Accounts (Cont'd) :**

- 18 The company is a potentially sick company under clause (o) of Section 3 of Sick Industrial Companies (Special Provisions) Act, 1985 since the accumulated losses of the company exceed 50% of the total Net Worth of the Company.
- 19 In view of the multification and identification of accounts relating to small scale industries undertakings, information for determining the particulars relating to current indebtedness to such undertakings as required under Schedule VI part 1 to the Company Act, 1956 are not readily available.
- 20 Figures in brackets relate to the previous year.

For J. H. Ghumara & Co.  
Chartered Accountants

For Avi PhotoChem Ltd

  
(J. H. Ghumara)  
Proprietor

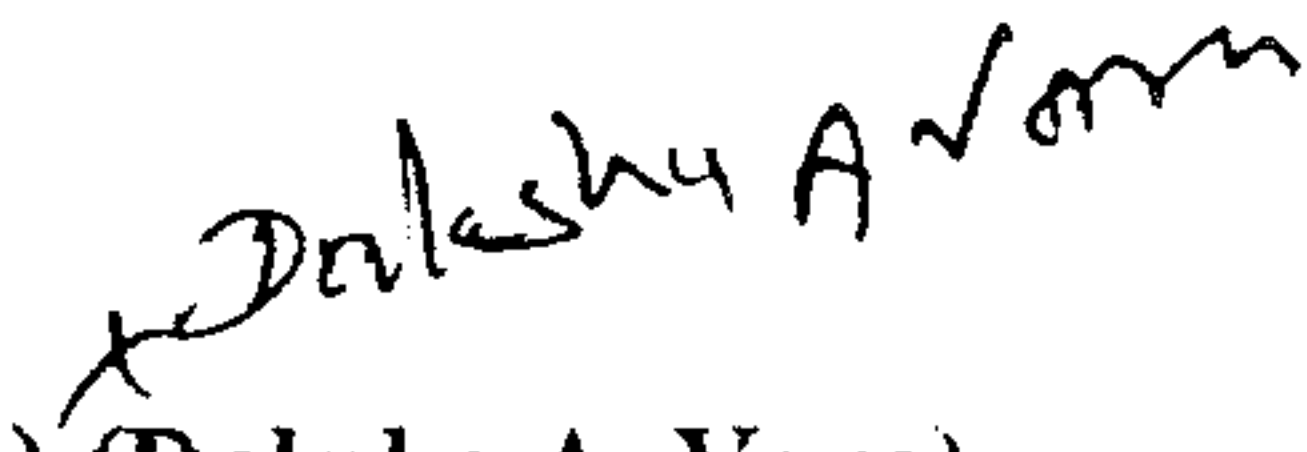


Membership No. : 14320

Mumbai, Dated: 4th September, 2008



(Avinash D. Vora) (Daksha A. Vora)  
Director Director

  
Director