

**AksharChem**

AksharChem (India) Ltd.

**A N N U A L  
R E P O R T  
2 0 1 1 - 2 0 1 2**

**NOTICE**

Notice is hereby given that the 23rd Annual General Meeting of the Members of AKSHARCHEM (INDIA) LIMITED will be held on Friday, 28th September, 2012 at 11.30 A.M. at the Registered Office of the Company situated at 166-169, Village : Indrad, Kadi - Kalol Road, Dist: Mehsana, Gujarat, to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider, approve and adopt the Audited Statement of Profit and Loss for the year ended 31st March, 2012 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Kiran J. Mehta, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Gurcharan Singh, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors and fix their remuneration.

**By order of the Board of Directors**

**Mrs. Paru M. Jaykrishna**

*Chairperson and Managing Director*

Place : Indrad, Mehsana

Date : 14/08/2012

Registered Office :

166-169, Village Indrad

Kadi – Kalol Road, Dist : Mehsana

Gujarat – 382 727 (India)

**NOTES**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING OF THE COMPANY IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER.**  
**PROXIES IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED WITH THE COMPANY ATLEAST 48 HOURS PRIOR TO THE COMMENCEMENT OF THE MEETING.**
2. Information under Clause 49 of the Listing Agreement regarding appointment / reappointment of Directors are annexed hereto.
3. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 21st September, 2012 to Friday, 28th September, 2012 (both days inclusive).
5. Pursuant to the provisions of Section 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, all dividend remaining unclaimed / unpaid for a period of seven years from the date they became due for payment, will be transferred to the Investor Education and Protection Fund (IEPF). No claim shall lie against the Company for the amounts so transferred to IEPF. Members who have not encashed dividend cheque for the financial year 2005-06 are requested to approach the Company or RTA for the payment thereof.
6. The members can also avail facility of nomination in terms of extant legal provisions in this regard. On request, the necessary form will be supplied by the Registrar and Share Transfer Agents.
7. The Ministry of Corporate Affairs (MCA) vide its circular No. 17/2011 dated 21/04/2011 and Circular No. 18/2011 dated 29/04/2011 has taken "Green Initiative in Corporate Governance" and allowed companies to share documents with its shareholders through an electronic mode. The Company thus proposes to send all documents to Shareholders like General Meeting Notices (include AGM Notice), Audited Financial Statements, Director's

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Report, Auditors' Report etc hence forth to the Shareholders in electronic form in lieu of the physical form. Shareholders in the Electronic Mode and the physical mode are requested to support this Green Initiative by registering / up dating their email addresses for receiving the electronic communications.

8. Members desirous of obtaining any information or clarification concerning to accounts and operations of the Company are requested to write to the Company at least 7 days in advance of the meeting.
9. Members who hold shares in dematerialised form are requested to fill their Client ID and DP ID numbers and those hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.

### ANNEXRE TO THE NOTICE

Disclosure pursuant to Clause 49 of the Listing Agreement with regard to the Directors seeking re-appointment / appointment at the forthcoming Annual General Meeting (Refer Item No. 2 and 3) of the Notice

Name of Director	Mr. Kiran J. Mehta	Mr. Gurcharan Singh
Date of Birth	30/09/1953	03/12/1949
Date of Appointment	27/07/2003	07/07/2011
Expertise in specific functional areas	Senior Cost Accountant	Retd. IAS Officer, worked as additional chief secretary of the Government of Gujarat
Qualification	M. Com, LLB, FICWA, FIISA	B.Sc., LLB
No. of Equity Shares Held	Nil	Nil
List of outside Company Directorships Held	Nil	Nil
Chairman/Member of the Committees of the Board of Directors of the Company	Chairman :Audit Committee Remuneration Committee Shareholders/ Investor Grievances Committee	Nil
Chairman / Member of the Committees of Directors of other Companies in which he/she is a Director a) Audit Committee b) Shareholders / Investors Grievances Committee	Nil	Nil

**DIRECTORS REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting their Twenty Third Annual Report together with the Audited Financial Statements of your Company for the financial year ended 31st March, 2012.

**FINANCIAL RESULTS**

Particulars	Current Year 2011-2012	(Rs. in Lacs) Previous Year 2010-2011
Net Sales/Income from Operations	5,196.87	8,455.65
Other Income	-	586.88
Total Income	5,196.87	9,042.53
Profit/(Loss) for the year before Finance Costs and Depreciation	(173.05)	862.54
Less : Finance Costs	157.51	153.65
Profit/(Loss) for the year before Depreciation	(330.56)	708.89
Less : Depreciation	91.90	87.67
Profit/(Loss) for the year before Tax Expenses	(422.46)	621.22
Less: Current Tax	0.19	0.26
Less: Deferred Tax	(33.97)	(16.33)
Profit/(Loss) for the year	(388.68)	637.29
Add : Balance brought forward from last year	835.49	198.20
Balance Carried over to Balance Sheet	446.80	835.49

**FINANCIAL PERFORMANCE****Results of Operations**

The year 2011-12 was a testing period for the Company. The operations were severely impacted by the global recession and economic slow down. Sudden Crash in demand, unexpected volatility in the raw material prices and foreign exchange affected our bottom line.

During the year under review, the Company has earned a total income of Rs. 5,196.87 Lacs as compared to Rs. 9,042.53 Lacs of the previous year.

The total sales of the Company was Rs. 5,189.40 Lacs compared to Rs. 8,455.65 Lacs during the previous year.

**Exports**

The Export sale of the Company was Rs. 4,422.75 Lacs compared to Rs. 7,345.70 Lacs during the previous year. Your Directors are confident to explore better overseas market in the year to come.

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### **DIVIDEND**

To conserve the resources, your Directors do not recommend any dividend for the current financial year.

### **CHANGES IN CAPITAL STRUCTURE**

#### **Issue of Equity Shares On Preferential Basis**

The Company has allotted 1,550,000 Equity Shares of Rs. 10/- each at a premium of Rs. 8.50 per share to Promoters on preferential basis on 25th May, 2011 after getting consent from the Shareholders at the Extra Ordinary General Meeting held on 10th May, 2011.

#### **Utilisation of Issue Proceeds**

The Company has fully utilised Rs. 2.87 Crores raised through preferential issue to meet the long term working capital and normal capital expenditures.

### **MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

A Management Discussion and Analysis Report as required under the Clause 49 of the Listing Agreement is annexed to and forming part of the Directors' Report.

### **DIRECTORATE**

In accordance with provision of the Companies Act, 1956 and the Articles of Association of the Company Mr. Kiran J. Mehta and Mr. Gurcharan Singh retire by rotation as Directors at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

A brief resume, expertise and details of other directorships of these directors are attached along with the Notice of the ensuing Annual General Meeting.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- (i) in the preparation of the annual accounts for the year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanations in case of material departures;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the directors had prepared the annual accounts on a going concern basis.

### **AUDITORS AND AUDITORS' REPORT**

M/s. Trushit Chokshi & Associates, Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a certificate from the statutory auditors to the effect that their re-appointment if made, would be in accordance with the provisions of Section 224(1) (B) of the Companies Act, 1956. You are requested to consider their reappointment.

The observations of the Auditors made in the Auditors Report are self explanatory.

### **FIXED DEPOSITS**

The Company has neither accepted nor renewed any fixed deposits from the public during the year and as on 31st March, 2012 there was no outstanding deposits.

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information required pursuant to provisions of Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the Annexure – 1 to this Directors' Report.

**STATEMENT OF EMPLOYEES' PARTICULARS**

During the year under review, there were no employees of the Company who were in receipt of remuneration in excess of the limit laid down under the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

**CORPORATE GOVERNANCE**

The Company has been proactive in following the principles and practices of good corporate governance. A report in line with requirements of Clause 49 of the listing agreement with the Stock Exchange(s) followed by the Company is annexed as per Annexure – III alongwith an Auditors Certificate on Corporate Governance and a declaration by the Chairperson and Managing Director with regard to Code of Conduct.

**COST AUDITORS**

As per the requirement of the Central Government and pursuant to Section 233B of the Companies Act, 1956, the Company carries out an audit of cost accounts.

Mr. Manish B. Analkat, Cost Accountant, Ahmedabad was appointed as Cost Auditors for the financial year 2011-12.

**SECRETARIAL AUDIT REPORT**

As required under the provisions of Section 383A of the Companies Act, 1956 and the rules made thereunder, a certificate is attached herewith as per Annexure -IV and the same forms part of this Report.

**HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The industrial relations of the Company with all its employees and workers remained cordial and harmonious through out the year. Your directors wish to place on record their sincere appreciation for the devoted services of all the employees and workers of the Company.

**FINANCE AND INSURANCE**

The Company have been financed by State Bank of India for both working capital and term loans.

The CARE has assigned "CARE BBB-" (Triple B Minus) rating to the long term bank loans/facilities and "CARE A3" (A Three) rating for to the short term bank loans/facilities.

All the assets and insurable interests of the Company, including plant and machinery, building, stocks, vehicles, stores and spares have been adequately insured against various risks and perils.

**SAFETY, HEALTH AND ENVIRONMENT**

Your Company continues to exercise persistent and meticulous efforts towards greener earth and environment conservation. The Company preserves in its efforts to teach safe and environmentally accountable behavior in every employee, as well as its vendors. The Company is committed towards safety, not only of its own men and plant, but also of the society at large.

Safety records showed further improvements and Zero accident target is achieved. This was made possible by strict adherence to laid down procedures and following of international guidelines.

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Solid waste generated at the Works, after treatment of its liquid effluent is shifted to a Gujarat Pollution Control Board (GPCB) approved site.

The Company continues to demonstrate its commitment to a clean and safe environment. The State of the art effluent treatment plant continues to run satisfactorily, so that the treated wastewater discharged is well within the stipulated norms set by GPCB.

Your Company has ISO 14001:2004 and ISO 9001-2008 certification for its unit.

### **APPRECIATION AND ACKNOWLEDGEMENTS**

Your Directors are grateful and pleased to place on record their thanks to Government of India, Government of Gujarat, Electricity supply companies, and Bankers for their excellent support, guidance and continued cooperation.

The Company is thankful to the shareholders for reposing trust in the Company and their unflinching enthusiasm and patronage.

For and on behalf of the Board

Date : 14/08/2012  
Place : Indrad, Mehsana  
Registered Office :  
166-169, Village Indrad  
Kadi – Kalol Road, Dist : Mehsana  
Gujarat – 382 727 (India)

**Mrs. Paru M. Jaykrishna**  
*Chairperson and Managing Director*

### **ANNEXURE TO THE DIRECTORS' REPORT**

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988 and forming part of the Directors' Report for the year ending 31st March, 2012.

#### **I. (A) ENERGY CONSERVATION MEASURES TAKEN DURING THE YEAR 2011-12**

a. Energy conservation measures taken :

The Company put continues efforts to energy conservation and its utilization. Efforts are taken to upgrade the plant and machinery. Replacement of motors with energy efficient ones and with appropriate capacities. Replacement of pumps with appropriate and efficient pumps.

The Company has three DG set of one 750 KVA and two 125 KVA, installed in the plant as standby for continuous power supply.

b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy : No

c. Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

The adoption of energy conservation measures indicated above has resulted in awareness amongst the employees and shall have impact on savings of extra costs on energy.

d. Total energy consumption and energy consumption per unit of production : As per Form A

**FORM 'A'**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Unit of Measurement</b>	<b>2011-2012</b>	<b>2010-2011</b>
<b>A) POWER &amp; FUEL CONSUMPTION</b>				
<b>1. Electricity</b>				
a.	Purchased			
	Unit	Lacs KWH	<b>46.60</b>	65.48
	Total amount	Rs. in Lacs	<b>235.27</b>	329.81
	Rate/Unit	Rupees	<b>5.05</b>	5.04
b.	Own Generation			
	Unit generated through diesel generator	Lacs KWH	<b>NA</b>	NA
	Unit per litre of diesel oil	Rs. in Lacs	<b>NA</b>	NA
	Cost/Unit	Rupees	<b>NA</b>	NA
<b>2. Diesel/Furnace Oil</b>				
	Unit	Thousand Ltrs	<b>84.72</b>	300.80
	Total amount	Rs. in Lacs	<b>33.27</b>	105.62
	Rate/Unit	Rupees	<b>39.26</b>	35.11
<b>3. Lignite, Coal &amp; other Fuels</b>				
	Unit	Thousand Kgs	<b>3,109.42</b>	12,168.23
	Total amount	Rs. in Lacs	<b>117.00</b>	445.95
	Rate/Unit	Rupees	<b>3.76</b>	3.66
<b>B) CONSUMPTION PER UNIT OF PRODUCTION (DYE INTERMEDIATE)</b>				
	Unit cost per MT. of product			
	Electricity	(Units/Ton)	<b>1,263.29</b>	1,091.81
	Diesel/furnace oil	(Ltrs./Ton.)	<b>22.97</b>	50.16
	Lignite, Coal and other fuels	(kg/ton)	<b>843.03</b>	2,028.94

**B. TECHNOLOGY ABSORPTION**

Efforts made in Technology Absorption in Form "B"

**RESEARCH & DEVELOPMENT (R & D)  
FORM "B"**

**1. Specific area in which R & D carried out by the Company**

The Research and Development department continued to direct its efforts towards quality control, cost reduction and improvement of product as per customer demand.

**2. Benefits derived as a result of the above Research & Development**

- Research and Development work in enrichment of the Company's product range with promising new products and higher value addition due to cost reduction by way of process improvements, energy savings and reduction of chemical waste.



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- With installation of Quality System and Total Quality Management, we have been able to get ISO 9001:2008 accreditation and this in turn, has enabled us to plan, manufacture and supply material of International Standards. This activity has resulted in up gradation of all the documentation on the products to specify complete manufacturing and quality assurance needs.
- The company has received ISO 14001-2004 Certification.

### 3. Future plan of action

Research and Development activities are being intensified to improve quality, develop product variants and improve productivity.

### 4. Expenditure on Research & Development

	<u>2011-2012</u>	(Rs. in Lacs) <u>2010-2011</u>
Capital	Nil	7.41
Revenue/Recurring	<u>2.64</u>	<u>2.94</u>
Total	<u>2.64</u>	<u>10.35</u>
Total Expenditure as % of turnover	<b>0.05%</b>	0.12%

### 5. Technology absorption, adaptation and innovation

- i) Efforts, in brief made towards technology absorption, adaptation and innovation:

The Company has been putting emphasis to train its technical personnel by way of providing training to them for the latest technology available.

- ii) Benefits derived as a result of the above efforts:

Benefits derived from these efforts include process rationalization, product quality improvement, reduced wastage and overall cost reduction.

- iii) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished:

- Technology imported : NIL
- Year of Import : Not Applicable
- Has technology been fully absorbed? : NIL

### C. FOREIGN EXCHANGE EARNINGS AND OUT GO

- a. Activities relating to Exports, initiative taken to increase exports, development of new export markets for products and service and export plans.

The Company has continued to maintain focus and avail of export opportunities based on economic situation. During the year the Company exported Vinyl Sulphone valuing to Rs. 4,414.45 Lacs (Previous Year 7,282.77 Lacs) to various countries around the World. The Company exports its product to USA, Middle East, Europe and Asian Countries. Continuous efforts are being taken to increase exports by exploring new markets.

- b. Foreign Exchange used and earned:

	<u>2011-2012</u>	(Rs. in Lacs) <u>2010-2011</u>
Foreign Exchange Earned	<b>4,414.45</b>	7,282.77
Foreign Exchange Used	<b>10.14</b>	22.00

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**ANNEXURE – II TO THE DIRECTORS' REPORT****MANAGEMENT DISCUSSION AND ANALYSIS****OVERVIEW**

The Company is engaged in the manufacturing of Dyes and Intermediates. The principal product of the Company is Vinyl Sulphone. Vinyl Sulphone is used as a key raw material in the manufacturing of reactive dyes, which is having application in color, paints, pigments, rubber, textiles, plastics and leathers.

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

The Chemical industry is one of the oldest industry in India, which contributes significantly towards industrial and economic growth of the nation. It is highly science bases and provides valuable chemicals for various end products such as textiles, paper, paints and leather etc. The dyestuff sector is one of the important segments of the chemical industry in India. India has emerged as a global supplier of dyestuffs and dye intermediates, particularly for reactive, acid, vat and direct dyes. The Indian dyestuff production meets more than 95 percent of the domestic demand has gradually made a dent in the global market. Your Company's principal product Vinyl Sulphone is a part of dyestuff industry has also witnessed good demand as result.

**RISK & CONCERNS**

Most of the raw materials of the Company are derivatives of crude oil. Hence margins are susceptible to volatility associated with its raw material prices. The environmental protection policies of the Government also affect the performance of the Company. Further the dyes and intermediate industry is facing a stiff competition from China. The volatility of Rupee vise-a-vis dollar is effecting realization and adverse global economic condition are additional cause of concern.

However, the Company keeps constant monitoring on the cost of raw materials, energy and transportation to mitigate the risk. The Company is having a well structured risk management system under the guidance of experienced Board of Directors. The Audit Committee monitors the implementation of the risk mitigation plans.

**OPPORTUNITIES AND THREATS**

Your Company is having long and established track record in the Vinyl Sulphone business. It enjoys a long standing relation with key Multinationals who are leaders in the industry. The Company has kept a tight vigil on overall cost, inventory management, energy and transportation.

**OUTLOOK**

After the global head winds particularly the Europe financial crisis, the US slowdown, the business around the world is showing sign of recovery, particular in India. The demand for your product has shown global demand and is expected to continue for the financial year 2012-13.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has suitable and proper internal control system according to the nature of its business and its size to ensure propriety in the utilization of funds, safeguarding of assets against unauthorized use or disposition, true and fair reporting and compliance with all the applicable regulatory laws and company polices. Internal Auditors conduct audits of the performance of various departments, functions and also statutory compliances based on annual audit plan. They report their observations / recommendations to the Audit Committee of the Board of Directors. Internal control systems are reviewed by Audit Committee on a regular basis for its effectiveness and the necessary changes suggested are incorporated into the system. Internal Audit Reports are reviewed by the Audit Committee of the Board.

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### FINANCIAL PERFORMANCE

The year under review, was testing time for the Company, the global and European economic slow down effect the performance of the Company.

Particulars	(Rs. In Lacs)	
	2011-2012	2010-2011
Net Turnover	<b>5,196.87</b>	8,455.65
Other Income	-	586.88
Total Income	<b>5,196.87</b>	9,042.53
Profit/(Loss) for the year before Finance Costs and Depreciation	<b>(173.05)</b>	862.54
Less : Finance Costs	<b>157.51</b>	153.65
Depreciation	<b>91.90</b>	87.67
Profit/ (Loss) Before Tax	<b>(422.46)</b>	621.22
Tax Expenses	<b>(33.78)</b>	(16.08)
Profit/(Loss) after Tax	<b>(388.68)</b>	637.29
Exceptional Items	-	-
Net Profit / (Loss)	<b>(388.68)</b>	637.29

### Result of Operations

During the year under review, the Company has earned a total income of Rs. 5,196.87 Lacs as compared to Rs. 9,042.53 Lacs of the previous year.

The total sales of the Company was Rs. 5,189.40 Lacs compared to Rs. 8,455.65 Lacs during the previous year.

### Exports

The Export sale of the Company was Rs. 4,422.75 Lacs compared to Rs. 7,345.70 Lacs during the previous year.

### HUMAN RESOURCES DEVELOPMENT

The Industrial relations remained normal and there were no significant labour issues outstanding or remaining unresolved during the year. The Board of Directors and the Management wish to place on record their appreciation for the efforts put in by all employees to achieve good performance.

### CAUTIONARY STATEMENT

Some of the statements in this "Management Discussion and Analysis", describing the Company's objectives, projections, estimates, expectations and predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Although the expectations are based on reasonable assumptions, the actual results could materially differ from those expressed or implied, since the Company's operations are influenced by many external and internal factors beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

**ANNEXURE - III TO THE DIRECTORS' REPORT****CORPORATE GOVERNANCE REPORT 2011-2012**

As required by Clause 49 of the Listing Agreement with the Stock Exchange(s), a report on Corporate Governance is furnished below:

**MANDATORY REQUIREMENTS****1. Company's Philosophy on Code of Governance**

AksharChem (India) Limited philosophy on Corporate Governance endeavours to achieve transparency, integrity and accountability in all its operations. Our governance practice is to build the trusts between the Company and its stakeholders viz. shareholders, customers, suppliers and employees.

**2. Board of Directors****2.1. Composition of the Board**

The Board of Directors as on 31st March, 2012 comprises of seven Directors out of which three were Executive Directors and four were Non-Executive Directors. The three Executive Directors includes one Chairperson and Managing Director and two Joint Managing Directors and who are promoter of the company. All four Non-Executive Directors are independent directors.

**Independent Directors**

Mr. Gurcharan Singh, Dr. Pradeep Jha, Mr. Kiran J. Mehta and Mr. Param J. Shah, are the independent directors of the Company.

The independent directors on the Board are senior, competent and highly respected persons from their receptive fields. None of the Directors on the Board is a Member on more than 10 committees. Necessary disclosures have been made by the Directors in this regards.

The Board does not have any Nominee Director representing any institution.

**2.2. Non-Executive Directors' Compensation and Disclosures**

The Non-Executive Directors are entitled for sitting fees only which have been approved by the Board of Directors. Apart from sitting fees no other fees/compensation are paid to them. Details of sitting fees paid to Non-Executive Directors are given at respective place of this report.

**2.3 Other provisions as to the Board and Committees**

The Board plays a important role to ensure good governing practices and functioning of the Company. The responsibility such as policy formulation, performance review and analysis and control, direction and management of the affairs of the Company is vested in the Board of Directors presided over by the Chairperson and Managing Director. The Board has delegated some of its powers to the executives of the Company. The Board reviews from time to time such delegated powers and their utilization for executive functioning of the Company. The Board also reviews compliance reports of all laws applicable to the Company as well as take necessary steps to rectify instances of non-compliances, if any.

The meetings of the Board of Directors are held at periodical intervals and are generally at the Registered Office of the Company. The meeting dates are decided well in advance and the agenda and notes on agenda are circulated in advance to the directors. Where it is not perusable to attach supporting or relevant documents to the agendas, the same is tabled before the meeting. Senior level employees are often invited to attend the Board Meeting and provide clarifications as and when required. During the year under review, the Board of Directors met eight (8) times and time gap between two meetings does not exceed four months. The details of Board Meeting and Attendance thereof are as below:

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Sr. No.	Date of Board Meeting	Place	No. of Directors Present
1.	11.04.2011	Indrad, Kadi	5
2.	14.05.2011	Indrad, Kadi	4
3.	25.05.2011	Indrad, Kadi	4
4.	07.07.2011	Indrad, Kadi	5
5.	12.08.2011	Indrad, Kadi	5
6.	14.11.2011	Indrad, Kadi	5
7.	15.12.2011	Indrad, Kadi	4
8.	14.02.2012	Indrad, Kadi	5

Details of Board of Directors in terms of directorship/memberships in outside company (excluding Askharchem (India) Ltd.) as well as attendance at Board Meetings and last Annual General Meeting (AGM) are as follows:

Name of the Director	No. of Outside Directorship Held		No. of Outside Committee Positions Held		No. of Board Meetings		Attended at Last AGM
	Public	Private	Public	Private	Held	Attended	
Mrs. Paru M. Jaykrishna	1	5	1	-	8	6	Yes
Mr. Gurcharan Singh@	-	-	-	-	5	-	No
Dr. Pradeep Jha	-	-	-	-	8	8	No
Mr. Param J. Shah	-	-	-	-	8	1	No
Mr. Kiran J. Mehta	1	-	-	-	8	6	Yes
Mr. Gokul M. Jaykrishna	1	6	-	-	8	8	Yes
Mr. Munjal M. Jaykrishna	1	6	-	-	8	8	Yes

@Appointed as Director with effect from 07.07.2011

#### 2.4 Information placed before the Board of Directors

The Board has complete access to all the information of the Company. The following information is regularly provided to the Board:

1. The minutes of the meetings of the Board, Audit Committee and Shareholder/Investor Grievances Committee.
2. Quarterly, half yearly and annual financial results of the Company and its operating divisions.
3. Annual operating plans and budgets and any updates thereon.
4. Capital budgets and any updates thereof.
5. The information on recruitment and remuneration of senior officers just below the board level, including the appointment or removal of Chief Financial Officer and the Company Secretary.
6. Materially important show cause, demand, prosecution and penalty notices.
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any.
8. Any material default in financial obligations to and by the Company or substantial non payment for goods sold by the Company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
10. Details of any joint venture or collaboration agreement.

11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
  12. Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like signing of wage agreement, implementation of voluntary retirement scheme etc.
  13. Sale of material nature, of investments, subsidiaries, assets, which is not in normal courses of business.
  14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
  15. Non-compliance of any regulatory, statutory or listing agreements and shareholders service such as non-payment of dividend, delay in share transfer etc.
  16. Appointment of statutory auditor, secretarial auditor, cost auditor and internal auditor.
  17. General Disclosure of Interest.
  18. Contracts in which director(s) are deemed to be interested.
  19. Details of investment of surplus funds available with the Company.
  20. Cost Audit Report / Secretarial Audit Report.
- 2.5 Details of Directors seeking re-appointment at the ensuing Annual General Meeting  
Mr. Kiran J. Mehta and Mr. Gurcharan Singh, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and offers themselves for re-appointment.
- 2.6 Code of Conduct  
The Company has laid down a Code of a Conduct for its Board of directors and Senior level employees which is adhered to by all the concerned persons.

### 3. COMMITTEE OF THE BOARD

The Company has three Board level Committees, namely:

1. Audit Committee
2. Remuneration Committee
3. Shareholders' / Investor Grievances Committee

#### 3.1 Audit Committee

i) Composition of Audit Committee

The Audit Committee constituted by the Board of Directors as per the provisions of Clause 49 of the listing Agreements as well as Section 292A of the Companies Act, 1956, comprises of three members, who are well versed with finance, accounts, management and corporate affairs. Two members constitute the quorum of the Audit Committee Meeting. The following are members of Audit Committee:

1. Mr. Kiran J. Mehta – Chairman
2. Dr. Pradeep Jha - Member
3. Mr. Param J. Shah - Member

The Managing Director, Joint Managing Directors, Senior Management Executives, Head of Accounts, Internal Auditors and the Statutory Auditors are also invited to attend the Meetings.

Mr. Kiran J. Mehta, Chairman of the Audit Committee attended the last Annual General Meeting (AGM).

ii) Meeting and Attendance of the Audit Committee:

During the year under review, the Audit Committee met five (5) times. The details of meeting and attendance of the members are as below:

Name of Members	No. of Meetings	
	Held	Attended
Mr. Kiran J. Mehta	5	4
Dr. Pradeep Jha	5	5
Mr. Param J. Shah	5	1

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iii) Terms of reference of Audit Committee:

The terms of reference of Audit Committee are wide enough to cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement with the Stock Exchange(s) as well as Section 292A of the Companies Act, 1956 and are as follows:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  1. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  2. Changes, if any, in accounting policies and practices and reasons for the same.
  3. Major accounting entries involving estimates based on the exercise of judgment by management.
  4. Significant adjustments made in the financial statements arising out of audit findings
  5. Compliance with listing and other legal requirements relating to financial statements.
  6. Disclosure of any related party transactions.
  7. Qualifications in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
- 5A. Reviewing, with the management, the statement of uses /application of funds raised through an issue (public issue, rights issue, preferential issue etc) the statement of funds utilized for purposes other than stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the Internal Control Systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the whistle blower mechanism, in case the same is existing.
- 12A. Approval of appointment of CFO after assessing the qualification, experience & background, etc. of the candidate.
13. Carrying out any other function as in mentioned in terms of reference of the Audit committee.

iv) Review of information by Audit Committee

The Audit Committee shall mandatory review the following information in their meetings:

1. Management discussion and analysis of financial condition and results of operations;

2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  4. Internal audit reports relating to internal control weaknesses; and
  5. The appointment, removal and terms of remuneration of the Chief Internal auditor shall be subject to review by the Audit Committee.
- v) **Subsidiary Company**  
During the year under review, your Company does not have any Subsidiary Company.

**3.2. Remuneration Committee**

Your Company has a Remuneration Committee which reviews the remuneration to the Executive Directors and recommends the same to the Board of Directors. This Committee also acts as a Remuneration Committee under Schedule XIII and as Selection Committee under Section 314 of the Companies Act, 1956.

All the remuneration is decided by the Board of Directors in accordance with the Shareholder's approval, if necessary. Apart from sitting fees, there is no other remuneration to the Non-Executive Directors.

The Committee comprises of:

1. Mr. Kiran J. Mehta, Chairman
2. Dr. Pradeep Jha, Member
3. Mr. Param J. Shah, Member.

Constitution of Remuneration Committee:

The Committee is consisting of three (3) Independent Directors.

Attendance of Remuneration Committee:

During the period under review the Committee met for one (1) time.

The details of members and their attendance are as below:

Name of Members	No. of Meetings	
	Held	Attended
Mr. Kiran J. Mehta	1	1
Dr. Pradeep Jha	1	1
Mr. Param J. Shah	1	-

Details of the remuneration paid to the Whole-time Directors are as below:

Whole – Time Director	Business relationship with the Company	Remuneration paid during the year 2011-12
All elements of remuneration package i.e. salary, benefits, bonus, pension etc. paid during the year		
Mrs. Paru M. Jaykrishna	Chairperson & Managing Director	Nil
Mr. Gokul M. Jaykrishna	Joint Managing Director	Rs. 6,00,000
Mr. Munjal M. Jaykrishna	Joint Managing Director	Rs. 6,00,000

1. Service Contract, Notice Period and Severance Fees:  
The employment of Mrs. Paru M. Jaykrishna, Chairperson and Managing Director, Mr. Gokul M. Jaykrishna, Joint Managing Director and Mr. Munjal M. Jaykrishna, Joint Managing Director is contractual.
2. Stock Option details, if any : Nil



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### Non-Executive Director

Non-Executive Director were paid sitting fees for attending the Board Meeting and Committee Meetings, except Mr. Param J. Shah, who has voluntarily consented not to avail any benefits including sitting fees from the Company. Details of the sitting fees paid for meetings of the Committees of the Board are given at the respective places of this report.

### Shareholding of Directors

None of the Non-Executive Directors of the Company are holding any shares in the Company.

### 3.3. Shareholders'/Investors' Grievances Committee

The shareholder's/investor's grievances committee has been constituted to attend and to redress the investor grievances.

The Committee comprises of:

1. Mr. Kiran J. Mehta, Chairman
2. Dr. Pradeep Jha, Member
3. Mr. Param J. Shah, Member

The committee meets as and when required and following are the details of meeting held of Shareholders/Investor Grievance Committee.

Name of Members	No. of Meetings	
	Held	Attended
Mr. Kiran J. Mehta	1	1
Dr. Pradeep Jha	1	1
Mr. Param J. Shah	1	-

The committee is responsible for:

- A. To monitor work related to:
  - Transfer and/or transmission of the shares of the Company.
  - Dematerialization / rematerialisation of the shares of the Company.
  - Sub-division, consolidation of any share certificate(s) of the Company.
- B. Approval of issue of duplicate share certificates against the original share certificates.
- C. To look into the redressing of shareholders and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, review of dematerialization, rematerialisation, shareholding pattern, distribution schedule etc.

The Compliance Officer is entrusted with the responsibility to specifically look into the redressal of the shareholders and investors complaints and report the same to the Investors Grievances Committee.

### Complaint Status

The status of complaints during the year under review is as under:

Number of complaints received : 2

Number of complaints solved : 2

Number of pending complaints : -

All the complaints received from the shareholders during the year were duly resolved. There are no complaints remaining unresolved as at the beginning and end of the year.

## 4. Management

The Management Discussion and Analysis Report forms part of Annual Report as per Clause 49 of the Listing Agreement is as per Annexure - 2.

No material transaction has been entered into by the Company with the Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have a potential conflict with the interests of the Company.

**5. CEO/CFO Certification:**

A certificate from Mrs. Paru M. Jaykrishna, Chairperson and Managing Director, Mr. Gokul M. Jaykrishna, Joint Managing Director and Mr. Munjal M. Jaykrishna, Joint Managing Director of the Company on the financial reporting and internal controls was placed before the Board in terms of Clause 49 of the Listing Agreement with Stock Exchanges.

**6. General Body Meetings:****6.1 Details of location, time and date of last three Annual General Meeting are given below:**

For Financial Year	Venue	Date	Time
2008-09	At the Registered Office at 166-169, Village Indard, Kadi-Kalol Road, Mehsana, Gujarat	30.09.2009	11.30 a.m
2009-10	At the Registered Office at 167-168, Village Indard, Kadi-Kalol Road, Mehsana, Gujarat	25.09.2010	11.00 a.m
2010-11	At the Registered Office at 167-168, Village Indard, Kadi-Kalol Road, Mehsana, Gujarat	30.08.2011	11.30 a.m

**6.2 Extra Ordinary General Meeting**

An Extra Ordinary General Meeting of members was held on 10th May, 2011.

**6.3 Special Resolution passed in the last three years at the Annual General Meetings**

At the Annual General held on 30th August, 2011 Special Resolution was passed approving the reappointment of Mrs. Paru M. Jaykrishna as Chairperson and Managing Director of the Company.

**6.4 Special Resolution passed last year through Postal Ballot**

No resolution was passed through Postal Ballot in the Financial Year 2011-12.

**6.5 Whether any Special Resolutions are proposed to be passed through Postal Ballot. : No****6.6 Procedure for Postal Ballot**

- The notices containing the proposed resolutions and explanatory statements thereto are sent to the registered addresses of all the shareholders of the Company along with a Postal Ballot Form and a postage pre-paid envelope containing the address of the Scrutinizer appointed by the Board for carrying out postal ballot process.
- The Postal Ballot Forms received within 30 days of dispatch are considered by the Scrutinizer.
- The Scrutinizer submits his report to the Chairperson and Managing Director of the Company, who on the basis of the report announces the results.

**7. A. Disclosures:****1. Related party transactions**

The audit committee reviews periodically the significant related party transactions that may have potential conflict with the interest of the Company at large.

There are no materially significant party transactions i.e. transactions of the Company of material nature with its promoters, the directors or the management or relatives etc. that may have potential conflict with the interest of Company at large. Transactions with related parties as per the requirement of Accounting Standard (AS-18) – “Related Party Disclosure” are disclosed in Notes to Financial Statement.

**2. Details of Non Compliances**

The Company has complied with the requirements of the Stock Exchange, Securities Exchange Board of India (SEBI) and other authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities relating to the above.

**3. Whistle Blower**

The Company has adopted a Whistle Blower policy and has established necessary mechanism in line with Clause 7 of the Annexure I D to Clause 49 of the Listing Agreement with Stock Exchanges for

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employees to report concerns about the unethical behaviour. No employee is denied the opportunity to meet the Audit Committee members of the Company.

#### **4. Compliance with non-mandatory requirements of Clause 49 of the Listing Agreement**

The Company has complied with non-mandatory requirements of remuneration committee and whistle blower policy to the extent detail above.

#### **5. Accounting Treatment**

The Company's financial statements are prepared in accordance with the Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006 in line with the Accounting Standards recommended by the Institute of Chartered Accountants of India.

#### **6. Risk Management**

The Audit Committee regularly reviews the risk assessment and control process of the Company. The Board also periodically review the risk assessment procedures laid by the Company.

#### **7. Proceed from public issues, rights issue, preferential issue etc.,**

During the period under review, the Company has issued 1,550,000 Equity Shares of Rs. 10/- each at a premium of Rs. 8.50 per share to Promoters on preferential basis on 25th May, 2011.

#### **8. Secretarial Audit**

a. Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchange(s), certificates on half yearly basis have been issued by a Company Secretary in Practice for due compliance of share transfer formalities by the Company.

b. A Company Secretary in Practice carried out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issue / paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form.

#### **9. Transfer to Investor Education and Protection Fund**

During the year under review, there was no amount due to be transferred to Investor Education and Protection Fund established by the Central Government.

### **8. Means of Communication**

#### **Results**

The Board of Directors of the Company approves and takes on record the Financial Results and announces the said financial results to the BSE Ltd and Ahmedabad Stock Exchange Limited where the shares of the Company are listed. Further, the quarterly/half yearly results are generally published in Local English and Vernacular language newspapers.

#### **Website**

The financial results are posted on the website of the Company at [www.aksharchemindia.com](http://www.aksharchemindia.com)

#### **Presentation to Institutional Investors or to analysts**

The presentation of Company's performance are made to the Institutional Investors / Financial Analysts as and when felt expedient.

#### **Management Discussion & Analysis Report**

The management discussion and analysis report forms part of Directors Report. All matters pertaining to industry structure and developments, opportunities and threats, outlook, risk and concern internal controls and systems are discussed in the said report.

#### **Green Initiative in Corporate Governance**

Pursuant to Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011, Ministry of Corporate Affairs, Government of India has undertaken a Green Initiative in Corporate Governance whereby the shareholders desirous of receiving notices, Annual Report, documents and other communications from the Company through electronic mode, can register their e-mail addresses with the Company.

Your Company encourages the shareholders to register their email addresses by sending a letter signed by the shareholders to the Company or its Registrar and Share Transfer Agent, Link Intime India Pvt Ltd.

**9. General Shareholder's information:****i. Annual General Meeting**

Day, Date, Time &amp; Venue

Friday, 28th September, 2012 at 11.30 A. M. at the Registered Office of the Company situated at 166-169, Village : Indrad, Kadi – Kalol Road, Dist : Mehsana.

**ii. Financial Year Calendar(2012-13) Tentative**

Financial Year

1st April, 2012 to 31st March, 2013

Annual General Meeting

August / September, 2013

Results for quarter ended on

30th June, 2012

On or before 14th August, 2012

30th September, 2012

On or before 14th November, 2012

31st December, 2012

On or before 14th February, 2013

31st March, 2013

On or before 14th May, 2013

**iii. Date of Book Closure**

Closure of Register of Members and Share Transfer Books

The Book Closure is from 21st September, 2012 to 28th September, 2012 (both days inclusive).

**iv. Dividend Payment Date**

No Dividend has been declared.

**v. Listing of Equity Shares on Stock Exchange at**

The Equity Shares of the Company are listed at BSE Ltd and Ahmedabad Stock Exchange Ltd and Annual Listing Fees for the Financial Year 2012-13 has been paid to the above stock exchanges.

Name and Address of Stock Exchange(s)

BSE Limited

25th Floor, P. J., Towers, Dalal Streets, Mumbai-400 001.

Ahmedabad Stock Exchange Ltd

Kamdhenu Complex, Opp. Sahajanand College, Panjara Pole, Ambawadi, Ahmedabad-380 015.

**vi. Stock Code**

524598 (BSEL)

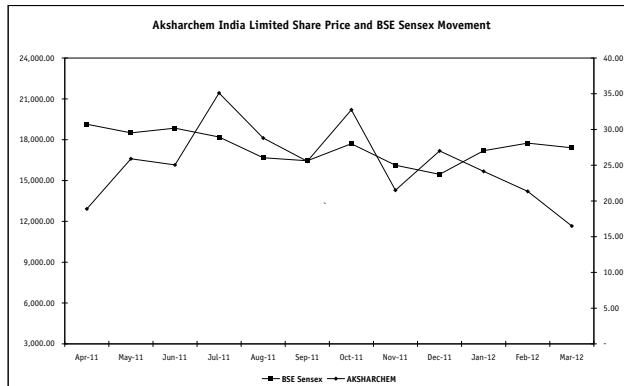
6408 (ASEL)

**vii. Market Price Data**

High and Low during each month in the (2011-12) financial year on BSE Limited

Month	High (Rs.)	Low (Rs.)
April, 2011	20.88	13.95
May, 2011	27.95	16.60
June, 2011	27.30	22.95
July, 2011	41.25	24.00
August, 2011	34.10	26.40
September, 2011	34.55	25.40
October, 2011	37.10	24.10
November, 2011	34.25	19.65
December, 2011	28.30	22.55
January, 2012	28.50	23.05
February, 2012	26.15	21.35
March, 2012	20.35	15.70

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### viii. Registrar and Transfer Agent

The Company in compliance with Securities Exchange Board of India (SEBI) guidelines has appointed M/s. Link Intime India Pvt. Ltd. to act as Registrar and Transfer agent to handle all investor services relating to shares held in physical form as well as in electronic mode. Their address is given below :

Link Intime India Pvt Ltd

Mumbai Office

C-133, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078.

Tel : 022-25960320-28, Fax : 022-25960329

Ahmedabad Branch Office

303, Shoppers Plaza V, Opp. Municipal Market,

Off. C. G. Road, Navrangpura, Ahmedabad - 380009.

Tel : 079-26465179

### ix. Share Transfer System

The Register and Transfer Agent deal with Share Transfer both in Physical and Demat Mode. The Demat shares are transferable through the depository system. Shares in physical form are processed by the Registrar and Transfer Agent and approved by the Shareholder / Investor Grievance Committee and transferred within the time stipulated by the Stock Exchange(s) and in terms of Clause 47 of Listing Agreement.

### x. Distribution of shareholding as on 31st March, 2012

#### a. Distribution Schedule

Number of Equity Shares Held	Shareholders		Shares	
	Number	% of Total	Number	% of Total
001-500	4,333	94.98	602,647	12.17
501-1000	120	2.63	101,393	2.05
1001-2000	52	1.14	81,744	1.65
2001-3000	17	0.37	41,840	0.84
3001-4000	7	0.15	24,664	0.50
4001-5000	3	0.07	13,539	0.27
5001-10000	12	0.26	81,652	1.65
10001 & above	18	0.40	4,005,371	80.87
<b>Total</b>	<b>4,562</b>	<b>100.00</b>	<b>4,952,850</b>	<b>100.00</b>

**b. Shareholding Pattern as on 31st March, 2012**

Category	No of Shares	% of Shareholding
<b>A. Promoters</b>		
1. Indian Promoters		
Individuals	3,283,441	66.29
Bodies Corporate	323,922	6.54
2. Foreign Promoters	-	-
<b>Total Promoters Holding</b>	<b>3,607,363</b>	<b>72.83</b>
<b>B. Non Promoters</b>		
Institutional Investors		
a. Mutual Funds	5,500	0.11
b. Banks, Financial Institutions, Insurance Companies	-	-
c. Foreign Institution Investors	-	-
<b>Sub Total</b>	<b>5,500</b>	<b>0.11</b>
<b>C. Others</b>		
a. Bodies Corporate	89,144	1.80
b. Indian Public	1,228,236	24.80
c. NRIs/OCBs	16,754	0.34
d. Clearing Members / Clearing House	5,853	0.12
<b>Sub Total</b>	<b>1,339,987</b>	<b>27.06</b>
<b>Grand Total</b>	<b>4,952,850</b>	<b>100.00</b>

- xii. **Dematerialization of Shares and Liquidity** For Dematerialisation of Equity Shares, the Company has entered into a tripartite agreement with National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through Link Intime India Private Limited to facilitate the shareholders to demat their share with any of the depositories, under ISIN No. – INE542B01011.

**Details of Demat Shares as at 31st March, 2012**

	No of shareholders	No of Shares	% of Capital
CDSL	443	240,344	4.85
NSDL	1,021	4,206,886	84.94
Physical Form	3,098	505,620	10.21
<b>Total</b>	<b>4,562</b>	<b>4,952,850</b>	<b>100.00</b>

- xii **Outstanding GDRs / ADRs /Warrants or any Convertible Instruments, conversion date and likely impact on Equity** There are no outstanding GDRs / ADRs / Warrants or any convertible instruments.

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**xiii Plant Locations**

166-169, Village: Indrad, Kadi-Kalol Rd, Mehsana, Gujarat – 382 727

**xiv Address for correspondence**

At Company  
AksharChem (India) Limited  
“Asahi House”, Kadi – Kalol Road, Village : Indrad  
Dist : Mehsana - 382 727, Gujarat  
Tel : (02764) 233007-10 Fax: (02764) 233020  
Email: cs@aksharchemindia.com  
At Registrar and Transfer Agent  
Link Intime India Private Limited  
303, Shoppers Plaza V, Opp. Municipal Market,  
Off. C. G. Road, Navrangpura, Ahmedabad - 380009.  
Tel : (079) 26465179 Fax : (079) 26465179  
Email: ahmedabad@linkintime.co.in

For and on behalf of the Board

Date : 14/08/2012  
Place : Indrad, Mehsana

**Mrs. Paru M. Jaykrishna**  
*Chairperson and Managing Director*

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### DECLARATION ON CODE OF CONDUCT

To the Members of  
AksharChem (India) Limited

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and Senior Level Employees of the Company.

It is further confirmed that all Directors and Senior Level Employees of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2012, as envisaged in Clause 49 of the Listing Agreement with Stock Exchange(s).

For and on behalf of the Board

Date : 14/08/2012  
Place : Indrad, Mehsana

**Mrs. Paru M. Jaykrishna**  
*Chairperson & Managing Director*

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### AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of AksharChem (India) Limited

We have examined the compliance of conditions of corporate governance by AksharChem (India) Limited for the year ended on 31st March, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For, **Trushit Chokshi & Associates**  
*Chartered Accountants*  
Firm Reg. No. : 111072W

**(Trushit Chokshi)**  
*Proprietor*  
Membership No. 040847

Date : 14.08.2012  
Place : Ahmedabad

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**ANNEXURE - IV TO THE DIRECTORS' REPORT****COMPLIANCE CERTIFICATE**

Company No.:04:12441

Nominal Capital :Rs.500 Lacs.

To,

The Members

AksharChem (India) Limited

I have examined the registers, records, books and papers of M/s. AksharChem (India) Limited as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Associations of the Company for the financial year ended on 31st March, 2012. In My opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. the company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. the company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. the Company is a Public limited company and having the paid up capital exceeding minimum capital under the Act. The other comments are not required.
4. the Board of Directors duly met 8 times on 11/04/2011, 14/05/2011, 25/05/2011, 07/07/2011, 12/08/2011, 14/11/2011, 15/12/2011 and 14/02/2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. the Company has closed its Register of Members during the year in accordance with the provisions of Section 154 of the Act.
6. the annual general meeting for the financial year ended on 31/03/2011 was held on 30/08/2011 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. one Extra Ordinary General meeting was held on during the year.
8. as per the information provided and explanation given, the company has not advanced loan to its directors and/or persons firms or companies referred in Section 295 of the Companies Act, 1956.
9. the company has duly entered into Contract falling within the purview of Section 297 of the Act during the year under review.
10. the company is in process of making necessary entries in the register maintained under Section 301 of the Act.
11. one relative of Directors is drawing salary after obtaining approval of Board of Directors in accordance with the provisions of Section 314 of the Companies Act, 1956.
12. the Board of Directors or committee of Directors has approved the issue of duplicate share certificates in accordance with the provisions of the Act.
13. the Company has:
  - (i) made allotment of securities during the year. The Company has delivered all the certificates on lodgment thereof for transfer/ transmission within the time prescribed under the provisions of the Act barring few exception of delayed transfer.
  - (ii) not deposited the amount of dividend since it has not declared the dividend during the year.
  - (iii) not paid/posted warrants for dividends to all the members and deposited unpaid dividend as required under the Act as it has not declared any dividend during the year.



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- (iv) no transfer of the amounts on account of unpaid dividend, application money due for refund, matured deposits, matured debenture and the interest accrued thereon which have remained unclaimed or unpaid for a period of 7 years to Investor Education and Protection Fund during the year under review.
- (v) duly complied with the requirement of Section 217 of the Act to the extent applicable to it.
- 14. the Board of Directors of the company is duly constituted and appointment of directors have been duly made.
- 15. the company has appointed Managing Director/ whole time director/ executive director in accordance with the provisions of Schedule XIII to the Companies Act, 1956.
- 16. the Company has not appointed sole selling agent.
- 17. there were no transactions requiring the company to obtain approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
- 18. the directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under
- 19. the company has issued 1,550,000 Equity Shares during the financial year and complied with the provisions of the Act.
- 20. the company has not bought back any shares during the year under scrutiny.
- 21. the company has not redeemed any preference shares/debentures during the year.
- 22. there were no instances requiring the company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
- 23. the company has not invited or accepted deposit falling within purview of Section 58A of the Act during the year.
- 24. the company had borrowed moneys in accordance with the provisions of Section 293 (1) (d) of the Act.
- 25. the Company has made investment in accordance with the provisions of Section 372A of the Act. However as explained, the Company has not advanced loan or given guarantees or provided securities to other bodies corporate.
- 26. the company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
- 27. the company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
- 28. the company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
- 29. the company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
- 30. the company has not altered its articles of association during the year under review.
- 31. as informed to me by the Management that no prosecution has been initiated against or show cause notices received by the company for alleged offences under the Act and also the fines and penalties or any other punishment imposed on the company.
- 32. the company has not received any sum as security as referred to in Section 417 (1) of the Act, from its employees during the year under certification.
- 33. the company has not created any fund referred to Section 418 of the Companies Act, 1956 and hence said Section is not applicable to the company.

Place : Ahmedabad  
Date : 14/08/2012

Signature:  
Name of Company Secy.: Bipin L. Makwana  
C.P. No.: 5265

Company No.:04:12441  
AksharChem (India) Limited

Nominal Capital : Rs.500 Lacs

**Annexure 'A'**

Registers as maintained by the Company

1. Register of Members u/s 150
2. Register of Directors u/s 303
3. Register of Directors' Shareholdings u/s 307
4. Register of Contracts u/s 301
5. Register of Fixed Assets.
6. Register of Charges u/s 143

**Annexure 'B'**

Forms and returns as filed by the company with the Registrar of Companies during the financial year. The company has not filed any form with Company Law Board or Regional Director.

Sl. No.	Nature of Document	Date of Filing	Filed within prescribed time	Not filed within prescribed time but filed with additional fees
01.	Form No. 2 Return of Allotment u/s 75 (1) of the Act.	21/06/2011	Yes	-
02.	Form No. 23 Registration of Resolution passed in the Extra General Meeting held on 10/05/2011 u/s 81(1A) of the Act.	11/06/2011	No	Yes
03.	Form No. 23 Registration of Resolution – Re-Appointment of Mrs. Paru M. Jaykrishna and Mr. Gokul M. Jaykrishna as Managing Directors of the Company u/s 269 read with 198, 309, 310 of the Act.	13/09/2011	No	Yes
04.	Form No. 23 Registration of Resolution passed at the Annual General Meeting – Reappointment of Mrs. Paru M. Jaykrishna and Mr. Gokul M. Jaykrishna as Managing Directors u/s 269 read with 198, 309, 310 of the Act.	17/09/2011	Yes	-
05.	Form No. 25C Return of Reappointment of Managing Directors - Mrs. Paru M. Jaykrishna and Mr. Gokul M. Jaykrishna u/s 269 read with 198, 309, 310 of the Act.	17/09/2011 19/09/2011	No	Yes
06.	Form No. 66 for submission of Compliance Certificate u/s 383A of the Act.	17/09/2011	Yes	-
07.	Form No. 32 Appointment of Mr. Gurcharan Singh as Additional Director of the Company.	18/10/2011	No	Yes
08.	Form No. 32 Appointment of Mr. Gurcharan Singh as Regular Director of the Company.	18/10/2011	No	Yes
09.	Form No. 32 Appointment of Mr. Param J. Shah as Regular Director of the Company.	18/10/2011	No	Yes
10.	Form No.20B (Annual Return made up to 30/08/2011) u/s 161 of the Act.	25/10/2011	Yes	-
11.	Form No.23ACXBRL, Form No.23ACA XBRL (Balance Sheet, P&L A/c for the year ending 31.03.2011) u/s 220 of the Act.	10/12/2011	Yes	-

Signature:

Place : Ahmedabad  
Date : 14.08.2012

Name of Company Secy.: Bipin L. Makwana  
C.P. No.: 5265

# ANNUAL REPORT 2011-2012

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## REPORT OF THE AUDITORS

TO THE MEMBERS OF  
**AKSHARCHEM (INDIA) LIMITED**

1. We have audited the attached Balance Sheet of AKSHARCHEM (INDIA) LIMITED as at 31st March 2012 ("the Company") and also the Statement of Profit and Loss for the year ended on that date and Cash Flow Statement of the Company for the year ended on that date, both annexed thereto.(together referred to as "financial statements"). 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 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in 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 Section 227(4A) of the Companies Act, 1956; we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3, 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 purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and 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 Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
  - (e) On the basis of written representation received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st 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 financial statements, read together 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 the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012
    - (ii) In the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date; and
    - (iii) In the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For, **Trushit Chokshi & Associates**  
*Chartered Accountants*  
Firm Reg. No. : 111072W

**(Trushit Chokshi)**  
*Proprietor*

Membership No. 040847

Date : 14.08.2012  
Place : Ahmedabad

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF THE AKSHARCHEM (INDIA) LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH, 2012.**

On the basis of such checks of books and records, as we considered appropriate and in terms of the information and explanations given to us during the course of our audit, we state that:

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
b) As explained to us, fixed assets, according to the practice of the company, are physically verified by the management at reasonable intervals, in phased verification programme, which in our opinion, is reasonable looking to the size of the Company and the nature of its business. As explained to us, on such physical verification of fixed assets, no major discrepancies have been noticed.  
c) The Company has not disposed off any substantial part of the fixed assets during the year and the going concern status of the company is not affected.
2. a) During the year, the inventories have been physically verified, by the Management and the Internal Auditors at regular intervals, except for the stock lying with the outside parties, which have, however, been confirmed by them. In our opinion, the frequency of verification is reasonable.  
b) In our opinion and according to the information and explanations given to us, the procedure of the physical verification of inventories followed by the Management and Internal Auditors are reasonable and adequate in relation to the size of the company and the nature of its business.  
c) On the basis of our examination of records of the inventories, we are of the opinion that, the Company is maintaining proper records of inventories. Discrepancies noticed on the physical verification of the inventories as compared to the book records were not material and have been properly dealt with in the books of accounts.
3. a) As per the information and explanations given to us, the Company has not granted any loans, secured or unsecured loans to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses 3(b), 3(c) and 3(d) of Paragraph 4 of the Order are not applicable to the company for the current year.  
b) As per the information and explanations given to us, the Company has not taken any loans, secured or unsecured loans from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses 3(f) and 3(g) of Paragraph 4 of the Order are not applicable to the company for the current year.
4. In our opinion and as per the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regards to purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, no major weaknesses in the internal control system have been noticed and there is no continuing failure in the same.
5. a) Based on the audit procedure applied by us and according to the information and explanations and representations given to us by the management, we are of the opinion that the transactions in which directors were interested and which need to be entered into the register to be maintained under Section 301 of the Companies Act, 1956 have been so entered.  
b) In our opinion and as per the information and explanations given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of rupees five lakhs in respect of any party during the year is reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and as per the information and explanations given to us, as the company has not accepted any deposits from the public, paragraph 4(vi) of the order is not applicable.
7. On the basis of internal audit reports broadly reviewed by us, we are of the opinion that the coverage of internal audit functions carried out by the internal auditor is commensurate with the size and the nature of business.
8. We have broadly reviewed the books of accounts maintained by the Company pursuant to rules made by the Central Government, for the maintenance of cost records prescribed under Section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed account and records have been made and maintained. We have not, however made a detailed examination of records with a view to determining whether they are accurate or complete.
9. a) In our opinion and as per the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income

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tax, sales tax, service tax, custom duty, excise duty and cess and other statutory dues, if any, with the appropriate authorities.

- b) As at 31st March, 2012 according to the records of the Company, following are the particulars of disputed dues on account of Sales Tax, VAT, Excise Duty, Custom and Income Tax.

Name of the statute	Nature of Dues	Amount of Demand net of Deposits	Period to Which Amount relates	Forum where Dispute is Pending
Income Tax Act, 1961	Income Tax	669,293	2001-02	Commissioner of Income tax (Appeal)
Income Tax Act, 1961	Income Tax	4,427,236	2003-04	High Court of Gujarat
Gujarat Sales Tax Act, 1961	Sales Tax	1,803,341	2004-05	Ahmedabad VAT Tribunal
Income Tax Act, 1961	Income Tax	293,669	2004-05	Commissioner of Income tax Circle (1), Ahmedabad
Central Excise Act, 1944	Central Excise	462,642	2008-09	Commissioner of Central Excise Ahmedabad-III (Appeal)

10. The Company has no accumulated losses at the end of the financial year but has incurred cash losses during the financial year covered by our audit. The Company has not incurred any cash losses in the previous financial year.
11. In our opinion and as per the information and explanations given to us, the Company has not defaulted in repayment of dues to Banks and Financial Institutions.
12. In our opinion and as per the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a Chit Fund, Nidhi, Mutual Benefit Fund and / or a Society.
14. In our opinion the Company has maintained proper records of the transactions and contracts of the investments dealt in by the Company and timely entries have been made therein. The investments made by the company are held in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, the term loans were applied by the Company for the purpose for which they were obtained.
17. According to the information and explanations given to us and on verification of Cash flow and on an overall examination of the balance sheet of the company, in our opinion, there are no funds raised on short-term basis used for long-term investments.
18. The Company has made preferential allotment of equity shares to Directors covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion and according to the information and the price at which such shares have been issued is not prejudicial to the interest of the Company.
19. On the basis of the records and documents examined by us, the Company has not issued any debenture during the year.
20. The Company has not raised any money by way of public issue during the year.
21. According to the information and explanations given to us and to the best of our knowledge and belief, no fraud on or by Company was noticed or reported in the course of our audit during the year.

For, **Trushit Chokshi & Associates**

*Chartered Accountants*

Firm Reg. No. : 111072W

**(Trushit Chokshi)**

*Proprietor*

Membership No. 040847

Date : 14.08.2012

Place : Ahmedabad

**BALANCE SHEET AS AT 31ST MARCH, 2012****(Amount in Rupees)**

<b>Particulars</b>	<b>Note Nos.</b>	<b>As at 31st March, 2012</b>	<b>As at 31st March, 2011</b>
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share Capital	2	<b>49,528,500</b>	34,028,500
(b) Reserves and surplus	3	<b>84,956,700</b>	110,650,810
		<b>134,485,200</b>	144,679,310
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	-	6,000,000
(b) Deferred tax liabilities (Net)	5	<b>3,856,839</b>	7,253,364
(c) Long-term Provisions	6	<b>898,350</b>	797,237
		<b>4,755,189</b>	14,050,601
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	<b>135,091,091</b>	89,437,459
(b) Trade payables	8	<b>113,477,072</b>	167,937,139
(c) Other current liabilities	9	<b>9,179,362</b>	16,271,420
(d) Short-term provisions	10	<b>245,537</b>	118,678
		<b>257,993,062</b>	273,764,696
<b>TOTAL</b>		<b>397,233,451</b>	432,494,607
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	11		
(i) Tangible assets		<b>165,318,388</b>	117,922,677
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	9,376,993
(b) Non-current investments	12	<b>554,768</b>	553,768
(c) Long-term loans and advances	13	<b>8,114,908</b>	8,181,387
		<b>173,988,064</b>	136,034,825
<b>2 Current assets</b>			
(a) Inventories	14	<b>46,541,346</b>	96,522,329
(b) Trade receivables	15	<b>71,396,433</b>	56,866,442
(c) Cash and Cash equivalents	16	<b>4,934,271</b>	17,034,942
(d) Short-term loans and advances	17	<b>99,899,612</b>	125,583,059
(e) Other current assets	18	<b>473,725</b>	453,010
		<b>223,245,387</b>	296,459,782
<b>TOTAL</b>		<b>397,233,451</b>	432,494,607

Significant Accounting Policies 1  
The accompanying notes are an integral part of the financial statements 2 - 40

As per our Report of even date attached

**For, Trushit Chokshi & Associates**

Chartered Accountants

Firm Reg. No. 111072W

**Trushit Chokshi**

(Proprietor)

Membership No. 040847

Place : Ahmedabad

Date : 14/08/2012

For and on behalf of the Board

**Mrs. Paru M. Jaykrishna**

Chairperson &amp; Managing Director

**Gokul M. Jaykrishna**

Joint Managing Director

**Munjal M. Jaykrishna**

Joint Managing Director

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### STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note Nos.	(Amount in Rupees)	
		Year ended 31st March, 2012	Year ended 31st March, 2011
<b>I.</b> Revenue from operations	19	<b>518,940,088</b>	845,565,039
<b>II.</b> Other income	20	<b>746,739</b>	58,687,620
<b>III. Total Revenue</b>		<b>519,686,827</b>	904,252,659
<b>IV. Expenses:</b>			
Cost of materials consumed	21	<b>368,098,326</b>	637,787,681
Purchases of Stock-in-Trade	22	-	19,671,300
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	<b>40,177,367</b>	(48,535,108)
Employee benefits expense	24	<b>15,120,940</b>	13,719,409
Finance costs	25	<b>15,751,517</b>	15,364,775
Depreciation and amortization expense	26	<b>9,190,161</b>	8,767,336
Other Expenses	27	<b>113,594,933</b>	195,356,564
<b>Total expenses</b>		<b>561,933,244</b>	842,131,957
<b>V. Profit/(Loss) before tax</b>		<b>(42,246,417)</b>	62,120,702
<b>VI. Tax expense:</b>			
1. Current tax		<b>19,217</b>	25,808
2. Deferred tax		<b>(3,396,525)</b>	(1,633,830)
<b>VII. Profit/(Loss) after tax</b>		<b>(38,869,109)</b>	63,728,724
<b>VIII. Earnings per equity share:</b>	28		
(face value of Rs. 10/- per share)			
(1) Basic		(7.85)	18.73
(2) Diluted		(8.23)	18.73
Significant Accounting Policies	1		
The accompanying notes are an integral part of the financial statements	2 - 40		

As per our Report of even date attached  
**For, Trushit Chokshi & Associates**  
Chartered Accountants  
Firm Reg. No. 111072W  
**Trushit Chokshi**  
(Proprietor)  
Membership No. 040847  
Place : Ahmedabad  
Date : 14/08/2012

For and on behalf of the Board  
**Mrs. Paru M. Jaykrishna**  
Chairperson & Managing Director  
**Gokul M. Jaykrishna**  
Joint Managing Director  
**Munjal M. Jaykrishna**  
Joint Managing Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012****(Amount in Rupees)**

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
<b>A. Cash Flow from Operating Activities</b>				
<b>Net Profit/(Loss) Before Tax</b>		<b>(42,246,417)</b>		62,120,702
Add: Depreciation and Amortisation	9,190,161		8,767,336	
Finance at Cost	15,751,517		15,364,775	
Long Term Gain on Investment	-		(56,138,280)	
Less: Interest Received	(510,918)		(476,340)	
Profit from sale of Current Investment / assets	344,936		(16,469)	
Dividend Income	(226,174)	24,549,522	(2,056,531)	(34,555,509)
<b>Operating Profit / (Loss) Before Working Capital Changes</b>		<b>(17,696,895)</b>		27,565,193
<b>Working Capital Changes</b>				
Increase/(Decrease) Trade & Other receivables	(14,529,991)		(54,418,618)	
Increase/(Decrease) Inventories	49,980,983		35,323,730	
Increase/ (Decrease) Trade & other payable	(54,134,271)		21,210,094	
Changes in Loans and Advances	27,050,203	8,366,924	-	2,115,206
<b>Cash Generated from Operating Activities</b>		<b>(9,329,971)</b>		29,680,399
Direct taxes paid	(1,340,210)		(10,991,365)	
<b>Net Cash from / (used in) Operating Activities</b>		<b>(10,670,181)</b>		18,689,034
<b>B. Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets	(47,923,462)		(14,453,557)	
Proceeds from sale of Fixed Assets / Investments	360,000		66,156,200	
Purchase of Investments	(53,001,000)		-	
Sale of Investments	53,000,000		-	
Margin money deposit (placed) / matured	-		(2,590,000)	
Interest and Other Income	746,739	(46,817,723)	2,532,871	51,645,514
<b>Net Cash from / (used in) Investing Activities</b>		<b>(46,817,723)</b>		51,645,514



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Particulars	(Amount in Rupees)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>C. Cash Flow from Financing Activities</b>		
Proceed from Share Capital & Security Premium	28,675,000	-
Proceeds from Long term borrowings Availment/(Repayment)	-	(33,589,480)
Long term borrowings Availment/(Repayment)	(13,189,882)	-
Short term borrowings		
Interest Paid	45,653,632	(12,209,054)
	(15,751,517)	(15,364,775)
<b>Net Cash from / (used in) Financing Activities</b>	<b>45,387,233</b>	<b>(61,163,309)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(12,100,671)</b>	<b>9,171,240</b>
<b>Cash and cash equivalent at the beginning of the year</b>	<b>14,444,942</b>	<b>5,273,702</b>
<b>Cash and cash equivalent at the end of the year</b>	<b>2,344,271</b>	<b>14,444,942</b>

### Notes to Cash Flow Statement:

- Reconciliation of cash and cash equivalent with the Balance Sheet  
Cash and cash equivalent as per balance Sheet: ( refer Note - 16 )  
Less: Margin money not considered as cash and cash equivalents as defined in AS 3 " Cash Flow Statement"  

	4,934,271	17,034,942
	2,590,000	2,590,000
	2,344,271	14,444,942
- Cash and cash equivalents include:

Cash on hand	450,852	486,915
In current accounts	382,427	12,661,088
In Unpaid dividend accounts	350,865	350,865
In deposit accounts	1,160,127	946,074
	2,344,271	14,444,942
- Previous year figures have been regrouped wherever necessary, to confirm to this year's classification.
- The cash flow statement has been prepared under the ' Indirect Method ' set out in Accounting Standard 3 'Cash Flow Statement' issued by Institute of Chartered Accountants of India.

As per our Report of even date attached  
**For, Trushit Chokshi & Associates**  
Chartered Accountants  
Firm Reg. No. 111072W  
**Trushit Chokshi**  
(Proprietor)  
Membership No. 040847  
Place : Ahmedabad  
Date : 14/08/2012

For and on behalf of the Board  
**Mrs. Paru M. Jaykrishna**  
Chairperson & Managing Director  
**Gokul M. Jaykrishna**  
Joint Managing Director  
**Munjal M. Jaykrishna**  
Joint Managing Director

**NOTES FORMING PART OF FINANCIAL STATEMENTS****1 SIGNIFICANT ACCOUNTING POLICIES****1.1 Basis of preparation of Financial Statements****a. Disclosure of Accounting Policies**

The Financial Statements are prepared as per the historical cost convention on the basis of going concern and in accordance with the Generally Accepted Accounting Principles in India the applicable accounting standards notified under the Companies (Accounting Standards) Rules, 2006.

**b. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which results are known / materialized.

**1.2 Valuation of Inventories**

- a. Raw material, are valued at lower of the cost on FIFO basis including incidental expenses to bring the inventories to their present location and condition and estimated net realizable value after providing for cost of obsolescence and other anticipated losses, wherever considered necessary.
- b. Packing Materials and Stores & Spares are valued at cost on FIFO basis.
- c. Finished goods and work in process include cost, cost of conversion and other cost incurred in bringing the inventories to their present location and condition; and market realizable value whichever is lower. Trading goods are valued at cost on FIFO basis or market value whichever is lower. By products are valued at net realizable value.
- d. The Company is mainly engaged in the export business, the closing stock at the year end is generally exported in the next year. Exports are being exempted from excise duty, Hence no provision for excise duty has been made in Statement of Profit & Loss and Finished goods are valued without adding therein excise duty. However the said liability if accounted would have no effect on the profit/(loss) for the year.

**1.3 Cash Flow Statements**

The Cash Flow Statement is prepared under "Indirect method". The cash flow from operating, investing and financing activities of the Company are segregated.

**1.4 Contingencies and Event Occurring after the Balance Sheet Date**

- a. Assets and Liabilities are adjusted for events occurring after the balance sheet date that provide additional evidence to assist the estimation of amounts relating to conditions existing at the balance sheet date.
- b. Dividends, which are proposed/declared by the Company after the Balance Sheet date but before the approval of the financial statements are adjusted.

**1.5 Net Profit or Loss for the period, Prior Period items and Changes in accounting Policies**

Significant items or Extra-ordinary items and Prior Period Incomes and Expenditures are accounted in accordance with Accounting Standard.

**1.6 Depreciation Accounting**

- a. Depreciation has been provided on fixed assets on Straight Line Method corresponding to the rates prescribed under Schedule XIV to the Companies Act, 1956.
- b. Assets identified and evaluated technically as obsolete and held for disposal are stated at their estimated net realizable values.

**1.7 Revenue Recognition**

- a. Sales are recognized when goods are supplied and are recorded net of trade discounts, rebates and VAT but include, wherever applicable, excise duties, export incentives such as Duty Drawbacks and premiums on sale of Import Licenses.

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- b. Export benefits / incentives are accounted on accrual basis. Accordingly, estimated export benefits against exports affected during the year are taken into account as estimated incentives accrued till the end of the year. In case of License not revalidated after the date of expiry, the proportionate export benefit / incentive taken credit in earlier year(s) is written off in the year of expiry of License and /or changes made by the Central Government during the year in the rate of tariff of Import Duty.
- c. Incomes from services rendered are booked based on agreements/ arrangements with the concerned parties.
- d. Income from investments are booked on accrual basis inclusive of Tax deducted at source.

### 1.8 Accounting of Fixed Assets

- a. Fixed assets are stated at cost of acquisition or construction /erection, less accumulated depreciation / amortization. Cost of acquisition or construction is inclusive of purchase price, freight, and other incidental expenses related to acquisition and installation and exclusive of VAT, Excise Duty etc. credit availed as per prevailing rules thereof and any directly attributable cost of bringing the asset to its working condition for the intended use. Interest incurred during the period of erection of Fixed Assets on Borrowing Finance for such fixed assets is capitalized.
- b. Depreciation is provided on the straight line method and at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- c. Assets identified and evaluated technically as obsolete and held for disposal are stated at their estimated net realisable value.
- d. Capital Work-in-progress is stated in the assets schedule at the amount spent up to the date of the Balance Sheet, however pending completion of the project, no depreciation is provided on the same.

### 1.9 The Effects of Changes in Foreign Exchange Rates

- a. Foreign Currency loans in respect of fixed assets are translated at exchange rate prevalent on the last day of accounting year. Any loss or gain arising due to foreign exchange fluctuation of the foreign currency loan of fixed assets outstanding on the last day of the year is charged to Statement of Profit & Loss for the same year.
- b. Current assets and liabilities in foreign currency outstanding at the last day of the accounting year are valued at exchange rate prevalent at the last day of the accounting year. The loss or gain due to fluctuation of exchange rates is charged to Statement of Profit & Loss. Treatment of Forward Contract Transactions are dealt with as per AS – 11.

### 1.10 Accounting for Government Grants

Government grants are recognized when there is reasonable assurance that the same will be received. Government grants relating to revenue are recognized on accrual and are shown under other income. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets and other Capital grants are treated as Capital Reserve.

### 1.11 Accounting for Investments

Investments are classified as current or long-term (Non-current) investments.

Current investments are carried at lower cost or 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 permanent in the opinion of the management.

### 1.12 Employee Benefits

#### a. Defined Contribution Plan

Provident Fund and Employee State Insurance Fund are defined contribution Scheme and the contribution are charged to Statement of Profit and Loss of the year when the contributions to the respective funds are due.

#### b. Defined Benefit Plan

Gratuity liability for eligible employees is defined benefit obligation and are provided for on the basis of an actuarial valuation at the end of the each financial year.

**1.13 Borrowing Costs**

Borrowing cost that is attributable to the acquisition or construction of qualifying assets are capitalized for the period until the asset is ready for its intended use. All other borrowing costs are charged to revenue.

**1.14 Segment Reporting**

The Company has only one main reportable segment i.e. Dyes and Intermediates.

**1.15 Related Party Disclosures**

Transactions with Key Managerial Personnel and Related Parties as defined under Accounting Standard, other than Independent Non- Executive Directors is disclosed as "Related Party Transactions" in the Notes to Financial Statements.

**1.16 Accounting for Leases**

All leases are classified into operating and finance lease at the inception of the lease. Leases that transfer substantially all risks and rewards from lessor to lessees are classified as finance lease and others being classified as operating lease.

There is no any finance or operating lease transactions entered into by the company.

**1.17 Earning Per Share**

The Basic and Diluted Earnings Per Share (EPS) is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year.

**1.18 Accounting for Taxes on Income**

- a. Current tax is determined as the amount of tax payable to the taxation authorities in respect of taxable income for the period.
- b. Deferred tax is recognized, subject to the consideration of prudence, on timing difference being differences between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods.
- c. MAT credit entitlements are treated as advance payment of tax.

**1.19 Discontinuing Operations**

The Company has not discontinued any operations during the year.

**1.20 Intangible Assets**

Intangible assets are stated at cost less accumulated amortization.

**1.21 Impairment of Assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as impairment loss and is recognized in the Statement of profit and loss.

**1.22 Provisions, Contingent Liabilities and Contingent Assets**

- a. The provisions are recognized and measured by using a substantial degree of estimation.
- b. **Contingent Liabilities**  
Disputed liabilities and claims against the Company including claims raised by the authorities (e.g. Commercial Tax, Value Added Tax, Income Tax, Excise etc.) pending in appeal / Court for which no reliable estimate can be made of the amount of the obligation or which are remotely poised for crystallization are not provided for in accounts but disclosed in Notes forming part of Financial Statements.
- c. Contingent Assets are neither recognized nor disclosed.

**1.23 Accounting of Derivative Financial Instruments**

Presently, the Company is not engaged in Derivative Financial Instruments. However, for derivative contracts, premium paid and gains/losses on settlement will be charged to Statement of Profit and Loss. Losses arising on the restatement of the outstanding derivative contracts as at the year end by marking them to market will be charged to the Statement of Profit and Loss.

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### 2. SHARE CAPITAL

(Amount in Rupees)

Particulars	As at	
	31st March, 2012	31st March, 2011
<b>a. Authorised</b>		
5,000,000 (Previous Year 5,000,000) Equity Shares of Rs. 10 each	50,000,000	50,000,000
<b>b. Issued, Subscribed and Paid-up</b>		
4,952,850 (Previous Year 3,402,850) Equity Shares of Rs. 10 each fully paid	49,528,500	34,028,500
<b>TOTAL</b>	<b>49,528,500</b>	<b>34,028,500</b>

#### c. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	As at 31st March, 2012		As at 31st March, 2011	
	No of Shares	Amount (Rs.)	No of Shares	Amount (Rs.)
At the beginning of the period	3,402,850	34,028,500	3,402,850	34,028,500
Add: Shares Issued during the year (i)	1,550,000	15,500,000	-	-
Less: Shares bought back during the year	-	-	-	-
Add: Other movements during the year	-	-	-	-
Outstanding at the end of the period	4,952,850	49,528,500	3,402,850	34,028,500

- (i) 1,550,000 Equity Shares of face value of Rs. 10/- per share, were allotted to promoters on preferential basis at a premium of Rs. 8.50 per share on 25th May, 2011.
- (ii) The Company has fully utilized Rs. 28,675,000/- raised through preferential issue to meet the long-term working capital and normal capital expenditure.

#### d. Terms / rights attached to Equity Shares

The Company has issued only one class of equity shares having a par value of Rs. 10 per share. Each holder of Equity Shares are entitled to one vote per share. The Company declares dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the realised value of the assets of the Company, remaining after the payment of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders.

Particulars	As at	
	31st March, 2012	31st March, 2011
e. Shares held by holding / ultimate holding company / or their subsidiaries / associates	-	-
f. Details of shareholders holding more than 5% of total number of shares issued by the Company		

	As at 31st March, 2012		As at 31st March, 2011	
	No of Equity Shares	% of holding in the class	No of Equity Shares	% of holding in the class
Mrs. Paru M. Jaykrishna	1,636,871	33.05	853,271	25.08
Mr. Gokul M. Jaykrishna	823,643	16.63	431,843	12.69
Mr. Munjal M. Jaykrishna	822,927	16.62	431,127	12.67
M/s Intercon Finance Private Ltd.	323,722	6.54	323,722	9.51
<b>Total</b>	<b>3,607,163</b>	<b>72.84</b>	<b>2,039,963</b>	<b>59.95</b>

- g. 1. Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash: **Nil**
2. Aggregate number and class of shares allotted as fully paid up by way of Bonus Shares : **Nil**
3. Aggregate number and class of shares bought back: **Nil**

**3 RESERVES AND SURPLUS (Amount in Rupees)**

Particulars	As at	
	31st March, 2012	31st March, 2011
<b>a. Securities Premium Account</b>		
Balance at the beginning of the year	10,801,600	10,801,600
Add : Securities premium credited on Share issue	13,175,000	-
Balance at the end of the year	23,976,600	10,801,600
<b>b. General Reserve</b>		
Balance at the beginning of the year	16,300,297	16,300,297
Balance at the end of the year	16,300,297	16,300,297
<b>c. Surplus in statement of Profit and Loss</b>		
Balance at the beginning of the year	83,548,912	19,820,189
Add: Net Profit/(Loss) for the current year	(38,869,109)	63,728,724
Balance at the end of the year	44,679,803	83,548,913
<b>Total</b>	<b>84,956,700</b>	<b>110,650,810</b>

**4 LONG TERM BORROWINGS (Amount in Rupees)**

Particulars	Non-current		Current	
	As at	As at	As at	As at
	31st March, 2012	31st March, 2011	31st March, 2012	31st March, 2011
<b>Secured Loans</b>				
<b>a. Term Loans</b>				
From State Bank of India (a.1)	-	6,000,000	5,013,105	12,000,000
<b>Interest accrued thereon</b>	-	-	-	202,987
<b>Amount disclosed under the other current liabilities (see Note: 9)</b>	-	-	(5,013,105)	(12,202,987)
<b>Total</b>	-	6,000,000	-	-

**a. Secured loans are covered by:**

1. Term Loan from State Bank of India is secured by Equitable mortgage of Land and Buildings and a first charge by way of hypothecation of the whole of the movable properties of the company including its movable plant & machinery, stores, tools & accessories, present & future and other movables save & except book debts & current assets and further secured by personal guarantee of three Directors of the Company.

**b. Repayment terms of outstanding long term borrowings as on March 31, 2012:**

1. There was no default in repayment of loan or interest.
2. Repayment terms of secured term loan:  
Amount payable within 12 Months Rs. 5,013,105/- (Previous Year. Rs. 12,000,000/-). Current year term loan outstanding is repayable by 4 monthly installments of Rs. 1,000,000/- and last installment for balance amount.

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<b>5 DEFERRED TAX LIABILITIES (NET)</b>		<b>(Amount in Rupees)</b>	
<b>Particulars</b>	<b>As at 31st March, 2012</b>	<b>As at 31st March, 2011</b>	
a. Deferred Tax Liabilities (Net)	<b>19,516,510</b>	19,883,350	
b. Deferred Tax Assets (Net)	<b>15,659,671</b>	12,629,986	
<b>Total</b>	<b>3,856,839</b>	7,253,364	
<b>6 LONG-TERM PROVISIONS</b>		<b>(Amount in Rupees)</b>	
<b>Particulars</b>	<b>As at 31st March, 2012</b>	<b>As at 31st March, 2011</b>	
a. Provisions for employees benefits	<b>898,350</b>	797,237	
<b>Total</b>	<b>898,350</b>	797,237	
<b>7 SHORT TERM BORROWINGS</b>		<b>(Amount in Rupees)</b>	
<b>Particulars</b>	<b>As at 31st March, 2012</b>	<b>As at 31st March, 2011</b>	
<b>Secured Loans *</b>			
a. Loans repayable on demand			
From State Bank of India			
Working Capital Loans	<b>109,823,455</b>	89,437,459	
Cash Credit Account	<b>6,361,416</b>	-	
<b>Total</b>	<b>116,184,871</b>	89,437,459	
<b>Unsecured</b>			
b. Loans from other parties	<b>18,906,220</b>	-	
<b>Total</b>	<b>135,091,091</b>	89,437,459	
* Secured loans are secured by hypothecation of raw materials, finished goods, stock in process and book debts, and further secured by first charge over the fixed assets of the company and personal guarantee of three Directors of the Company.			
<b>8 TRADE PAYABLES</b>		<b>(Amount in Rupees)</b>	
<b>Particulars</b>	<b>As at 31st March, 2012</b>	<b>As at 31st March, 2011</b>	
a. Trade payable - Micro, Small and Medium Enterprises	<b>2,866,924</b>	4,082,491	
b. Others	<b>110,610,148</b>	163,854,648	
<b>Total</b>	<b>113,477,072</b>	167,937,139	

- (1) The following disclosure have been made on the information available with the Company, for suppliers who are registered as micro, small and medium enterprises under 'MSMED Act, 2006' as at March 31, 2012.

Particulars	As at 31st March, 2012	As at 31st March, 2011
a. The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
Principal	2,866,924	4,082,491
Interest	-	-
b. The amount of interest paid by the buyer in terms of Section - 16 of the MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during each accounting year.	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
d. The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
e. The amount of further interest remaining demand payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-
<b>Total</b>	<b>2,866,924</b>	<b>4,082,491</b>

- (2) There are no Micro, Small & Medium Enterprises to whom the company over dues, which are outstanding for more than 45 days as at 31st March, 2012. This information is disclosed under the Micro, Small & Medium Enterprises Development Act, 2006 which has been determined to the extent such parties have been identified on the basis of the information available with the company.

## 9 OTHER CURRENT LIABILITIES

(Amount in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
a. <b>Unpaid Dividends</b>	<b>350,865</b>	350,865
b. <b>Current maturities of longterm borrowings</b> (See note: 4)	<b>5,013,105</b>	12,202,987
c. <b>Others</b>		
Statutory liabilities	976,641	818,266
Payables for fixed assets	1,663,457	1,595,100
Other Current liabilities and payables	1,175,294	1,304,202
<b>Total</b>	<b>9,179,362</b>	16,271,420



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### 10 SHORT TERM PROVISIONS

(Amount in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>a. Provision for employee benefits</b>		
Gratuity	245,537	118,678
<b>Total</b>	<b>245,537</b>	<b>118,678</b>

### 11 FIXED ASSETS

(Amount in Rupees)

Sr. No.	Nature of Assets	Gross Block			Depreciation			Net Block			
		AS AT 01.04.2011	ADDITI- ONS	DISPOSALS	AS AT 31.03.2012	AS AT 01.04.2011	CHARGED FOR THE YEAR	ON DISPOSALS	UP TO 31.03.2012	AS AT 31.03.2012	AS AT 31.03.2011
<b>A Tangible Assets</b>											
Own Assets											
	Freehold Land	661,013	-	-	661,013	-	-	-	-	661,013	661,013
	Buildings	22,239,706	4,537,244	-	26,776,950	5,351,464	795,605	-	6,147,069	20,629,881	16,888,242
	Plant & Machinery	170,169,397	52,636,918	765,000	222,041,315	75,760,660	7,382,208	151,719	82,991,149	139,050,166	94,408,737
	Furniture and Fixtures	2,059,574	112,043	-	2,171,617	1,172,286	135,411	-	1,307,697	863,920	887,288
	Office equipment	4,458,827	14,250	-	4,473,077	3,556,115	145,486	-	3,701,601	771,476	902,712
	Vehicles	7,760,293	-	245,545	7,514,748	3,585,608	731,451	144,243	4,172,816	3,341,932	4,174,685
	<b>Total</b>	<b>207,348,810</b>	<b>57,300,455</b>	<b>1,010,545</b>	<b>263,638,720</b>	<b>89,426,133</b>	<b>9,190,161</b>	<b>295,962</b>	<b>98,320,332</b>	<b>165,318,388</b>	<b>117,922,677</b>
	<b>Previous Year</b>	<b>202,307,246</b>	<b>5,076,564</b>	<b>150,000</b>	<b>207,233,810</b>	<b>80,705,266</b>	<b>8,767,336</b>	<b>46,469</b>	<b>89,426,133</b>	<b>117,807,677</b>	<b>121,601,980</b>
<b>B Capital Work In Progress</b>											
	<b>Total</b>	<b>9,376,993</b>	<b>50,389,505</b>	<b>59,766,498</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,376,993</b>
	<b>Previous Year</b>	<b>-</b>	<b>12,923,966</b>	<b>3,546,873</b>	<b>9,377,093</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,377,093</b>	<b>-</b>
<b>C Intangible Assets</b>											
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Previous Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total</b>	<b>216,725,803</b>	<b>107,689,960</b>	<b>60,777,043</b>	<b>263,638,720</b>	<b>89,426,133</b>	<b>9,190,161</b>	<b>295,962</b>	<b>98,320,332</b>	<b>165,318,388</b>	<b>127,299,670</b>

**12 NON CURRENT INVESTMENTS****(Amount in Rupees)**

<b>Particulars</b>	<b>As at 31st March, 2012</b>	<b>As at 31st March, 2011</b>
<b>a. Investment in Equity Instruments (Other Companies)</b>		
<b>Quoted - At Cost - Fully paid up</b>		
400 (Previous Year 400) fully paid Equity Shares of Rs. 10/- each of DCL Finance Ltd.	<b>3,413</b>	3,413
600 (Previous Year 600) fully paid Equity Shares of Rs. 10/- each of Ipitata Sponge Iron Ltd.	<b>70,500</b>	70,500
180 (Previous Year 180) fully paid equity shares of Rs. 10/- each of Larsen & Toubro Ltd.	<b>10,530</b>	10,530
500 (Previous Year 500) fully paid Equity Shares of Rs.10/- each of Narmada Cement Co. Ltd.	<b>11,500</b>	11,500
150 (Previous Year 150) fully paid Equity Shares of Rs.10/- each of Raymond Synthetic Ltd.	<b>3,100</b>	3,100
1,500 (Previous Year 1,500) fully paid Equity Shares of Rs.10/- each of Bihar Sponge Iron Ltd.	<b>18,750</b>	18,750
100 (Previous Year 100) fully paid Equity Shares of Rs.10/- each of Tata Chemicals Ltd.	<b>10,215</b>	10,215
1,500 (Previous Year 1,500) fully paid Equity Shares of Rs.10/- each of Nath Seeds Ltd.	<b>79,573</b>	79,573
100 (Previous Year 100) fully paid Equity Shares of Rs.5/- each of Huges Software Ltd.	<b>142,005</b>	142,005
1,000 (Previous Year 1,000) fully paid Equity Shares of Rs.10/- each of Hindustan Lever Ltd.	<b>134,310</b>	134,310
50 (Previous Year 50) fully paid Equity Shares of Rs.10/- each of Moser Bear (I) Ltd.	<b>24,689</b>	24,689
2,700 (Previous Year 2,700) fully paid Equity Shares of Rs.10/- each of Futura Polysters Ltd.	<b>35,183</b>	35,183
<b>Total</b>	<b>543,768</b>	543,768
<b>b. UnQuoted - At Cost - Fully paid up</b>		
1,000 (Previous Year 1,000) fully paid Equity shares of Rs.10/- each of Asahi Powertech Pvt Ltd	<b>10,000</b>	10,000
100 (Previous Year NIL) fully paid Equity shares of Rs.10/- each of Akshar Silica Pvt. Ltd	<b>1,000</b>	-
<b>Total</b>	<b>11,000</b>	10,000
<b>Total</b>	<b>554,768</b>	553,768
Aggregate amount of quoted investments	<b>543,768</b>	543,768
Market Value of quoted investments	<b>985,061</b>	930,829
Aggregate amount of unquoted investments	<b>11,000</b>	10,000

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### 13 LONG TERM LOANS AND ADVANCES (unsecured, considered good unless otherwise stated) (Amount in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
a. Captial advances	155,290	155,290
b. Security Deposits	7,148,521	7,148,521
c. Advance to Suppliers	811,097	877,576
<b>Total</b>	<b>8,114,908</b>	<b>8,181,387</b>

### 14 INVENTORIES (Valued at lower of cost or net realized value, as taken, valued and certified by management) (Amount in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
a. Raw materials	13,389,719	22,862,760
b. Work in progress	13,518,970	40,285,282
c. Finished goods	15,087,768	28,498,823
d. Stores and spares	2,276,222	2,996,854
e. Packing Material	663,782	655,406
f. Fuel & Oil	1,604,885	1,223,204
<b>Total</b>	<b>46,541,346</b>	<b>96,522,329</b>

### 15 TRADE RECEIVABLES ( Unsecured, considered good unless otherwise stated ) (Amount in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
a. Trade receivable outstanding for a period less than six months unsecured, considered good.	69,245,278	54,448,184
b. Trade receivable outstanding for a period more than six months unsecured, considered good.	2,151,155	2,418,258
<b>Total</b>	<b>71,396,433</b>	<b>56,866,442</b>

### 16 CASH & CASH EQUIVALENTS (Amount in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>a. Cash and Cash Equivalents:</b>		
Balance with Banks in Current accounts	382,427	12,661,088
Unpaid Dividend accounts	350,865	350,865
Cash on hand	450,852	486,915
<b>b. Other Bank Balances</b>		
Deposits	1,160,127	946,074
Margin money deposits	2,590,000	2,590,000
<b>Total</b>	<b>4,934,271</b>	<b>17,034,942</b>

**17 SHORT TERM LOANS AND ADVANCES (unsecured, considered good unless otherwise stated)**
**(Amount in Rupees)**

Particulars	As at 31st March, 2012	As at 31st March, 2011
a. Loans and advances to Employees	988,411	947,985
b. Advances to Capital Goods Suppliers	-	6,203,526
c. Prepaid expenses	838,014	1,145,193
d. Balance with government authorities		
i) CENVAT credit receivables	28,572,799	24,101,301
ii) VAT - CST credit receivables	22,552,177	23,337,204
iii) Export Incentive Receivable	20,060,714	34,379,420
iv) Advance payment of tax (Net of Provisions)	21,351,125	20,030,132
v) Insurance Claim Receivable	468,922	468,922
vi) Sales Tax - against appeals	287,874	287,874
e. Others - Advance to suppliers	4,779,576	14,681,502
<b>Total</b>	<b>99,899,612</b>	<b>125,583,059</b>

**18 OTHER CURRENT ASSETS**
**(Amount in Rupees)**

Particulars	As at 31st March, 2012	As at 31st March, 2011
Interest receivables on deposits	473,725	453,010
<b>Total</b>	<b>473,725</b>	<b>453,010</b>

**19 REVENUE FROM OPERATIONS**
**(Amount in Rupees)**

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>Sale of Products</b>		
a. Export Sales	442,275,023	734,569,676
b. Domestic Sales	47,070,916	63,989,284
Less : Excise Duty	3,695,209	4,970,640
<b>Net Domestic Sales</b>	<b>43,375,707</b>	<b>59,018,644</b>
<b>Total Sale of Products</b>	<b>485,650,730</b>	<b>793,588,320</b>
c. Other operating revenues (Refer 1 below)	33,289,358	51,976,719
<b>Total</b>	<b>518,940,088</b>	<b>845,565,039</b>
1. Other Operating revenues		
Sale of Scrap	911,721	561,595
Export incentives	25,118,278	48,451,543
Exchange Rate differences	7,259,359	2,963,581
<b>Total - Other Operating revenues</b>	<b>33,289,358</b>	<b>51,976,719</b>

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### 20 OTHER INCOME (Amount in Rupees)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
a. Interest from Fixed Deposits with Bank	510,918	476,340
b. Dividend Income	226,174	2,056,531
c. Gain on Investment on Shares	9,647	56,154,749
<b>Total</b>	<b>746,739</b>	<b>58,687,620</b>

### 21 COST OF RAW MATERIAL CONSUMED (Amount in Rupees)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>a. Raw Material</b>		
Opening Stock	22,862,760	15,033,342
Add : Purchases	355,619,940	641,403,150
	<u>378,482,700</u>	<u>656,436,492</u>
Less : Closing Stock	13,389,719	22,862,760
Cost of Raw Material Consumed	<u>365,092,981</u>	<u>633,573,732</u>
<b>b. Packing Material</b>		
Opening Stock	655,406	806,750
Add : Purchases	3,013,721	4,062,605
	<u>3,669,127</u>	<u>4,869,355</u>
Less : Closing Stock	663,782	655,406
Cost of Packing Material Consumed	<u>3,005,345</u>	<u>4,213,949</u>
<b>Cost of Total material consumed</b>	<b>368,098,326</b>	<b>637,787,681</b>

### 22 PURCHASE OF STOCK-IN-TRADE (Amount in Rupees)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
a. Pigments	-	19,671,300
<b>Total</b>	<b>-</b>	<b>19,671,300</b>

**23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**
**(Amount in Rupees)**

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
a. Inventories at the end of the year		
Finished goods	15,087,768	28,498,823
Work-in-progress	13,518,970	40,285,282
<b>Total</b>	<b>28,606,738</b>	<b>68,784,105</b>
Less :		
b. Inventories at the beginning of the year		
Finished goods	28,498,823	14,824,439
Work-in-progress	40,285,282	5,424,558
<b>Total</b>	<b>68,784,105</b>	<b>20,248,997</b>
<b>Net (Increase) / decrease</b>	<b>40,177,367</b>	<b>(48,535,108)</b>

**24 EMPLOYEE BENEFITS EXPENSE**
**(Amount in Rupees)**

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
a. Salaries, Wages, Bonus & Incentives	12,939,588	11,355,528
b. Contribution to Provident and other funds	788,835	935,460
c. Staff welfare expenses	292,517	228,421
d. Directors Remuneration	1,100,000	1,200,000
<b>Total</b>	<b>15,120,940</b>	<b>13,719,409</b>

**25 FINANCE COSTS**
**(Amount in Rupees)**

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
a. Interest		
On long term borrowings	1,720,677	3,039,207
On short term borrowings	11,094,561	10,563,933
Other Interest	1,594,315	-
b. Bank and other charges		
Bank Charges	1,341,964	1,761,635
<b>Total</b>	<b>15,751,517</b>	<b>15,364,775</b>

**26 DEPRECIATION AND AMORTIZATION EXPENSE**
**(Amount in Rupees)**

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Depreciation and amortisation for the year on tangible assets	9,190,161	8,767,336
<b>Depreciation and amortisation relating to continuing operations</b>	<b>9,190,161</b>	<b>8,767,336</b>

## ANNUAL REPORT 2011-2012

### 27 OTHER EXPENSES (Amount in Rupees)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>a. Manufacturing Expenses</b>		
Power and Fuel	38,552,553	88,137,770
Consumption of Stores and Spares parts	5,160,901	7,526,973
Pollution Treatment Expenses	26,333,263	42,534,266
Repairs to Machinery	2,419,832	7,104,345
Repairs to Building	848,625	194,700
Manufacturing & Labour Charges	16,291,180	18,154,172
	<b>89,606,354</b>	<b>163,652,226</b>
<b>b. Selling and Distribution Expenses</b>	<b>16,401,483</b>	<b>24,389,715</b>
<b>c. Establishment Expenses</b>		
Rent	174,000	159,500
Rates & Taxes (excluding taxes on income)	-	16,261
Insurance	659,467	529,895
Travelling, Conveyance & Vehicle Expenses	1,411,049	1,352,638
Directors Travelling Expenses	-	103,931
Stationery and Printing Expenses	224,859	279,314
Communication Expenses	855,580	620,077
Auditors Remuneration	106,750	75,000
Cost Audit fees	16,000	16,000
Internal Audit Fees	29,000	26,100
Directors Sitting Fees	29,500	15,500
Legal & Professional Expenses	2,259,712	2,208,485
General Charges	716,062	828,746
Other Repairs	87,950	101,859
Donation	50,000	15,000
Freight, Handling ,Transportation & other Expenses	612,584	966,317
Loss on sale of assets	354,583	-
<b>Total</b>	<b>113,594,933</b>	<b>195,356,564</b>

### 28 EARNING PER EQUITY SHARES (Amount in Rupees)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Net profit/ (loss) after tax as per statement of profit and loss	(38,869,109)	63,728,724
Net profit / (loss) before exceptional item	(38,869,109)	63,728,724
Closing balance of equity shares used as Denominator for calculating Basic EPS	4,952,850	3,402,850
Weighted average number of Equity Shares used as Denominator for Calculating diluted EPS	4,723,535	3,402,850
Basic Earning per Share Rs.	(7.85)	18.73
Basic Earning per Share Rs. (Before exceptional item)	(7.85)	18.73
Diluted Earning per Share Rs.	(8.23)	18.73
Diluted Earning per Share Rs. ( Before exceptional item)	(8.23)	18.73

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**29** The Revised Schedule VI as notified under the Companies Act, 1956 has become applicable to the Company effective from April 1, 2011 for the presentation made in the financial statements. The adoption of the revised Schedule VI requirements has significantly modified the presentation and disclosures which have been complied with in these financial statements. Previous year figures have been reclassified in accordance with current year requirements.

**30 Contingent Liabilities**

	(Amount in Rupees)	
	31/03/2012	31/03/2011
1. Income Tax: order U/s 250 Dated 30/12/2010 Passed by CIT (A)-VI Ahmedabad for Asst Year. 2001-02.	<b>669,293</b>	2,680,821
2. Sales Tax : Assessment order passed by Sales tax officer Kadi for the year 1997-1998 for which Appeal filed with Assistant Commissioner of Sales Tax Mehsana GST and CST Respectively.	-	110,145
3. Sales Tax: Appellate order passed by Dy. Commissioner of Commercial Taxes, Appeals-3 at Gandhinagar for the year 2004-05, and Subsequently applied for Appeal at Commercial tax Commissioner Ahmedabad. (VAT Tribunal).	<b>1,803,341</b>	1,803,341
4. The Commissioner of Income Tax -1 Ahmedabad has filed an appeal in the High Court of Gujarat, Ahmedabad for the Asst. Year 2003-04.	<b>4,427,236</b>	4,427,236
5. Income Tax: order U/s 143(3) Dated 09/09/2011 Passed by DCIT Circle -1 Ahmedabad for Asst Year. 2004-05.	<b>293,669</b>	-
6. Estimated amount of contracts remaining to be executed on capital account & not provided for.	-	12,287,645
7. Bills discounted against Letter of Credit but not realized and credited to the parties accounts.	<b>12,411,154</b>	4,389,172
8. Guarantees Issued by the banks on behalf of the Company.	<b>837,105</b>	837,105
9. Central Excise: - Applied for appeal at Commissioner of Central Excise. Ahmedabad-III on December 2009 dispute against availed the cenvat credit.	<b>462,642</b>	462,642

**31 Sundry Debtors, Sundry Creditors and Loans and Advances**

The Company has received balance confirmations from major parties and for few exceptions, the management is in the opinion that the current assets, loans and advances have a value on realization in ordinary course of business at least equal to the amount at which they are stated.

**32 Auditors Remuneration**

	(Amount in Rupees)	
	31/03/2012	31/03/2011
Audit fees (Including tax audit fees)	<b>75,000</b>	75,000
for others (Certification work)	<b>31,750</b>	-
<b>Total</b>	<b>106,750</b>	75,000



## ANNUAL REPORT 2011-2012

### 33 VALUE OF RAW MATERIAL AND PACKING MATERIAL CONSUMED

#### A. Raw Materials

	2011-2012		2010-2011	
	Amount Rs.	%	Amount Rs.	%
Imported	-	-	-	-
Indigenous	365,092,981	100.00%	633,573,732	100.00%
Total	365,092,981	100.00%	633,573,732	100.00%

#### B. Packing Materials

	2011-2012		2010-2011	
	Amount Rs.	%	Amount Rs.	%
Imported	-	-	-	-
Indigenous	3,005,345	100.00%	4,213,949	100.00%
Total	3,005,345	100.00%	4,213,949	100.00%

### 34 FOREIGN CURRENCY TRANSACTIONS

Particulars	2011-2012 (In Rs.)	2010-2011 (In Rs.)
a) Value of Imports Calculated on CIF Basis		
Raw Materials	-	-
	-	-
b) Expenditure in Foreign Currency		
Purchase of Raw Materials	-	-
Capital Goods	-	-
Commission	1,014,430	1,972,464
Others	-	227,038
c) Dividends remitted in Foreign Currency	-	-
d) Earnings in Foreign Exchange		
Export of Goods (FOB)	441,445,409	728,277,186
e) Effect of Exchange Fluctuations including Forward Contracts		
Statement of Profit and Loss	7,259,359	2,963,581

### 35 Employees Benefits

In compliance with the Accounting Standard on "Employee Benefits" (AS 15) (Revised 2005) notified by Companies (Accounting Standards) Rules, 2006, the following disclosures have been made:

	(Amount in Rupees)	
	31/03/2012	31/03/2011
<b>1 Defined Contribution Plan</b>		
The Company has recognized the following amount as an expense:		
i) Contribution to Provident and Other Funds	560,113	744,777
ii) Contribution to ESI	228,722	190,683

**2 Defined Benefit Plan**

The present value of gratuity and leave encashment obligations is determined based on actuarial valuation using the Projected Unit Credit Method as recommended under AS – 15.

I	Assumption	April 11 – March 12
	Discount Rate Previous Period	8.25%
	Discount Rate Current Period	8.75%
	Rate of Return on Plan Assets Previous Period	8.25%
	Rate of Return on Plan Assets Current Period	8.75%
	Salary Escalation Previous Period	6%
	Salary Escalation Current Period	6%
II	Table showing change in benefits obligation	April 11 – March 12
	Liability at the beginning of the Period	915,915
	Interest Cost	75,563
	Current Service Cost	213,780
	Benefit Paid	(78,461)
	Actuarial (gain)/loss on obligations	17,090
	Liability at the end of the period	1,143,887

**36 Segment Reporting**

The Company has only one identified reportable business segment namely “Dyes & Intermediates” and does not fall under secondary segment for the purpose of Accounting Standard on “Segment Reporting” (AS 17) notified by Companies (Accounting Standards) Rules, 2006.

**37 Related Party Disclosures**

Pursuant to the Accounting Standard on “Related Party Disclosure” (AS 18) notified by Companies (Accounting Standards) Rules, 2006, the following persons will be considered as related persons for the year ended on March 31, 2012.

**1. Related Parties and Nature of Relationship**

a) The Parties over which significant influence is exercised :

<u>Names</u>	<u>Relationship</u>
Asahi Songwon Colors Ltd	One or more directors are director
Skyjet Aviation Pvt Ltd	One or more directors are director
Skyways	One or more directors are trustee
Asahi Energy Pvt Ltd	One or more directors are director
Asahi Powertech Pvt Ltd	One or more directors are director
Flyover Communication Pvt Ltd	One or more directors are director
Akshar Silica Pvt. Ltd	One or more directors are director

b) Key Management Personal and their Relatives:

<u>Names</u>	<u>Relationship</u>
Mrs. Paru M. Jaykrishna	Chairperson and Managing Director
Mr. Gokul M. Jaykrishna	Joint Managing Director
Mr. Munjal M. Jaykrishna	Joint Managing Director
Mr. Mrugesh Jaykrishna	Spouse of the Chairperson and Managing Director and Father of Joint Managing Directors

## ANNUAL REPORT 2011-2012

### 2. Details of Transactions

	(Amount in Rupees)	
	31/03/2012	31/03/2011
a. Sale of Goods		
Asahi Songwon Colors Ltd	916,035	322,672
b. Purchase of Goods		
Asahi Songwon Colors Ltd	-	16,948,900
c. Rent Paid		
Skyways	174,000	159,500
d. Remuneration Paid	1,200,000	1,200,000
e. Consultancy	75,000	60,000

### 38 Accounting for Tax on Income

Provision for current tax is made under normal computation. Provision of Income Tax has been made in the accounts taking into consideration various concessions available and depreciation under the Income Tax Act 1961. MAT Credit entitlement has been treated as advance payment of Tax.

### 39 Impairment of Assets

There are no indications which reflects that any of the assets of the Company has got impaired from its potential use and therefore no impairment loss was required to be accounted in the current year as per Accounting Standard on "Impairment of Assets" (AS 28) notified by the Companies (Accounting Standards) Rules, 2006.

40 Previous year's figures have been regrouped / reclassified, wherever necessary to make them comparable with the figures of the current year financial statements.

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As per our Report of even date attached  
**For, Trushit Chokshi & Associates**  
Chartered Accountants  
Firm Reg. No. 111072W  
**Trushit Chokshi**  
(Proprietor)  
Membership No. 040847  
Place : Ahmedabad  
Date : 14/08/2012

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For and on behalf of the Board  
**Mrs. Paru M. Jaykrishna**  
Chairperson & Managing Director  
**Gokul M. Jaykrishna**  
Joint Managing Director  
**Munjal M. Jaykrishna**  
Joint Managing Director

**AKSHARCHEM (INDIA) LIMITED**

REGD. OFFICE : 166/169, INDRAD VILLAGE, KADI-KALOL ROAD, DIST. MEHSANA, GUJARAT-382 727

**ATTENDANCE SLIP**

DP Id\* \_\_\_\_\_ Name & Address of the Registered Shareholders  
Client Id\* \_\_\_\_\_  
Regd. Folio No. \_\_\_\_\_  
\* Applicable where shares are held in electronic form \_\_\_\_\_

I certify that I am member/proxy for the member of the Company.

I hereby record my present at the 23rd Annual General Meeting of the Company at 166/169, Indrad Village, Kadi-Kalol Road, Dist. Mehsana, Gujarat - 382727, on 28/09/2012 at 11.30 AM.

Member's/Proxy name in Block Letters

Signature of Member / Proxy

**Note** : Please sign this attendance slip and hand it over at the Attendance Verification Counter at the entrance of the meeting hall.

**AKSHARCHEM (INDIA) LIMITED**

REGD. OFFICE : 166/169, INDRAD VILLAGE, KADI-KALOL ROAD, DIST. MEHSANA, GUJARAT-382 727

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_  
being a member/members of the above named Company, hereby appoint \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_  
or failing him \_\_\_\_\_ of \_\_\_\_\_  
or failing him \_\_\_\_\_ of \_\_\_\_\_  
as my/our Proxy in my/our absence to attend and vote for me/us on my/our behalf at the 23rd Annual General Meeting of the Company to be held on 28/09/2012 at 11.30 AM and at any adjournment thereof.  
As witness my/our hand (s) this \_\_\_\_\_ day of \_\_\_\_\_ 2012.



Signed by the said \_\_\_\_\_

DP Id\* \_\_\_\_\_ Name & Address of the Registered Shareholders  
Client Id\* \_\_\_\_\_  
Regd. Folio No. \_\_\_\_\_  
\* Applicable where shares are held in electronic form \_\_\_\_\_

1. The Proxy Form signed across revenue stamp should reach the Company's Registered Office at least 48 hours before the scheduled time of meeting.

BOOK-POST

To

*If undelivered, please return to :*

**AKSHACHEM (INDIA) LIMITED**  
166/169, Indrad Village,  
Kadi-Kalol road,  
Dist. Mehsana, Gujarat-382 727