

AksharChem

AksharChem (India) Ltd.

[Formerly Known as Audichem (India) Ltd.]

A N N U A L
R E P O R T
2 0 0 9 - 2 0 1 0

BOARD OF DIRECTORS

Mrs. PARU M. JAYKRISHNA

CHAIRPERSON & MANAGING DIRECTOR

Prof. PRADEEP JHA

Mr. KIRAN J. MEHTA

Mr. PARAM J. SHAH

ADDITIONAL DIRECTOR

Mr. GOKUL M. JAYKRISHNA

JOINT MANAGING DIRECTOR

Mr. MUNJAL M. JAYKRISHNA

*JOINT MANAGING DIRECTOR***AUDITORS**

M/s. TRUSHIT CHOKSHI & ASSOCIATES

REGISTRAR & SHARE TRANSFER AGENTS

LINK INTIME INDIA PRIVATE LIMITED

BANKERS

STATE BANK OF INDIA

REGISTERED OFFICE & WORKS

166/169, INDRAD VILLAGE
KADI KALOL ROAD,
DIST. MEHSANA
GUJARAT — 382 727 (INDIA)

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NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the Members of AKSHARCHEM (INDIA) LIMITED will be held on Saturday the 25th September, 2010 at 11.00 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 Profit & Loss Account for the year ended 31st March, 2010 and the Audited Balance Sheet as at that date and the Director's and Auditor's report thereon.
2. To appoint a Director in place of Prof. Pradeep Jha, who retires by rotation and being eligible offer himself for re-appointment.
3. To appoint a Director in place of Mr. Kiran J. Mehta, who retires by rotation and being eligible offer himself for re-appointment.
4. To appoint Statutory Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Param J. Shah, who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. 13th August, 2010 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 together with a deposit of Rs. 500/- in cash proposing his candidature for the office of the Director of the Company, be and is hereby appointed as an Director of the Company liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956 consent of members of the Company, be and is hereby given to change in designation of Mr. Gokul M. Jaykrishna, from Executive Director to Joint Managing Director of the Company w.e.f. 13th August, 2010 for the remaining period of his appointment as whole time/executive director on the existing terms and conditions."

7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT in partial modification of the earlier resolution passed by the members at the 17th Annual General Meeting of the Company held on 26th September, 2006 and pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, (including any statutory modification(s) or re-enactment thereof, for the time being in force) such other approvals, permissions and sanctions from Central Government, if required and as recommended by the Remuneration Committee, consent of the Company be and is hereby granted for variation in the terms of remuneration payable to Mr. Gokul M. Jaykrishna, Joint Managing Director of the Company as set out in the Explanatory Statement."

"RESOLVED FURTHER THAT other terms and conditions of appointment of Mr. Gokul M. Jaykrishna, Joint Managing Director of the Company shall remain unchanged as approved by the members in the 17th Annual General Meeting of the Company held on 26th September, 2006."

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“RESOLVED FURTHER THAT in the event of absence of profits or inadequate profits in any financial year during the tenure of the Joint Managing Director of the Company be paid the above salary and perquisites as minimum remuneration.”

“RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to further alter, vary and/or amend the terms and conditions of appointment including the revised remuneration so as not to exceed the limit set out in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956 or any amendments thereto.”

“RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby severally authorised to do all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to this resolution.”

8. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT in partial modification of the earlier resolution passed by the members at the 20th Annual General Meeting of the Company held on 30th September, 2009 and pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, (including any statutory modification(s) or re-enactment thereof, for the time being in force) such other approvals, permissions and sanctions from Central Government, if required and as recommended by the Remuneration Committee, consent of the Company be and is hereby granted for variation in the terms of remuneration payable to Mr. Munjal M. Jaykrishna, Joint Managing Director of the Company as set out in the Explanatory Statement annexed hereto.”

“RESOLVED FURTHER THAT other terms and conditions of appointment of Mr. Munjal M. Jaykrishna, Joint Managing Director of the Company shall remain unchanged as approved by the members in the 20th Annual General Meeting of the Company held on 30th September, 2009.”

“RESOLVED FURTHER THAT in the event of absence of profits or inadequate profits in any financial year during the tenure of the Joint Managing Director of the Company be paid the above salary and perquisites as minimum remuneration.”

“RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to further alter, vary and/or amend the terms and conditions of appointment including the revised remuneration so as not to exceed the limit set out in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956 or any amendments thereto.”

“RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby severally authorised to do all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to this resolution.”

By order of the Board of Directors

Place : Indrad, Mehsana
Date : 28/08/2010

Mrs. Paru M. Jaykrishna
Chairperson and Managing Director

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 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. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 17th September, 2010 to Saturday, 25th September, 2010 (both days inclusive).
3. The relative explanatory statement pursuant to section 173(2) of the Companies Act, 1956 and Clause 49 of the Listing Agreement in respect of item no. 5 to 8 is annexed herewith.
4. (a) Members are requested to notify immediately any change of address:
 - i) to their Depository Participants (DPs) in respect of their electronic share accounts; and
 - ii) to the Company or to its Share Transfer Agents in respect of their physical share folios, if any.(b) In case the mailing address on this Annual Report is without the PINCODE, Members are requested to kindly inform their PINCODE immediately.
5. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the Meeting.
6. Member who hold shares in dematerialized forms are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
7. For the convenience of members and for proper conduct of the meeting, entry to the place of meeting will be regulated by an Attendance Slip, which is annexed to the Proxy Form. Members are requested to append their signatures at the place provided on the Attendance Slip and hand it over at the entrance.
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 10 days in advance of the meeting at the Registered Office, so as to enable the Company to keep the information ready.
9. Appointment /Re-appointment of Directors (Pursuant to Clause 49 of the Listing Agreement)

At the ensuring Annual General Meeting Prof Pradeep Jha and Mr. Kiran J. Mehta retires by rotation and being eligible offers themselves for reappointment.

Mr. Param J. Shah was appointed as Additional Director of the Company and Mr. Gokul M. Jaykrishna was appointed as Joint Managing Director of the Company.

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The information or details to be provided for the aforesaid directors under the corporate governance code are as under:

Name of Director	Prof Pradeep Jha	Mr. Kiran J. Mehta	Mr. Param J. Shah	Mr. Gokul M. Jaykrishna
Date of Birth	28/11/1945	30/09/1953	30/12/1980	24/10/1968
Date of Appointment	28/05/2002	27/07/2003	13/08/2010	01/01/1994
Expertise in specific functional areas	Academician with over 34 year experience in teaching.	Senior Cost Accountant having	Academician with over 10 year experience. He has wide knowledge in Finance and Law.	More than 20 years experience in Finance and Marketing.
Qualification	M.Sc (Maths) C. C. P, C. M. E. (UK)	Mcom, LLB, FICWA, FIISA	MBA, M.Com., LLB	Major in Finance and Marketing
No of Equity Shares held	Nil	Nil	Nil	431843
List of outside Company Directorships held	Asahi Songwon Colors Ltd	Nil	Nil	1. Asahi Songwon Colors Limited 2. Skyjet Aviation Private Limtied. 3. Asahi Energy Pvt Ltd 4. Grey cell Solution Pvt Ltd 5. Flyover Communication Pvt Ltd
Chairman / Member of the Committees of the Board of Directors of the Company	- Audit committee. - Remuneration committee. - Shareholders / Investors Committee.	- Audit committee. - Remuneration committee. - Shareholders / Investors Committee.	Nil	Nil
Chairman / Member of the Committee of Directors of Companies in which he/she is Director a) Audit Committee b) Remuneration Committee c) Shareholders/ Investors Grievances Committee.	Asahi Songwon Colors Ltd. - Audit committee - Remuneration committee. - Shareholders / Investors Committee.	Nil	Nil	Nil

ANNEXURE TO THE NOTICE

Explanatory statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956

Item No. 5

The Board of Directors of the Company at their meeting held on 13th August, 2010, appointed Mr. Param J. Shah as Additional Director on the Board of the Company. As per the provisions of Section 260 of the Companies Act, 1956, he hold office up to the date of ensuing Annual General Meeting and is eligible for the appointment as Director of the Company, liable to retire by rotation.

Details regarding the person proposed to be appointed as Director and his brief resume are given in the Annexure to the Notice.

The Company has received a notice from the member proposing his candidature for his appointment as Director liable to retire by rotation along with deposit of Rs. 500/- in cash.

Keeping in view the experience, expertise and knowledge of Mr. Param J. Shah, the Board recommends his appointment as Director of the Company.

None of the Directors, except Mr. Param J. Shah is interested or concerned in the aforesaid resolution.

Item No. 6 & 7

At the 17th Annual General Meeting held on 26th September, 2006, the members had approved the reappointment of Mr. Gokul M. Jaykrishna as Executive Director of the Company with effect from 1st April, 2006.

The Board of Directors of the Company at its meeting held on 13th August, 2010 has changed the designation of Mr. Gokul M. Jaykrishna from Executive Director to Joint Managing Director of the Company.

Mr. Gokul M. Jaykrishna was not taking any remuneration from the Company and with improved performance of the Company, the Board of Directors at its meeting held on 30th December, 2009, pursuant to the approval of the remuneration committee and subject to approval of members approved the revision in remuneration payable to Mr. Gokul M. Jaykrishna, Joint Managing Director of the Company w. e. f. 1st December, 2009, the other terms and conditions of the remuneration remaining the same as approved in the 17th Annual General meeting held on 26th September, 2006. The major terms and conditions of the appointment are as under:

1. Remuneration:

a. Basic Salary :

Rs. 50,000/- per month with effect from 1st December, 2009 with such increments each year as considered by the Board.

b. Commission :

In addition to the salary, perquisites and allowances payable, a commission, as may be decided by the Board of Directors at the end of each financial year calculated with reference to the net profits of the Company. Commission should not exceed 2.5% of the Company's Net Profit for each Financial Year subject to the overall ceiling stipulated in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956.

2. Perquisites:

In addition to the salary and commission as outlined above, the Joint Managing Director shall be entitled to perquisites/allowances as under:

Category "A"

a. Housing :

- i) The expenditure incurred by the Company on hiring furnished accommodation for the Joint Managing Director, subject to a ceiling of 60% of the salary, over and above 10% payable by the Joint Managing Director.
- ii) In case the accommodation is owned by the Company, 10% of the salary of Joint Managing Director shall be deducted by the Company.

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iii) In case no accommodation is provided by the Company, Joint Managing Director shall be entitled to House Rent Allowance not exceeding 60% of his Salary.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to a ceiling of 10% of salary.

b. Medical Reimbursement :

The Company shall reimburse expenses incurred for the Joint Managing Director for himself and his family subject to a ceiling of one-month salary in a year or three months salary over a period of three years.

c. Leave Travel Concession :

For the Joint Managing Director and his family once in a year incurred in accordance with the rules of the Company.

d. Insurance :

Insurance policy to cover personal effects, personal accident and medical expenses.

e. Club Fees :

Fees of clubs subject to maximum two clubs. This will include admission or entrance fees and monthly and annual subscriptions.

f. Entertainment Expenses :

The Company shall reimburse entertainment expense actually incurred in the course of business of the Company subject to such annual limits as may be fixed by the Board of Directors of the Company.

Explanation: For the purposes of Category "A" family means the spouse, the dependent children and dependent parents of the Joint Managing Director.

Category "B" :

Contribution to Provident Fund and Superannuation fund will not be included in the computation of the ceiling on remuneration to the extent they are, either singly or put together not taxable under the Income-tax Act, 1961. Gratuity not exceeding half month salary for each completed year of service. Gratuity and encashment of leave shall not be included in the computation of the ceiling on the remuneration.

Category "C" :

The Company shall provide a car with driver and telephone at residence. Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Joint Managing Director.

3. Overall Remuneration:

The aggregate of salary, perquisites, allowances and commission in any one financial year shall not exceed the limits prescribed under Section 198, 309 and other applicable provisions read with Schedule XIII of the Companies Act, 1956 or any statutory modifications or re-enactments thereof.

4. Minimum Remuneration:

In the event of absence or inadequacy of profits in any financial year during the currency of tenure of the Joint Managing Director, the payment of salary, allowances, perquisites and all other payments shall be governed by the limits stipulated under Schedule XIII read with Section 269 and 309 of the Companies Act, 1956.

5. Other Terms and Conditions:

Other terms and conditions of appointment of Mr. Gokul M. Jaykrishna as Joint Managing Director of the Company shall remain unchanged as approved by the members in 17th Annual General Meeting of the Company held on 26th September, 2006.

In terms of the provisions of the Companies Act, 1956, consent of the members is required for variation of remuneration of Mr. Gokul M. Jaykrishna, Joint Managing Director of the Company. The Board hereby recommends the passing of the proposed resolutions.

Copy of draft supplementary agreement to be entered between Mr. Gokul M. Jaykrishna, Joint Managing Director and the Company are available for inspection at the Registered Office of the Company on any working days during usual business hours up to the Annual General Meeting.

This may be treated as the abstract and memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

None of the Directors, except Mrs. Paru M. Jaykrishna, Mr. Gokul M. Jaykrishna, Mr. Munjal M. Jaykrishna are interested or concerned in the aforesaid resolution.

Item No. 8

At the 20th Annual General Meeting held on 30th September, 2009, Mr. Munjal M. Jaykrishna was appointed as Joint Managing Director of the Company for period of five years.

Mr. Munjal M. Jaykrishna, aged around 40 years, Bachelors of Science in Business and Economics from Lehigh University, Bethlehem. He is looking after complete operations including Production, Marketing and Quality Control of the Company. He was not taking any remuneration from the Company. Looking to the improved performance of the Company, the Board of Directors on the recommendation of the remuneration committee has revised the remuneration of Mr. Munjal M. Jaykrishna, w.e.f. 1st December, 2009, the other terms and conditions of the appointment remaining the same as approved in the 20th Annual General Meeting held on 30th September, 2009. The major terms and conditions of the appointment are as under:

1. Remuneration :

a. Basic Salary :

Rs. 50,000/- per month with effect from 1st December, 2009 with such increments each year as considered by the Board.

b. Commission :

In addition to the salary, perquisites and allowances payable, a commission, as may be decided by the Board of Directors at the end of each financial year calculated with reference to the net profits of the Company. Commission should not exceed 2.5% of the Company's Net Profit for each Financial Year subject to the overall ceiling stipulated in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956.

2. Perquisites:

In addition to the salary and commission as outlined above, the Joint Managing Director shall be entitled to perquisites/allowances as under:

Category "A"

a. Housing :

- i) The expenditure incurred by the Company on hiring furnished accommodation for the Joint Managing Director, subject to a ceiling of 60% of the salary, over and above 10% payable by the Joint Managing Director.
- ii) In case the accommodation is owned by the Company, 10% of the salary of Joint Managing Director shall be deducted by the Company.
- iii) In case no accommodation is provided by the Company, Joint Managing Director shall be entitled to House Rent Allowance not exceeding 60% of his Salary.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to a ceiling of 10% of salary.

b. Medical Reimbursement :

The Company shall reimburse expenses incurred for the Joint Managing Director for himself and his family subject to a ceiling of one-month salary in a year or three months salary over a period of three years.

c. Leave Travel Concession :

For the Joint Managing Director and his family once in a year incurred in accordance with the rules of the Company.

d. Insurance :

Insurance policy to cover personal effects, personal accident and medical expenses.

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e. Club Fees :

Fees of clubs subject to maximum two clubs. This will include admission or entrance fees and monthly and annual subscriptions.

f. Entertainment Expenses :

The Company shall reimburse entertainment expense actually incurred in the course of business of the Company subject to such annual limits as may be fixed by the Board of Directors of the Company.

Explanation: For the purposes of Category "A" family means the spouse, the dependent children and dependent parents of the Joint Managing Director.

Category "B" :

Contribution to Provident Fund and Superannuation fund will not be included in the computation of the ceiling on remuneration to the extent they are, either singly or put together not taxable under the Income-tax Act, 1961. Gratuity not exceeding half month salary for each completed year of service. Gratuity and encashment of leave shall not be included in the computation of the ceiling on the remuneration.

Category "C" :

The Company shall provide a car with driver and telephone at residence. Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Joint Managing Director.

3. Overall Remuneration:

The aggregate of salary, perquisites, allowances and commission in any one financial year shall not exceed the limits prescribed under Section 198, 309 and other applicable provisions read with Schedule XIII of the Companies Act, 1956 or any statutory modifications or re-enactments thereof.

4. Minimum Remuneration:

In the event of absence or inadequacy of profits in any financial year during the currency of tenure of the Joint Managing Director, the payment of salary, allowances, perquisites and all other payments shall be governed by the limits stipulated under Schedule XIII read with Section 269 and 309 of the Companies Act, 1956.

5. Other Terms and Conditions:

Other terms and conditions of appointment of Mr. Munjal M. Jaykrishna as Joint Managing Director of the Company shall remain unchanged as approved by the members in 20th Annual General Meeting held on 30th September, 2009."

In terms of the provisions of the Companies Act, 1956, consent of the members is required for variation of remuneration of Mr. Munjal M. Jaykrishna, the Joint Managing Director of the Company. The Board hereby recommends the passing of the proposed resolutions.

Copy of draft supplementary agreement to be entered between Mr. Munjal M. Jaykrishna, Joint Managing Director and the Company are available for inspection at the Registered Office of the Company on any working days during usual business hours up to the Annual General Meeting.

This may be treated as the abstract and memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

None of the Directors, except Mrs. Paru M. Jaykrishna, Mr. Gokul M. Jaykrishna, Mr. Munjal M. Jaykrishna are interested or concerned in the aforesaid resolution.

By order of the Board of Directors

Place : Indrad, Mehsana

Date : 28/08/2010

Registered Office :

166-169, Village Indrad

Kadi – Kalol Road, Dist : Mehsana

Gujarat – 382 727 (India)

Mrs. Paru M. Jaykrishna

Chairperson and Managing Director

DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Twenty First Annual Report together with the Audited Accounts of your Company for the financial year ended 31st March, 2010.

FINANCIAL RESULTS

Particulars	Current Year 2009-2010	(Rs. in Lacs) Previous Year 2008-2009
Sales and Income from Operations	8,157.62	5,369.45
Other Income	62.74	15.89
Income / (Decrease) in stock	56.83	(76.97)
Total Income	8,277.19	5,308.37
Profit/(Loss) before Interest & Depreciation	440.47	(344.49)
Less : Interest	189.65	109.80
Profit/(Loss) before Depreciation	250.82	(454.29)
Less : Depreciation	86.01	76.23
Profit/(Loss) for the year before Taxation	164.81	(530.52)
Less: Provision for Current Tax	1.12	9.21
Less: Provision for Deferred Tax	11.67	(30.11)
Profit/(Loss) for the year	152.02	(509.62)
Less : Prior Period Adjustments (Net)	0.70	0.73
Net Profit/(Loss) for the year	151.32	(510.35)
Add : Balance of Profit of earlier year	46.89	557.24
Balance Carried over to Balance Sheet	198.20	46.89
Earning per Share (EPS) in Rs. (Basic & Dilute per share of face value of Rs. 10/- each)	4.45	(15.00)

FINANCIAL PERFORMANCE

The year 2009-2010 was a testing period, were earlier part witnessed crash in demand due to economic melt down with volatility raw material prices and fluctuating foreign exchange rates. However, the situation improved and the demand picked up for your product, which enabled your company to give commanding performance. These results have been mainly achieved due to constant focus on cost cutting, better working capital management and improvement in quality of the product.

Results of Operations

During the year under review, the Company has earned a total income of Rs. 8,277.19 Lacs as compared to Rs. 5,308.37 Lacs of the previous year.

The net sales of the Company increased from Rs. 5,410.99 Lacs to Rs. 7,590.66 Lacs during the year, showing a growth of 40.28% as compared to the previous year.

Exports

There has been a considerable growth of 41.39% in the Export turnover of the Company, which is reported to be Rs. 7,020.17 Lacs as against Rs. 4,965.23 Lacs during the previous year.

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DIVIDEND

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

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 read with Articles of Association of the Company, Prof Pradeep Jha and Mr. Kiran J. Mehta retire by rotation as Directors at the ensuing Annual General Meeting and being eligible offers themselves for reappointment.

Mr. Prafulchandra V. Patel has resigned from the Directorship of the Company w.e.f. 13th August, 2010. The Board places on record the contribution made and the valuable services rendered by him during his association with the Company.

Mr. Param J. Shah was appointed as Additional Director of the Company w.e.f. 13th August, 2010. He shall hold office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing from a member along with a deposit of Rs. 500/- pursuant to the provisions of Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director liable to retire by rotation. The Board recommends his appointment as Director.

The Board of Directors at its meeting held on 13th August, 2010 has changed the designation of Mr. Gokul M. Jaykrishna from Executive Director to Joint Managing Director of the Company. Further, the Board of Directors, on recommendation of the Remuneration Committee in the meeting held on 30th December, 2009 has revised the terms and conditions of remuneration payable to Mr. Gokul M. Jaykrishna and Mr. Munjal M. Jaykrishna, Joint Managing Directors of the Company subject to approval at the ensuing Annual General Meeting. The company is seeking your approval for revision in terms and conditions of remuneration.

In accordance with the stipulation under clause 49 of the Listing Agreement, brief resume of the Directors seeking appointment/re-appointment at the ensuing Annual General Meeting together with the nature of their expertise in specific functional areas and name of the companies in which they hold office as Director and/or Chairman / Member of Committees of the Board is annexed to the notice.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect of Directors' Responsibility Statement, the Directors hereby confirm:

- (i) that in the preparation of the annual accounts for the year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanations in case of material departures;
- (ii) that 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) that 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) that the directors had prepared the annual accounts for the financial year ended 31st March, 2010 on a going concern basis.

FIXED DEPOSITS

The Company has neither accepted nor renewed any fixed deposits from the public during the year and as on 31st March, 2010 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

Pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, none of the employee of the Company was in receipt of a remuneration aggregating to Rs. 24,00,000/- or more per annum or Rs. 2,00,000/- per month in case employed through out the financial year or part thereof during the financial year.

SECRETARIAL AUDIT REPORT

As required under the provisions of Section 383A of the Companies Act, 1956 and the rules made there under, a certificate is attached herewith and the same forms part of this Report.

AUDITORS AND AUDITORS' REPORT

M/s. Trushit Chokshi & Associates, Chartered Accountants, Ahmedabad, the Statutory Auditors of your Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. 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 made in the Auditors Report are self explanatory.

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.

As required by the Listing Agreement, an Auditors Certificate on Corporate Governance and a Declaration by the Chairperson and Managing Director with regard to Code of Conduct are attached to the said 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 valuable contribution made by all the employees and workers of the Company.

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 is appointed as Cost Auditors of the Company.

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FINANCE AND INSURANCE

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

The CARE has assigned “BBB-” rating to the long term bank loans/facilities and “PR 3” rating for the short term bank loans/facilities as per Basel – II norms.

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.

CEO/CFO CERTIFICATION

As required by Clause 49 of the Listing Agreement, a certificate on the financial statements and cash flow statement of the Company for the year ended March 31, 2010 duly signed by Chairperson and Managing Director and Joint Managing Director of the Company was submitted to the Board of Directors at the meeting held on May 25, 2010.

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.

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 9001-2000 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 : 28/08/2010	Mrs. Paru M. Jaykrishna	Gokul M. Jaykrishna	Munjal M. Jaykrishna
Place : Indrad, Mehsana	Chairperson &	Joint	Joint
Registered Office :	Managing Director	Managing Director	Managing Director
166-169, Village Indrad			
Kadi – Kalol Road, Dist : Mehsana			

ANNEXURE - I**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, 2010.

I. (A) ENERGY CONSERVATION MEASURES TAKEN DURING THE YEAR 2009-10**a. Energy conservation measures taken :**

Energy conservation is an ongoing and focused area of the Company. Potential energy saving necessary have been identified and implemented which includes: Replacement of motors with energy efficient ones and with appropriate capacities. Replacement of pumps with appropriate and efficient pumps.

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'****A. POWER & FUEL CONSUMPTION**

Sr. No.	Particulars	Unit of Measurement	2009-10	2008-09
1.	Electricity			
a.	Purchased			
	Unit	Lacs KWH	50.85	30.80
	Total amount	Rs in Lacs	232.98	182.19
	Rate/Unit	Rupees	4.58	5.92
b.	Own Generation			
	Unit generated through diesel generator	Lacs KWH	NA	NA
	Unit per litre of diesel oil	Rs in Lacs	NA	NA
	Cost/Unit	Rupees	NA	NA
2.	Diesel/Furnace Oil			
	Unit	Thousand Litres	175.81	253.80
	Total amount	Rs in Lacs	43.55	77.20
	Rate/Unit	Rupees	24.77	30.40
3.	Coal & other Fuels			
	Unit	Thousand Kgs	8082.85	7285.97
	Total amount	Rs in Lacs	252.94	163.20
	Rate/Unit	Rupees	3.13	2.24

B) CONSUMPTION PER UNIT OF PRODUCTION (DYE INTERMEDIATE)

Unit Cost per MT of Production

Electricity	(Units/Ton)	808.28	1004.33
Diesel/furnace oil	(Ltrs./Ton.)	27.94	82.75
Lignite Coal and other fuels	(kg/ton)	1284.72	2375.55

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B. TECHNOLOGY ABSORPTION

Efforts made in Technology Absorption in Form "B"

RESEARCH & DEVELOPMENT (R & D)

FORM "B"

1. Specific area in which Research & Development carried out by the Company
The Research & Development department continued to direct its efforts towards the development of technology for Dye Intermediates and auxiliaries meant for exports.
2. Benefits derived as a result of the above Research & Development
 - Research & 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.
 - 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 EMS 14001-2004 Certification.
3. Future plan of action
Research & Development activities are being intensified to improve quality, develop product variants and improve productivity.
4. Expenditure on Research & Development

	2009-2010	(Rs. in Lacs) 2008-2009
Capital	0.85	1.29
Revenue/Recurring	4.21	3.06
Total	5.06	4.35
Total Expenditure as % of turnover	0.06%	0.08%

5. Technology absorption, adaptation and innovation
 - i) Efforts, in brief made towards technology absorption, adaptation and innovation:
The Research & Development Department absorbs the knowledge of chemical technology from various sources and thereafter adapts the same to the Company's infrastructure, effect improvements to the products and processes of the Company including containment of pollution and control of effluents.
 - ii) Benefits derived as a result of the above efforts:
Benefits derived from these efforts include process rationalization, product quality improvement, import substitution and overall cost reduction.
 - iii) Incase of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished:
 - a. Technology imported : NIL
 - b. Year of Import : Not Applicable
 - c. Has technology been fully absorbed? : NIL

C. FOREIGN EXCHANGE EARNINGS AND OUT GO

- a. Activities relating to Exports, initiatives taken to increase exports, development of new export markets for products and service and export plans.
During the year the Company exported Vinyl Sulphone valuing to Rs. 7,004.78 Lacs (Previous Year Rs. 4,968.91 Lacs) to various countries around the World. The Company exports its product to USA, Middle East, Europe and Asian Counrties. Continuous efforts are being taken to increase exports by exploring new markets.
- b. Foreign Exchange used and earned

	2009-2010	(Rs. in Lacs) 2008-2009
Foreign Exchange Earned	7,004.78	4,968.91
Foreign Exchange Used	11.73	63.83

ANNEXURE - II**MANAGEMENT DISCUSSIONS & ANALYSIS****OVERVIEW**

The Company is engaged in the manufacturing of Dyes and Dyestuff. 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 pigments, paints, rubber, textiles, plastics and leathers. They react chemically under suitable conditions with cellulose based materials yielding brilliant shades with good fastness properties.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Chemical Industry occupies an important place in the India's economy. The Chemical Industry produces a wide spectrum of products, which include Pharmaceuticals, Dyes, Man-made Fibers, Plastics, Pesticides, Fertilizers, Cosmetics and Toiletries, Paint, Auxiliary Chemicals and wide range of Organic and Inorganic.

The dyestuff sector is one of the important segments of the chemicals industry in India, having forward and backward linkages with a variety of sectors like textiles, leather, papers, plastics, printing inks and food stuffs. Dyestuff industry comprises three constituents namely, dyestuff, pigments and intermediates. The global dyestuff industry has witnessed a gradual shift of manufacturing facilities from the developed countries to Asia, particularly China and India due to high cost of production, environmental constraints, availability of trained and inexpensive manpower. Vinyl Sulphone a part of dyestuff industry has also witnessed good demand as result.

OPPORTUNITIES

Your Company is one of the leading suppliers of Vinyl Sulphone and have regular list of buyers/importers from various countries including multinationals. The Company is competitive in pricing, consistent in quality and timely delivery. With revival of economy, the demand for the product has increased domestically and internationally. With cost reduction, operational efficiency and exploring new markets, Company's performance is expected to be much better in the coming years.

THREATS, RISK & CONCERNS

Today's environment is fraught with risks and uncertainty than ever before. The Company is working in a very global competitive business environment and major source of income from exports, hence, fluctuation in the foreign exchange rate effect the performance of the Company. The future of the industry is directly linked to the environmental protection policy of the Government. The production of high quality products depend on availability of raw material. Fluctuation in prices, particularly the violating in crude prices and supply bottlenecks may affect the performance of the Company. The Company has consistent policy to meet the challenges.

OUTLOOK

After the global meltdown, the business around the world started showing sign of recovery during the fiscal year 2009-10. In spite of these positive developments, debt crisis in Europe and continuous falling of Euro may be the cause of concern for the global business scenario. However, the business scenario in developing countries and emerging market are better than the developed world.

In India, the GDP growth is improving continuously in spite of worst monsoon country had witnessed during the fiscal year 2009-10.

The demand for the Company's product had shown substantial growth and looking to the present scenario, it seems to be continuing for the F. Y. 2010-11.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your 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 policies. Internal Auditors periodically review the controls and compliance of laws and regulations and the environment under which the internal audit exists. Financial accounting and audit systems also provide controls to eliminate frauds and loss due to negligence.

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Internal control systems are reviewed by Internal Auditors 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.

FINANCIAL PERFORMANCE

During the year was really testing period for the Company with violating raw material cost and fluctuating foreign exchange rates. The situation improved and the demand picked up for your product, which enabled your company to give commanding performance. These results have been mainly achieved due to constant focus on cost cutting, better working capital management and improvement in quality of the product.

(Rs. In Lacs)		
Particulars	2009-2010	2008-2009
Net Turnover	8,157.62	5,369.44
Other Income	62.74	15.89
Total Expenditure	7,779.89	5,729.82
Operating Profit (PBITD)	440.47	(344.49)
Interest	189.65	109.80
Depreciation	86.01	76.23
Profit Before Tax	164.81	(530.53)
Tax Expenses	12.79	(20.90)
Profit after Tax	152.02	(509.62)
Exceptional Items	0.70	0.73
Net Profit	151.32	(510.35)
EPS (Rs) (of Rs. 10/- each)	4.45	(15.00)

Results of Operations

During the year under review, the Company has earned a total income of Rs. 8,277.19 Lacs as compared to Rs. 5,308.37 Lacs of the previous year.

The net sales of the Company increased from Rs. 5,410.99 Lacs to Rs. 7,590.66 Lacs during the year, showing a growth of 40.28% as compared to the previous year.

Exports

There has been a considerable growth of 41.39% in the Export turnover of the Company, which is reported to be Rs. 7,020.17 Lacs as against Rs. 4,965.23 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 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**CORPORATE GOVERNANCE REPORT 2009-2010**

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

1. Company's Philosophy on Code of Governance

AksharChem (India) Limited endeavours to uphold the highest principles and practices of Corporate Governance to ensure transparency, integrity and accountability in its functioning. Our governance practice is to build the trusts between the Company and its stakeholders viz. shareholders, customers, suppliers and employees. The Company upholds the rights of each of the stakeholder groups for information on the business and the financial performance of the Company and strives to meet these needs in a consistent and regular manner.

In the line with this philosophy, your company continuously strives for excellence through adoption of best governance and disclosure practices.

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

The Board of Directors as on 31st March, 2010 comprises of six Directors out of which three are Executive Directors and three are Non-Executive Directors. The three Executive Directors includes one Chairperson and Managing Director, Joint Managing Director and Executive Director and they are also the Promoters of the Company. All three Non-Executive Directors are independent directors.

Mr. Kiran J. Mehta, Prof Pradeep Jha and Mr. Prafulchandra V. Patel 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 primary 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 Executives 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 seven times and time gap between two meetings does not exceed four months. The details of Board Meeting and Attendance thereof are as below:

Sr. No.	Date of Board Meeting	Place	No. of Directors Present
1	27.04.2009	Indrad, Kadi	4
2	30.07.2009	Indrad, Kadi	5
3	05.09.2009	Indrad, Kadi	5
4	30.10.2009	Indrad, Kadi	5
5	30.12.2009	Indrad, Kadi	5
6	27.01.2010	Indrad, Kadi	5
7	23.02.2010	Indrad, Kadi	4

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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	3	1	—	7	7	No
Prof. Pradeep Jha	1	—	3	—	7	6	Yes
Mr. Kiran J. Mehta	—	—	—	—	7	6	Yes
Mr. Prafulchandra V. Patel	—	—	—	—	7	—	No
Mr. Gokul M. Jaykrishna	1	1	—	—	7	7	No
Mr. Munjal M. Jaykrishna	1	4	—	—	7	7	Yes

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 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

Prof Pradeep Jha and Mr. Kiran J. Mehta, 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 Executive which is adhered to by all the concerned persons.

3. Audit Committee**3.1 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. Prof Pradeep Jha – Member
3. Mr. Prafulchandra V. Patel – Member

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

3.2 Meeting of the Audit Committee

During the year under review, the Audit Committee met 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	5
Prof. Pradeep Jha	5	5
Mr. Prafulchandra V. Patel	5	—

3.3 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:
 - a. 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.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.

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- 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. The audit committee should have discussions with the auditors periodically about the internal control systems, the scope of the audit including the observations of the auditors and review the half yearly and annual financial statements before submission to the board and also ensure compliance of internal control systems.
14. The Audit Committee shall have authority to investigate into any matter in relation to the items specified in this section or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary.
15. Carrying out any other function as in mentioned in terms of reference of the Audit committee.

3.4 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 Internal auditor shall be subject to review by the Audit Committee.

3.5 Subsidiary Company

Your Company does not have any Subsidiary Company.

4. Remuneration Committee

Your Company has a Remuneration Committee which reviews the remuneration to the Directors and recommends the same to the Board of Directors. 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 is paid to the Non-Executive Directors. The Committee comprises of (1) Mr. Kiran J. Mehta, Chairman (2) Prof Pradeep Jha, Member and (3) Mr. Prafulchandra V. Patel, Member.

During the year under review, terms of remuneration payable to Mrs. Paru M. Jaykrishna, Chairperson and Managing Director, Mr. Gokul M. Jaykrishna, Executive Director of the Company and Mr. Munjal M. Jaykrishna, Joint Managing Director of the Company was revised.

During the period under review the Committee met for 1 time. The details of attendance are as below:

Name of Members	No. of Meetings	
	Held	Attended
Mr. Kiran J. Mehta	1	1
Prof. Pradeep Jha	1	1
Mr. Prafulchandra V. Patel	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 2009-10
		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	Executive Director	Rs. 2,00,000
Mr. Munjal M. Jaykrishna	Joint Managing Director	Rs. 2,00,000

1. Service Contract, Notice Period and Severance Fees:
The employment of Mrs. Paru M. Jaykrishna, Chairperson and Managing Director, Mr. Gokul M. Jaykrishna, Executive Director and Mr. Munjal M. Jaykrishna, Joint Managing Director is contractual.

2. Stock Option details, if any : NIL

Non Executive Director

Non-Executive Directors were paid sitting fees for attending the Board Meeting and Committee Meetings. Details of the sitting fees paid for attending board and committee meetings are given at the respective places of this report.

Shareholding of Directors

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

5. Management

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

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.

6. 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) Prof Pradeep Jha, Member and (3) Mr. Munjal M. Jaykrishna, 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 Meeting(s)	
	Held	Attended
Mr. Kiran J. Mehta	2	2
Prof. Pradeep Jha	2	1
Mr. Munjal M. Jaykrishna	2	2

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.

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- 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 : NIL

Number of complaints solved : NIL

Number of pending complaints : NIL

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.

Compliance by the Company

No penalties/strictures have been imposed on the Company by Stock Exchange or Securities and Exchange Board of India (SEBI) or any statutory authority, on any matter related to capital markets, during the last three years.

7. CEO/CFO Certification

A certificate from Mrs. Paru M. Jaykrishna, Chairperson & 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.

8. General Body Meetings

8.1 Details of location, time and date of last three Annual General Meeting are given below:

For Financial Year	Venue	Date	Time
2006-07	At the Registered Office at 166-169, Village Indard, Kadi-Kalol Road, Mehsana, Gujarat	27.09.2007	11.00 a.m.
2007-08	At the Registered Office at 166-169, Village Indard, Kadi-Kalol Road, Mehsana, Gujarat	30.09.2008	11.30 a.m
2008-09	At the Registered Office at 166-169, Village Indard, Kadi-Kalol Road, Mehsana, Gujarat	30.09.2009	11.30 a.m

8.2 Extra Ordinary General Meeting

There was no Extra Ordinary General Meeting held during the Financial Year 2009-10.

8.3 Special Business transacted during the last three years at the General Meetings

Special Business	Type of Resolution passed	Date of Meeting
Alteration Articles of Association of the Company	Special Resolution	27.09.2007
Change in designation of Mr. Gokul M. Jaykrishna from Executive Director to Joint Managing Director	Ordinary Resolution	30.09.2009

8.4 Postal Ballot

No Special resolution was put through postal ballot during last three year nor is any proposed for this year.

9. A. Disclosures

1. Basis of related party transactions

The Board has received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and / or their relatives have personal interest. 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 the Accounts in the Annual Report.

2. 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. 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 the Stock Exchange(s) for employees to report concerns about the unethical behaviour. No personnel have been denied access to the Chairman of the Audit Committee.
4. The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchange(s):
 - a. Has set up a Remuneration Committee.
 - b. Adopted Whistle Blower Policy.

B. Secretarial Audit

A qualified practicing Company Secretary carried out a secretarial 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 issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

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

10. Means of Communication

Results

The quarterly and annual results are generally published in Local English and Vernacular language newspapers.

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 a 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.

11. General Shareholder's information:

i. Annual General Meeting

Day, Date, Time & Venue Saturday, 25th September, 2010, at the Registered Office of the Company at 166-169, Village Indard, Kadi-Kalol Road, Mehsana, Gujarat

ii. Financial Year Calendar(20010-11) Tentative

Financial Year	1st April, 2010 to 31st March, 2011
Annual General Meeting	August/ September, 2011
Results for quarter ended on	
30th June, 2010	August, 2010 (Second Week)
30th September, 2010	November, 2010 (Second Week)
31st December, 2010	February, 2011 (Second Week)
31st March, 2011	May, 2011 (Second Week)

iii. Date of Book Closure

Closure of Register of Members and Share Transfer Books	Register of Members and Share Transfer Books of the Company shall be closed from Friday, 17th September, 2010 to Saturday, 25th September, 2010 (both days inclusive).
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- 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 Bombay Stock Exchange Ltd and Ahmedabad Stock Exchange Ltd and Annual Listing Fees for the Financial Year 2010-11 has been paid to the above stock exchanges.
- Name and Address of Stock Exchange(s)
- Bombay Stock Exchange Limited
25th Floor, Phiroze Jeejeebhoy Towers, Dalal Streets, Mumbai - 400 001
- Ahmedabad Stock Exchange Ltd
Kamdhenu Complex, Opp. Sahajanand College, Panjara Pole, Ambawadi, Ahmedabad - 380 015
- vi. Stock Code** 532853 (BSEL)
6408 (ASEL)

vii. Market Price Data

High and Low during each month in the (2009-10) financial year on Bombay Stock Exchange Ltd

Month	High (Rs.)	Low (Rs.)
April, 2009	7.09	5.75
May, 2009	9.14	6.00
June, 2009	10.15	8.03
July, 2009	9.60	6.20
August, 2009	7.38	6.14
September, 2009	8.40	7.10
October, 2009	8.75	7.15
November, 2009	16.45	8.73
December, 2009	15.25	11.00
January, 2010	18.91	12.55
February, 2010	22.70	16.40
March, 2010	22.50	16.75

viii. Registrar and Transfer Agent

During the year, the Company has appointed M/s. Link Intime India Pvt. Ltd. to act as Registrar and Transfer agents in place of M/s. Pinnacle Share Registry Private Limited. M/s. Link Intime India Pvt Ltd will 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 Private Ltd
C-133, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078.

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 and in terms of Clause 47 of Listing Agreement.

x. Distribution of shareholding (as on 31st March, 2010)
a. Distribution Schedule

Number of Equity Shares Held	Shareholders		Shares	
	Number	% of Total	Number	% of Total
001-500	4758	94.72	670148	19.70
501-1000	141	2.81	116167	3.41
1001-2000	63	1.25	100515	2.95
2001-3000	17	0.34	43252	1.27
3001-4000	11	0.22	40191	1.18
4001-5000	4	0.08	19439	0.57
5001-10000	13	0.26	92267	2.71
10001 & above	16	0.32	2320871	68.21
Total	5023	100.00	3402850	100.00

b. Distribution of Shareholding

Category	No of Shares	% of Shareholding
A. Promoters		
1. Indian Promoters		
Individuals	1716241	50.44
Bodies Corporate	323922	9.52
2. Foreign Promoters	NIL	NIL
Total Promoters Holding	2040163	59.95
B. Non Promoters		
1. Institutional Investors		
a. Mutual Funds	5500	0.16
b. Banks, Financial Institutions, Insurance Companies	NIL	NIL
c. Foreign Institution Investors	NIL	NIL
Sub Total	5500	0.16
4. Others		
a. Bodies Corporate	66940	1.97
b. Indian Public	1273261	37.42
c. NRIs/OCBs	15711	0.46
d. Clearing Members / Clearing House	1275	0.04
Sub Total	1357187	39.89
Grand Total	3402850	100.00

xi. 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, 2010

	No of shareholders	No of Shares	% of Capital
NSDL	1209	2608000	76.64
CDSL	456	247050	7.26
Physical Form	3358	547800	16.10
Total	5023	3402850	100.00

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- | | |
|--|--|
| 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. |
| xiii Plant Locations | 166-169 Village: Indrad, Kadi-Kalol Road, 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@asahisongwon.com
At Registrar and Transfer Agent
Link Intime India Private Limited
211, Sudarshan Complex Near Mithakhali Under Bridge Navrangpura Ahmedabad – 380 009
Tel : (079) 26465179 Fax : (079) 26465179
Email: ahmedabad@linkintime.co.in |

For and on behalf of the Board

Date : 28/08/2010
Place : Indrad, Mehsana

Mrs. Paru M. Jaykrishna
Chairperson and Managing Director

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 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, 2010, as envisaged in Clause 49 of the Listing Agreement with Stock Exchange.

For and on behalf of the Board

Date : 28/08/2010
Place : Indrad, Mehsana

Mrs. Paru M. Jaykrishna
Chairperson and Managing Director

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, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges. 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.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances is pending for a period exceeding one month against the company as per the records maintained by the shareholders and Investors Grievance Committee.

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

Trushit Chokshi
(Proprietor)

Membership No.40847

Place : Ahmedabad
Date : 28/08/2010

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, 2010. 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 7 times on 27/04/2009, 30/07/2009, 05/09/2009, 30/10/2009, 30/12/2009, 27/01/2010 and 23/02/2010 and 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 31/03/2009 was held on 30/09/2009 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. No Extra Ordinary General meeting was held during the year.
8. 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) not 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.
 - (iv) no transfer of the amounts on account of 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

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years to Investor Education and Protection Fund was involved. However, the company has not transferred the unclaimed/unpaid dividend to the Investor Education and Protection Fund which have remained unclaimed or unpaid for a period of 7 years.

(v) duly complied with the requirement of Section 217 of the Act.

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 not issued any Shares/ debentures or other securities during the financial year.
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. during the year the company has borrowed moneys in accordance with the provisions of Section 293 (1) (d) of the Companies Act, 1956.
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.

Signature:

Place : Ahmedabad
Date : 28/08/2010

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

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.23AC, Form No. 23ACA (Balance Sheet, P& L A/c for the year ending 31.03.2009) u/s 220 of the Act.	28/10/2009	Yes	—
02	Form No. 66 for submission of Compliance Certificate u/s 383A of the Act.	28/10/2009	Yes	—
03	Form No. 23 Registration of Resolution – Appointment of Managing Director u/s 269 read with 198, 309, 310 of the Act.	14/10/2009	No	Yes
04	Form No. 25C Return of Appointment of Managing Director Resolution u/s 269 read with 198, 309, 310 of the Act.	31/10/2009	No	Yes
05	Form No.20B (Annual Return made upto 30.09.2009) u/s 161 of the Act.	27/11/2009	Yes	—

Place : Ahmedabad
Date : 28/08/2010Signature:
Name of Company Secy.: Bipin L. Makwana
C.P. No.: 5265

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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 2010, and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We 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 appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account 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 Profit and Loss Account 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Clause (g) of sub-section 1 of Section 274 of the Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and other 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 , 2010,
 - (ii) In case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) In the case of Cash-Flow Statement, of the Cash-Flow for the year ended on that date.

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

(Trushit Chokshi)
Proprietor

Date : 25-05-2010
Place : Ahmedabad

Membership No. 40847

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 2010.

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. 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 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 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 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 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 audit department constituted by the Management 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 accounts and records have been made and maintained. We have not, however made a detailed examination of the records with a view to determining whether they are accurate or complete.

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9. a) In our opinion and as per information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income 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, 2010 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 (Rs. In Lacs)	Period to Which Amount relates	Forum where Dispute is Pending
Income Tax Law	Income Tax	11.29	2000-2001	Commissioner Of Income Tax (Appeal)
Sales Tax Laws	Sales Tax	1.10	1997-1998	Gujarat Sales Tax Tribunal
Income Tax Law	Income Tax	44.27	2003-2004	Commissioner Of Income Tax (Appeal)
Sales Tax Law	Sales Tax	18.03	2004-2005	Ahmedabad VAT Tribunal
Central Excise Law	Central Excise	4.62	2008-2009	Commissioner of Central Excise Ahmedabad-III (Appeal)

10. The Company does not have accumulated losses as at 31st March 2010 .The Company has not incurred cash losses during the year ended on 31st March 2010 .The Company had incurred cash losses of Rs 34,449,365 in the immediately preceding financial year ended on 31st March 2009.
11. In our opinion and as per 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 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, 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 bases used for long-term investments.
18. The Company, during the year under review, has not made any preferential allotment of shares.
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

Reg No : 111072W

(Trushit Chokshi)

Proprietor

Membership No. 40847

Date : 25-05-2010

Place : Ahmedabad

BALANCE SHEET AS AT 31ST MARCH, 2010

			AS AT 31.03.2010 (RS.)	AS AT 31.03.2009 (RS.)
	SCHEDULE	(Rs.)		
SOURCES OF FUNDS				
SHARE HOLDERS' FUNDS				
Share Capital	1	34,028,500		34,028,500
Reserve & Surplus	2	46,922,085		31,790,747
			80,950,585	65,819,247
LOAN FUNDS				
Secured Loans	3	149,438,980		180,325,070
Unsecured Loans	4	4,000,000		17,500,000
			153,438,980	197,825,070
DEFERRED TAX (NET)			8,887,194	7,720,608
Total			243,276,759	271,364,925
APPLICATION OF FUNDS				
FIXED ASSETS				
	5			
Gross Block		202,422,246		200,121,496
Less : Depreciation		80,705,266		74,128,789
Net Block		121,716,980		125,992,707
			121,716,980	125,992,707
INVESTMENTS			10,451,688	10,451,688
CURRENT ASSETS, LOANS & ADVANCES				
Inventories	7	42,103,711		29,607,283
Sundry Debtors	8	88,406,978		95,613,040
Cash & Bank Balance	9	5,273,702		5,370,821
Loans & Advances	10	136,860,182		93,040,545
			272,644,574	223,631,689
LESS : CURRENT LIABILITIES & PROVISIONS				
Current Liabilities	11	151,156,769		78,321,619
Provisions	12	10,379,714		10,389,540
			161,536,483	88,711,159
NET CURRENT ASSETS			111,108,091	134,920,530
Total			243,276,759	271,364,925
Significant accounting policies and Notes of Accounts	19			
Schedules 1 to 19 form an integral part of the accounts				
As per our Report of even date attached			For and on behalf of the Board	
For, Trushit Chokshi & Associates				
Chartered Accountants				
Trushit Chokshi			Mrs. Paru M. Jaykrishna	
(Proprietor)			Chairperson & Managing Director	
Membership No. 40847				
Place : AHMEDABAD			Gokul M. Jaykrishna	
Date : 25.05.2010			Executive Director	

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	YEAR ENDED 31.03.2010 (RS.)	YEAR ENDED 31.03.2009 (RS)
INCOME			
Sales and Income from Operations	13	815,762,058	536,944,978
Other Income	14	6,274,116	1,588,643
Increase / (Decrease) in stock	15	5,683,231	(7,696,994)
Total Income		827,719,405	530,836,627
EXPENDITURE			
Goods Purchased for Trading		32,934,000	27,258,696
Raw Material Consumption		595,497,057	423,610,917
Packing Materials		3,964,795	2,442,215
Payments to and Provisions for Employees	16	9,428,007	7,434,565
Manufacturing & Other Expenses	17	141,848,377	104,539,599
Financial Charges	18	18,964,813	10,979,858
Depreciation		8,601,188	7,623,389
TOTAL EXPENDITURE		811,238,236	583,889,239
PROFIT/(LOSS) BEFORE TAXATION		16,481,169	(53,052,612)
Provision for Current Tax		112,465	921,100
Provision for deferred Tax		1,166,586	(3,010,889)
PROFIT/(LOSS) FOR THE YEAR		15,202,118	(50,962,823)
Less : Prior Period Adjustments (Net)		70,780	72,649
		15,131,338	(51,035,472)
Add : Balance of Profit of earlier year		4,688,850	55,724,322
		19,820,188	4,688,850
APPROPRIATION			
BALANCE CARRIED OVER TO BALANCE SHEET		19,820,188	4,688,850
		19,820,188	4,688,850
Earnings per share (In Rs.) (face value of Rs. 10/- each)			
Basic		4.45	(15.00)
Diluted		4.45	(15.00)
Significant accounting policies and Notes of Accounts	19		
Schedules 1 to 19 form an integral part of the accounts			
As per our Report of even date attached		For and on behalf of the Board	
For, Trushit Chokshi & Associates			
Chartered Accountants			
Trushit Chokshi		Mrs. Paru M. Jaykrishna	
(Proprietor)		Chairperson & Managing Director	
Membership No. 40847			
Place : AHMEDABAD		Gokul M. Jaykrishna	
Date : 25.05.2010		Executive Director	

CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in Lacs)

	Year ended March 31, 2010	Year ended March 31, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax & extraordinary items	164.81	(530.53)
ADJUSTED FOR :		
Depreciation	86.01	76.23
Investment income	(17.48)	(12.34)
Interest charged	189.65	109.80
Profit \ Loss on disposal of assets	(33.67)	0.58
Interest Received	(3.00)	(3.55)
	221.51	170.73
Operating Profit before Working Capital Changes	386.32	(359.80)
CHANGES IN :		
Trade & Other receivables	(337.77)	(81.72)
Inventories	(124.96)	9.19
Trade & Other Payables	729.43	(135.05)
	266.69	(207.59)
Cash generated from operations	653.01	(567.38)
Interest paid	(189.65)	(109.80)
Direct taxes paid	(30.66)	(27.62)
	(220.31)	(137.42)
Cash flow before extra-ordinary items	432.70	(704.81)
Extra-ordinary items	(0.71)	(0.73)
Net cash from Operating Activities	431.99	(705.53)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(77.90)	(237.24)
Sale of fixed assets	68.31	0.10
Purchase of investments	—	—
Other Income	20.48	15.89
Net Cash used in Investing Activities	10.90	(221.25)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital issue	—	—
Proceeds form borrowings	(320.94)	968.53
Lease repayments	(122.92)	(33.44)
Dividend paid	—	—
	(443.86)	935.10
Net Cash used in Financing Activities	(443.86)	935.10
Net changes in Cash & Cash Equivalents (A+B+C)	(0.97)	8.31
Cash & Cash Equivalents - Opening Balance	53.71	45.39
Cash & Cash Equivalents - Closing Balance	52.74	53.71

As per our Report of even date attached

For, Trushit Chokshi & Associates

Chartered Accountants

Trushit Chokshi

(Proprietor)

Membership No. 40847

Place : AHMEDABAD

Date : 25.05.2010

For and on behalf of the Board

Mrs. Paru M. Jaykrishna

Chairperson & Managing Director

Gokul M. Jaykrishna

Executive Director

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SCHEDULES FORMING PART OF THE BALANCE SHEET

	AS AT 31/03/2010 (Rs.)	AS AT 31/03/2009 (Rs.)
SCHEDULE - 1 : SHARE CAPITAL		
AUTHORISED		
5,000,000 Equity Shares of Rs. 10/- each (Previous Year 5,000,000 Equity Shares of Rs. 10/- each)	50,000,000	50,000,000
ISSUED, SUBSCRIBED & PAID UP		
3,402,850 Equity Shares of Rs. 10/- each fully paid (Previous Year 3,402,850 Equity Shares of Rs. 10/- each fully Paid)	34,028,500	34,028,500
Total	34,028,500	34,028,500
Note : Of the above: 479,450 Equity Shares of Rs. 10/- each are allotted as fully paid up Bonus Shares by capitalisation of General Reserve.		
SCHEDULE - 2 : RESERVE & SURPLUS		
GENERAL RESERVE		
Balance as per last Balance Sheet	16,300,297	16,300,297
	16,300,297	16,300,297
SECURITIES PREMIUM ACCOUNT		
Balance as per last Balance Sheet	10,801,600	10,801,600
	10,801,600	10,801,600
BALANCE IN PROFIT & LOSS A/C		
Total	19,820,188	4,688,850
	46,922,085	31,790,747
SCHEDULE - 3 : SECURED LOANS		
Term Loan	30,290,805	42,472,782
Working Capital Loan	119,026,939	137,620,950
Vehicle Loan	121,236	231,338
Total	149,438,980	180,325,070

Note :

- 1 Term Loans from State Bank of India are secured by Equitable Mortgage of Land & Building 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 and accessories present and future and other movables save & except book debts & current assets and further secured by personal guarantee of three directors of the Company. An amount of Rs. 12,000,000/- is payable within 12 months (Previous Year Rs. 12,181,977/-)
- 2 Working Capital Loans from State Bank of India 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.
- 3 Vehicle loans are secured by Hypothecation of vehicles purchased. An amount of Rs. 121,236/- is payable within 12 months (Previous Year Rs. 110,102/-).

AksharChem (India) Ltd.

	AS AT 31/03/2010 (Rs.)	AS AT 31/03/2009 (Rs.)
SCHEDULE - 4 : UNSECURED LOANS :		
From Directors	4,000,000	17,500,000
Total	4,000,000	17,500,000

SCHEDULE - 5 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 1/4/2009 (Rs.)	ADDITI- ONS (Rs.)	DEDUC- TION (Rs.)	AS AT 31/3/2010 (Rs.)	AS AT 1/4/2009 (Rs.)	FOR THE PERIOD (Rs.)	DEDUC- TION (Rs.)	UP TO 31/3/2010 (Rs.)	AS AT 31/3/2010 (Rs.)	AS AT 31/3/2009 (Rs.)
Land	661,013	—	—	661,013	—	—	—	—	661,013	661,013
Buildings	23,438,121	672,750	2,376,750	21,734,121	4,094,379	720,748	202,726	4,612,401	17,121,720	19,343,742
Plant & Machinery	158,658,423	6,977,278	—	165,635,701	62,086,199	6,657,528	—	68,743,727	96,891,974	96,572,224
Furniture & Fixture	2,013,317	31,607	—	2,044,924	913,738	128,748	—	1,042,486	1,002,438	1,099,579
Office Appliances	4,328,306	107,888	—	4,436,194	3,272,761	139,042	—	3,411,803	1,024,391	1,055,545
Vehicles	11,022,316	—	3,112,023	7,910,293	3,761,712	955,122	1,821,985	2,894,849	5,015,444	7,260,604
Total	200,121,496	7,789,523	5,488,773	202,422,246	74,128,789	8,601,188	2,024,711	80,705,266	121,716,980	125,992,707
Previous Year	176,750,764	23,723,655	352,923	200,121,496	66,790,203	7,623,389	284,803	74,128,789	125,992,707	109,960,561
								AS AT 31/03/2010 (Rs.)	AS AT 31/03/2009 (Rs.)	

SCHEDULE - 6 : INVESTMENTS (AT COST)

QUOTED

400 (P.Y. 400) fully paid Equity Shares of Rs. 10/- each of DCL Finance Ltd.	3,413	3,413
600 (P.Y. 600) fully paid Equity Shares of Rs. 10/- each of Ipitata Sponge Iron Ltd.	70,500	70,500
180 (P.Y. 90) fully paid equity shares of Rs. 10/- each of Larsen & Toubro Ltd.	10,530	10,530
500 (P.Y. 500) fully paid Equity Shares of Rs.10/- each of Narmada Cement Co. Ltd.	11,500	11,500
150 (P.Y. 150) fully paid Equity Shares of Rs.10/- each of Raymond Synthetic Ltd.	3,100	3,100
1,500 (P.Y. 1500) fully paid Equity Shares of Rs.10/- each of Bihar Sponge Iron Ltd.	18,750	18,750
100 (P.Y. 100) fully paid Equity Shares of Rs.10/- each of Tata Chemicals Ltd.	10,215	10,215
1500 (P.Y. 1500) fully paid Equity Shares of Rs.10/- each of Nath Seeds Ltd.	79,573	79,573
100 (P.Y. 100) fully paid Equity Shares of Rs.5/- each of Huges Software Ltd.	142,005	142,005
1000 (P.Y. 1000) fully paid Equity Shares of Rs.10/- each of Hindustan Lever Ltd.	134,310	134,310
50 (P.Y. 50) fully paid Equity Shares of Rs.10/- each of Moser Bear (I) Ltd.	24,689	24,689
2700 (P.Y. 2700) fully paid Equity Shares of Rs.10/- each of Futura Polysters Ltd.	35,183	35,183
1,027,020 (P.Y. 1027020) fully paid Equity shares of Rs.10/- each of Asahi Songwon Colors Ltd.	9,897,920	9,897,920

UNQUOTED

1000 (P.Y. 1000) fully paid Equity shares of Rs.10/- each of Grey CellSollutions Pvt. Ltd.	10,000	10,000
Total	10,451,688	10,451,688

NOTE :

- (1) Aggregate market value of quoted investment cost Rs. 45,590,866/- (Previous Year Rs. 17,703,324/-)
- (2) Aggregate value of unquoted investment cost Rs.is Rs. 10,000/- (Previous year Rs. 10,000/-)

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	AS AT 31/03/2010 (Rs.)	AS AT 31/03/2009 (Rs.)
SCHEDULE - 7 : INVENTORIES		
(As taken, valued and certified by the Management)		
Fuel & Oil	2,279,801	715,662
Stores & Spare parts etc.	3,734,821	2,562,061
Stock in Trade:		
Raw Materials	15,033,342	11,296,461
Finished Goods	14,824,439	6,960,535
Goods in Transit	—	255,437
Work in Process	5,424,558	7,605,231
Packing Materials	806,750	211,897
Total	42,103,711	29,607,283
SCHEDULE - 8 : SUNDRY DEBTORS		
(Unsecured Considered Good unless stated otherwise)		
Debts outstanding for a period exceeding six months	2,193,608	4,872,648
Others Debts	86,213,370	90,740,392
Total	88,406,978	95,613,040
SCHEDULE - 9 : CASH & BANK BALANCES		
Cash on Hand	267,929	310,979
Bank Balances with Schedule Banks		
In Current Accounts	1,313,858	2,207,377
In Unpaid Dividend Account	351,915	352,465
In Fixed Deposit	3,340,000	2,500,000
Total	5,273,702	5,370,821
SCHEDULE - 10 : LOANS & ADVANCES (Unsecured and Considered Good)		
Advances recoverable in cash or in kind or for value to be received	43,133,011	19,595,030
Deposits	4,418,941	4,257,690
Export Incentives Receivables	37,661,780	31,847,308
Balance with central Excise Department (Includes Refund on export Sales Rs. 21,920,431/- Previous Year. Rs.8,708,588/-)	32,756,784	21,287,068
Advance Payment of Tax (Include MAT credit entitlement for Rs. 5,755,677/- Previous Year. Rs. 2,919,461/-)	18,889,665	16,053,449
Total	136,860,182	93,040,545
SCHEDULE - 11 : CURRENT LIABILITIES		
Sundry Creditors		
- Outstanding dues of Micro & Small Industries	4,279,289	2,543,086
- Outstanding dues of creditors other than Micro & Small Industries	144,910,040	74,166,589
Other Liabilities	1,615,525	1,259,479
Unclaimed Dividend	351,915	352,465
Total	151,156,769	78,321,619
SCHEDULE - 12 : PROVISIONS		
Provision for Gratuity	554,624	446,915
Provision for Income Tax (Inclusive of Wealth Tax)	9,825,090	9,942,625
Total	10,379,714	10,389,540

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	Year ended 31/03/2010 (Rs.)	Year ended 31/03/2009 (Rs.)
SCHEDULE - 13 : SALES AND INCOME FROM OPERATIONS		
Sales		
Export Sales	702,017,333	496,522,802
Domestic Sales	48,824,604	44,115,185
Other Goods/By Products	11,574,405	5,428,398
	60,399,009	49,543,583
Less: Exice Duty	3,350,774	4,967,837
	57,048,235	44,575,746
Net Sales	759,065,568	541,098,548
Income from Operations		
Export Incentives	46,195,104	31,525,401
Exchange Rate Difference Gain / (Loss)	10,501,386	(35,678,971)
	56,696,490	(4,153,570)
Total	815,762,058	536,944,978
SCHEDULE - 14 : OTHER INCOME		
Dividend Income	1,748,007	1,233,968
Profit on sale of Assets	4,225,976	—
Interest/Other Income	300,133	354,675
Total	6,274,116	1,588,643
SCHEDULE - 15 : INCREASE/(DECREASE) IN STOCK		
Closing Stock as on 31/03/2010		
Finished Goods (Manufactured/Traded goods)	14,824,439	6,960,535
Work In Process	5,424,558	7,605,231
	20,248,997	14,565,766
Less : Opening Stock as on 01/04/2009		
Finished Goods	6,960,535	18,672,205
Work In Process	7,605,231	3,590,555
	14,565,766	22,262,760
Net Increase/(Decrease) in stock	5,683,231	(7,696,994)

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	Year ended 31/03/2010 (Rs.)	Year ended 31/03/2009 (Rs.)
SCHEDULE - 16 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Directors Remuneration	400,000	—
Salaries, Wages, Bonus etc.	8,353,113	6,531,317
Contribution to Provident and other Funds	479,660	496,388
Staff Welfare Expenses	195,234	406,860
Total	9,428,007	7,434,565
SCHEDULE - 17 : MANUFACTURING & OTHER EXPENSES		
Power & Fuel	52,948,394	42,254,946
Consumption of Stores & Spares	5,573,240	7,066,619
Pollution Treatment Expenses	37,847,648	17,750,276
Repairs to		
Plant & Machinery	6,235,881	1,830,380
Buildings	815,174	2,116,494
Others	235,471	99,234
Rent	151,998	66,684
Rates & Taxes	23,469	2,820
Insurance	552,223	608,416
Manufacturing & Labour Charges	9,954,828	6,010,079
Traveling, Conveyance & Vehicles Expenses	1,311,353	4,888,136
Directors Traveling Expenses	513,766	4,993,419
Stationery & Printing	268,059	400,041
Communication Expenses	626,189	668,233
Selling & Distribution Expenses	20,780,289	12,505,364
Auditors Remuneration	60,000	60,000
Legal & Professional Charges	1,524,006	1,765,666
General Charges	1,525,252	1,257,172
Internal Audit Fee	25,600	18,000
Loss on Sales of Assets/Investment	859,038	58,120
Donations	—	111,500
Directors Sitting Fees	16,500	8,000
Total	141,848,377	104,539,599
SCHEDULE - 18 : FINANCIAL CHARGES		
INTEREST ON		
Term Loan	4,557,452	1,582,966
Working Capital Loans	12,043,086	8,566,878
Vehicles Loan	17,578	31,741
BANK AND OTHER CHARGES	2,346,697	798,273
Total	18,964,813	10,979,858

SCHEDULE - 19 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS**I. SIGNIFICANT ACCOUNTING POLICIES:-****1. Basis of preparation****a. Disclosure of Accounting Policies**

The Financial Statements are prepared under the historical cost convention on the basis of going concern and in accordance with the Generally Accepted Accounting Principles in India and provisions of the Companies Act, 1956.

b. Use of Estimates

The preparation of financial statements requires 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.

2. Inventories Valuation

- a. Raw material, are valued at lower of the cost on FIFO bases 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. Bye 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 Profit & Loss Account and Finished goods are valued without adding therein excise duty. However the said liability if accounted would have no effect on the profit for the year.

3. Cash Flow Statement

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

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.

5. Net Profit or Loss items and Changes in Accounting Policies

Significant items of Extra-ordinary items and Prior Period Incomes and Expenditure are accounted in accordance with Accounting Standard (AS-5).

6. Depreciation

- a. Depreciation has been provided on Straight Line Method corresponding to the rates prescribed under Schedule XIV to the Companies Act, 1956.

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- b. Assets identified and evaluated technically as obsolete and held for disposal are stated at their estimated net realizable values.

7. Revenue Recognition

- a. Sales are recognized when goods are supplied and are recorded net of trade discounts, rebates and sales taxes but include wherever applicable, excise duties, export incentives such as Duty Drawbacks and premiums on sale of Import Licenses.
- 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 Licenses 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. Interest on investments are booked on a time proportion basis taking into account the amounts invested and the rate of interest, and adjusted against the relevant cost of the source of investment.
- e. Dividend incomes on investments are accounted for when the right to receive the payment is established.

8. Fixed Assets

- a. Fixed assets are stated at cost of acquisition or construction /erection (less accumulated depreciation). 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. availed as per prevailing rules thereof. Interest incurred during the period of erection of Fixed Assets on Borrowing Finance for such fixed assets is capitalised.
- 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-process is stated in the assets schedule at the amount spent up to the date of the Balance Sheet. Pending completion of the project, no depreciation is provided on the same.

9. Accounting for the effects of changes in Foreign Currency Transaction

- a. Transaction in foreign currency are recorded at the Exchange rate prevailing at the time of the transaction are effected.
- b. Foreign Currency loans in respect of fixed assets are translated at exchange rate prevalent on the last date 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 profit & loss account for the same year.
- c. Current assets and liabilities in foreign currency outstanding at the close for the year ended are valued at exchange rate at the close of the year ended. The loss or gain due to fluctuation of exchange rates is charged to Profit & Loss Account. Treatment of Forward Contract Transactions are dealt with as per AS – 11.

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.

11. Accounting for Investments

Investments are classified into current investments and long term investments, current investments are valued scrip wise, at cost or net realizable value, whichever is lower. Long-term investments are valued at cost.

12. Employee Benefits**a. Defined Contribution Plan**

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

b. Defined Benefit Plan

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

13. Borrowing Cost

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

14. Segment Reporting

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

15. Related Party Disclosure

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 Accounts.

16. Leases

Rentals are expensed with reference to lease terms and other considerations.

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.

18. Tax 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 incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

19. Intangible Assets

Intangible assets are stated at cost less accumulated amortization.

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20. 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 profit and loss account.

21. 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 fiscal authorities (e.g. Sales 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 to Accounts.

c. Contingent Assets are neither recognized nor disclosed.

22. 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 Profit and Loss Account. 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 Profit and Loss Account.

II. NOTES FORMING PART OF ACCOUNTS:

1. Contingent Liabilities

	As at 31/03/10 Rs.	As at 31/03/09 Rs.
a. Income Tax: Assessment order passed by Income-Tax office of Ward 1(1) Ahmedabad for A.Y. 2001-02 for which Filed an Appeal with Appellate Tribunal.	1,129,189	1,129,189
b. 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	110,145
c. 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).	1,803,341	1,803,341
d. Income Tax : Assessment order passed by Income-Tax office of Ward 1(1) Ahmedabad for A.Y. 2003-04 for which CIT Appeal Filed on April 2006.	4,427,234	4,427,234
e. Estimated amount of contracts remaining to be executed on capital account & not provided for.	1,135,000	NIL
f. Bills discounted against Letter of Credit but not realized and credited to the parties accounts.	38,949,691	24,865,323
g. Guarantees Issued .by the banks on behalf of the Company.	837,105	NIL
h. Central Excise: - Applied for appeal at Commissioner of Central Excise. Ahmedabad-III on December 2009 dispute against availed the cenvat credit.	462,642	NIL

2. Sundry Debtors, Sundry Creditors and Loans and Advances

- a. 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.
- b. There are no Micro, Small & Medium Enterprises to whom the company owes dues, which are outstanding for more than 45 days as at 31st March, 2010. 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.

3. Managerial Remuneration

Managerial remuneration under Section 198 of the Companies Act, 1956 paid or payable during the financial year to the Directors and Computation of Net Profit in accordance with Section 198(1) and Section 349 of the Companies Act, 1956 are as under :-

(Rs in Lacs)		
Particulars	2009-2010	2008-2009
A. Profit/Loss as per profit & Loss Account	151.31	(510.35)
B. Add:-		
Joint Managing Director & Executive Director Remuneration	4.00	0.00
Depreciation as per books of account	86.01	76.23
Loss on Sale of Fixed assets	8.59	0.58
Provision for Taxation	1.12	9.21
Provision for Deferred Tax	11.67	(30.11)
Director Sitting Fees	0.17	0.08
Sub Total –B	111.56	56.00
C. Less :		
Depreciation under Section 350	86.01	76.23
Profit on Sale of Fixed Assets	42.26	0.00
Sub Total –C	128.27	76.23
D. Profit on which Remuneration is payable D= (A+B-C)	134.60	(530. 59)

Details of Directors Remuneration

(Rs in Lacs)				
	Chairperson & Managing Director	Joint Managing Director	Executive Director	Total
Salary including perquisites	NIL	2.00	2.00	4.00
Total	NIL	2.00	2.00	4.00

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4. Auditors Remuneration

	31/03/2010	31/03/2009
(a) Statutory Auditors		
Audit Fees	60,000	60,000
Taxation Fees	10,000	8,000
Certification work	14,750	24,750
(b) Cost Auditor Fees	16,000	15,000
Total	1,00,750	1,07,750

5. Additional information required pursuant to Para 3 under Clause (i) (a), (ii) (a), (b), Para 4 and Para 4D of Part II of Schedule VI of the Companies Act, 1956 is detailed as under:

A. DETAILS OF LICENCED, INSTALLED CAPACITIES & PRODUCTION

Class of Goods	Licensed Cap. M. Ton	Installed Cap. M. Ton
Dyes & Intermediates	Not Applicable	6,000 (6,000)

B. Details of opening and closing stock and sales of goods manufactured/purchased

Manufactured Goods	OPENING STOCK QTY M.T.	VALUE IN RUPEES	PRODUCTION QTY M.T.	SALES QTY M.T.	SALES VALUE IN RUPEES	CLOSING STOCK QTY M.T.	VALUE IN RUPEES
DYES & INTER MEDIATES	62.116 (142.060)	6,446,264 (18,396,144)	6291.527 (3,067.064)	6,249.880 (3147.008)	716,702,242 (512,046,835)	103.763 (62.116)	14,008,930 (6,446,264)
OTHER GOODS / BYE PRODUCTS	943.103 (771.354)	514,271 (276,061)	36,561.303 (25,129.134)	36,508.578 (24,957.385)	11,574,406 (5,428,398)	995.828 (943.103)	815,509 (514,271)
TOTAL		6,960,535 (18,672,205)			728,276,647 (517,475,233)		14,824,439 (6,960,535)

Trading Goods	Opening Stock		Purchase		Sales		Closing Stock	
	Qty M.T.	Value in Rupees	Qty M.T.	Value in Rupees	Qty M.T.	Value in Rupees	Qty M.T.	Value in Rupees
PIGMENT GREEN	- (-)	- (-)	85.200 (73.540)	22,679,800 (20,881,116)	85.200 (73.540)	23,104,497 (21,087,361)	- (-)	- (-)
PIGMENT BLUE	- (-)	- (-)	43.800 (25.960)	10,254,200 (6,235,080)	43.800 (25.960)	11,035,198 (7,346,612)	- (-)	- (-)
OTHERS	- (-)	- (-)	- (3.000)	- (142,500)	- (3.000)	- (157,178)	- (-)	- (-)
TOTAL	- (-)	- (-)	129.000 (102.500)	32,934,000 (27,258,696)	129.000 (102.500)	34,139,695 (28,591,151)	- (-)	- (-)

* Amount in bracket refers to previous year figures.

C. Consumption of Raw Materials

Item	2009-2010		2008-2009	
	Qty.(MT)	(Rs.)	Qty.(MT)	(Rs.)
Acetanilide	3,584.000	225,307,012	1,799.900	137,449,057
Chloro Sulphonic Acid	11,129.338	76,146,642	5,641.900	74,338,505
Ethylene Oxide	1,865.250	111,951,287	903.695	63,105,167
Others		182,092,116		148,718,189
Total		595,497,057		423,610,918
Of the above	%	(Rs.)	%	(Rs.)
Imported -	0.00	0.00	0.00	0.00
Indigenous -	100.00	595,497,057	100.00	423,610,918
Total	100.00	595,497,057	100.00	423,610,918

6. FOREIGN CURRENCY TRANSACTIONS

Particulars	2009-2010	2008-2009
a) Value of Imports Calculated on CIF Basis		
Raw Materials	NIL	NIL
Capital Goods	NIL	NIL
Components, Spare Parts and Chemicals	NIL	NIL
b) Expenditure in Foreign Currency	1,173,223	6,383,286
Traveling	223,941	5,437,350
Sales Promotion	NIL	795,487
Membership Fees	131,588	150,449
Sales Commission on Export	817,694	NIL
c) Earnings in Foreign Exchange		
FOB value of Exports	700,477,515	496,891,498
d) Effect of Exchange Fluctuations including Forward Contracts:		
Profit and Loss Account	10,501,386	(35,678,971)

7. Employees Benefits

The disclosures required under accounting standard 15 "Employees Benefits" notified in the Companies (Accounting Standards) rules, 2006 is given below:

1. Defined Contribution Plan:

The Company has recognized the following amount as an expense and included in the Schedule 16 – "Payments to and Provisions for Employee"

	31/03/2010	31/03/2009
i) Contribution to Provident and Other Funds	361,129	354,098
ii) Contribution to ESI	118,531	142,290

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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 Accounting Standard - 15

I. Assumptions	April 2009 – March 2010
Discount Rate Previous Period	8.00%
Discount Rate Current Period	8.00%
Rate of Return on Plan Assets Previous Period	8.00%
Rate of Return on Plan Assets Current Period	8.00%
Salary Escalation Previous Period	6.00%
Salary Escalation Current Period	6.00%

II Table Showing Change In Benefit Obligation	April 2009 – March 2010
Liability at the beginning of the Period	446,915
Interest Cost	35,753
Current Service Cost	101,271
Benefit Paid	—
Actuarial (gain)/loss on obligations	(29,315)
Liability at the end of the period	554,624

8. Segment Reporting

The Company is mainly engaged in manufacturing of “Dyes & Intermediates” which is considered the Primary reportable business segment as per AS-17 “Segment Reporting” issued by Institute of Chartered Accountants of India.

9. Related Party Disclosures

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 trustees
Third Screen Solution Pvt Ltd	One or more directors are director
Grey Cell Solution Pvt Ltd	One or more directors are director
Flyover Communication Pvt Ltd	One or more directors are director

b) Key Management Personnel and their Relatives:

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

2. Details of Transactions.

(Amount in Rupees)

	31/03/2010	31/03/2009
1. Purchase of Goods	27,909,800	21,771,116
2. Sales of Goods	97,815	—
3. Paid for Services	5,868	1,838,963
4. Rent Paid	99,498	66,684
5. Office Maintenance	36,000	48,000
6. Remuneration Paid	4,00,000	—
7. Consultancy	60,000	60,000

10. Earning per Share

	31/03/2010	(Rs in Lacs) 31/03/2009
Net Profit / (Loss) after Tax available for Equity Shareholders	151.31	(510.35)
Weighted average number of equity shares at the end of the year	3,402,850	3,402,850
Number of Equity Shares of Rs. 10/- each outstanding during the year	3,402,850	3,402,850
Basic / Diluted Earning Per Share face value of Rs. 10	4.45	(15.00)

11. Accounting for Tax on Income

- i) 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.
- ii) The Deferred tax liability comprises of Tax effect of Timing difference on account of :

	31/03/2010	(Rupees in Lacs) 31/03/2009
Deferred Tax Liability	173.65	161.62
Less : Deferred Tax Assets	84.78	84.41
Net Deferred Tax Liability	88.87	77.21

12. Previous year's figures have been regrouped / reclassified, wherever necessary to make them comparable with the figures of the current year financial statements.
13. Amounts represented in lacs have been rounded off to the nearest two decimals points.
14. The figures of previous year have been regrouped wherever necessary.

As per our Report of even date attached
For, Trushit Chokshi & Associates
Chartered Accountants

Trushit Chokshi
(Proprietor)
Membership No. 40847

Place : AHMEDABAD
Date : 25.05.2010

For and on behalf of the Board

Mrs. Paru M. Jaykrishna
Chairperson & Managing Director

Gokul M. Jaykrishna
Executive Director

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ADDITIONAL DISCLOSURE UNDER SCHEDULE VI PART IV OF THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

Registration No.	12441	State Code	04
Balance Sheet Date	31-03-2010		

II CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue (Euro Issue)	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities	243,277	Total Assets	243,277
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Sources of Funds

Application of Funds

Paid up Capital	34,029	Net Fixed Assets	121,717
Reserves and Surplus	46,922	Investments	10,452
Secured Loans	149,439	Net Current Assets	111,108
Unsecured Loans	4,000		
Deferred Tax (NET)	8,887		

IV PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

Turnover	822,036	Profit After Tax	15,131
Total Expenditure	805,555	Earnings per Share	4.45
Profit/(Loss) before Tax	16,481	Dividend % (Proposed)	NIL

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

(AS PER MONETARY TERMS)

Item Code No. (ITC Code)	:	290410.04
Product Description	:	VINYL SULPHONE

For and on behalf of the Board

Mrs. Paru M. Jaykrishna
Chairperson & Managing Director

Gokul M. Jaykrishna
Executive Director

Date : 25.05.2010

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 21st Annual General Meeting of the Company at 166/169, Indrad Village, Kadi-Kalol Road, Dist. Mehsana, Gujarat - 382727, on 25/09/2010 at 11.00 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 21st Annual General Meeting of the Company to be held on 25/09/2010 at 11.00 AM and at any adjournment thereof.

As witness my/our hand (s) this _____ day of _____ 2010.

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.

Affix
Revenue
Stamp of
Re. 1.00

BOOK-POST

To

If undelivered, please return to :

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