

# **CHOKSI LABORATORIES LIMITED**

# **BRANCHES/LAB**

- 1. 829, GIDC Makarpura, Vadodara – 390 010 (Gujrat)
- Gokul Complex, IInd & IIIrd Floor, 101/8 GIDC Char Rasta Vapi (Gujrat) - 396 195
- 3. Plot No. 362, Industrial Area Phase II, Panchkula (Hariyana) - 134 113
- 4. Plot No. C-18 & 20, Phace 1-A, Verna Industrial Estate. Verna - 403 722 (GOA)
- Plot No. 8, 2nd Floor, Siddhivinayak Complex, Phase - II, Near BDA Complex, 80, Feet Ring Road, Nagarbhavi Bangalore - 560072, (Karnataka)

# SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mill Compound, L.B.S. Marg, Bhandup (W), Mumbai -400 078 Tel. No. 25963838 Ext. : 2297 Fax : No. 25946969

# BOARD OF DIRECTORS :

Mr. Sunil Choksi - Managing Director Mrs.Himika Choksi Varma - Jt. Managing Director Mrs.Stela Choksi - Wholetime Director Mr.Vyangesh Choksi - Wholetime Director Mr.Sudarshan Shastri - Independent Non Executive Mr.Pradip Karmakar - Independent Non Executive Mr. Satish Joshi - Independent Non Executive Mr. N. K. Mani - Independent Non Executive

# AUDITORS :

PRATEEK JAIN & CO. Chartered Accountants 212, Shalimar Corporate Centre, 8-B, South Tukoganj, Indore – 452 001 (M.P.)

# BANKERS :

Axis Bank UCO Bank HDFC Bank Union Bank of India

# **REGISTERED OFFICE & LABORATORY :**

6/3, Manoramaganj, INDORE- 452 001 (M.P.)

# NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the members of the Company will be held on Monday on 30th September, 2013 at 11.00 a.m. at the Registered Office of the Company to transact the following business:

## **ORDINARY BUSINESS**

- 1. To receive, consider and adopt the Audited Balance Sheet and the Profit & Loss account of the Company for the year ended on 31st March 2013 and the Reports of the Directors and Auditors thereon.
- 2. To appoint Directors in place of Mr. Vyangesh Choksi who retires by rotation and being eligible offers himself for reappointment.
- 3. To appoint Directors in place of Mr. Sudarshan Shastri who retires by rotation and being eligible offers himself for reappointment.
- 4. To appoint Auditors and to fix their remuneration.

## SPECIAL BUSINESS :

5. To consider and if thought fit to pass with or without modification(s), the following resolution as a Ordinary Resolution.

## REAPPOIANTMENT OF MANAGING DIRECTOR:

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, 311, and other applicable provisions if any, and in terms of schedule XIII of the Companies Act 1956 as amended up to the date for the reappointment of Shri Sunil Choksi, as Managing Director of the Company be and is hereby approved for a period of 3 (Three) years w. e. f. 01.09.2013 on the terms and conditions as set out in the explanatory statement and with liberty to the Board of Directors to sanction and/or vary the terms as they in their discretion deem fit in conformity with any amendments to relevant provisions of the Companies Act and/or the Rules and Regulations made in there under and/or such guidelines as may be announced by the Central Government from time to time.

6. To consider and if thought fit to pass with or without modification the following resolutions as a Ordinary Resolution.

# REAPPOIANTMENT OF WHOLE TIME DIRECTOR:

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, 311, and other applicable provisions if any, and in terms of schedule XIII of the Companies Act 1956 as amended up to the date for the reappointment of Smt. Stela Choksi, as Whole Time Director of the Company be and is hereby approved for a period of 3 (Three) years w. e. f. 01.09.2013 on the terms and conditions as set out in the explanatory statement and with liberty to the Board of Directors to sanction and/or vary the terms as they in their discretion deem fit in conformity with any amendments to relevant provisions of the Companies Act and/or the Rules and Regulations made in there under and/or such guidelines as may be announced by the Central Government from time to time.

# 7. To consider and if thought fit to pass with or without modification the following resolutions as a Ordinary Resolution.

# REAPPOIANTMENT OF WHOLE TIME DIRECTOR:

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, 311, and other applicable provisions if any, and in terms of schedule XIII of the Companies Act 1956 as amended up to the date for the reappointment of Shri Vyangesh Choksi, as Whole Time Director of the Company be and is hereby approved for a period of 3 (Three) years w. e .f. 01.09.2013 on the terms and conditions as set out in the explanatory statement and with liberty to the Board of Directors to sanction and/or vary the terms as they in their discretion deem fit in conformity with any amendments to relevant provisions of the Companies Act and/or the Rules and Regulations made in there under and/or such guidelines as may be announced by the Central Government from time to time.

# EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

As required by Section 173 (2) of the Companies Act, 1956, the following Explanatory Statement sets out the material facts relating to the Special Business.

# Item No. 5:

Shri Sunil Choksi was appointed as Managing Director for a period of 5 years up to 31<sup>st</sup> August, 2013, the Board of Directors of the Company has considered it desirable to reappoint him as Managing Director for a period of 3 (Three) years from 1<sup>st</sup> September, 2013 on the terms and conditions mentioned hereunder:

| 1. | Period of Agreement | 3 (Three) years w .e. f. 01.09.2013 |
|----|---------------------|-------------------------------------|
| 2. | Salary              | ₹ 2,00,000 - 2,50,000 pm            |

## Perquisites and Allowances:

In addition to the salary payable to the Managing Director, he shall also be entitled to perquisites like commission, accommodation (furnished or otherwise) or house rent allowance in lieu thereof, House maintenance allowance together with reimbursement of expenses or allowances for utilities such as Gas, Electricity, Water, Furnishing and repairs, medical reimbursement, leave concession for himself and his family, Club fees, Medical Insurance, and such other perquisites and allowances in accordance with the rules of the company or as may be agreed to by the Board and such perquisites and allowances to be restricted to 50% of the annual salary of the Executive Director.

Company's contribution to Provident Fund and superannuation fund to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limit for the remuneration or perquisites aforesaid.

## Minimum Remuneration:

Where in any financial year during the tenure of the Managing Director, the Company has not made any profit or its profits are inadequate, the remuneration proposed to be paid to the Managing Director by way of salary and perquisites as above shall be paid as minimum remuneration.

The proposed Resolution is recommended for passing.

This may be treated as an abstract of the draft agreement between the company and Shri Sunil Choksi pursuant to Section 302 of the Companies Act.

Except Shri Sunil Choksi, Smt. Stela Choksi, Mrs. Himika Choksi Verma and Shri Vyangesh Choksi none of the Directors are interested in the above Resolution.

# Item No. 6:

Smt. Stela Choksi was appointed as Whole Time Director for a period of 5 years up to 31<sup>st</sup> August, 2013, the Board of Directors of the Company has considered it desirable to reappoint her as Whole Time Director for a period of 3 (Three) years from 1<sup>st</sup> September, 2013 on the terms and conditions mentioned hereunder:

| 1.Period of Agreement3 (Three) years w .e. f. 01.09.207 |
|---|
|---|

2. Salary **1**,50,000 - 2,00,000 pm

# Perquisites and Allowances:

In addition to the salary payable to the Whole Time Director, she shall also be entitled to perquisites like commission, accommodation (furnished or otherwise) or house rent allowance in lieu thereof, House maintenance allowance together with reimbursement of expenses or allowances for utilities such as Gas, Electricity, Water, Furnishing and repairs, medical reimbursement, leave concession for herself and his family, Club fees, Medical Insurance and such other perquisites and allowances in accordance with the rules of the company or as may be agreed to by the Board and such perquisites and allowances to be restricted to 50% of the annual salary of the Executive Director.

Company's contribution to Provident Fund and superannuation fund to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limit for the remuneration or perquisites aforesaid.



#### Minimum Remuneration:

Where in any financial year during the tenure of the Whole Time Director, the Company has not made any profit or its profits are inadequate, the remuneration proposed to be paid to the Whole Time Director by way of salary and perquisites as above shall be paid as minimum remuneration.

The proposed Resolution is recommended for passing.

This may be treated as an abstract of the draft agreement between the company and Smt. Stela Choksi pursuant to Section 302 of the Companies Act.

Except Shri Sunil Choksi, Smt. Stela Choksi, Mrs. Himika Choksi Verma and Shri Vyangesh Choksi none of the Directors are interested in the above Resolution.

#### Item No. 7:

Shri Vyangesh Choksi was appointed as Whole Time Director for a period of 5 years up to 31<sup>st</sup> August, 2013, the Board of Directors of the Company has considered it desirable to reappoint him as Whole Time Director for a period of 3 (Three) years from 1<sup>st</sup> September, 2013 on the terms and conditions mentioned hereunder:

- 1. Period of Agreement
- 2. Salary

3 (Three) years w .e. f. 01.09.2013 ₹ 1,50,000 - 2,00,000 pm

#### Perquisites and Allowances:

In addition to the salary payable to the Whole Time Director, he shall also be entitled to perquisites like commission, accommodation (furnished or otherwise) or house rent allowance in lieu thereof, House maintenance allowance together with reimbursement of expenses or allowances for utilities such as Gas, Electricity, Water, Furnishing and repairs, medical reimbursement, leave concession for himself and his family, Club fees, Medical Insurance, and such other perquisites and allowances in accordance with the rules of the company or as may be agreed to by the Board and such perquisites and allowances to be restricted to 50% of the annual salary of the Executive Director.

Company's contribution to Provident Fund and superannuation fund to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limit for the remuneration or perquisites aforesaid.

#### Minimum Remuneration:

Where in any financial year during the tenure of the Whole Time Director, the Company has not made any profit or its profits are inadequate, the remuneration proposed to be paid to the Whole Time Director by way of salary and perquisites as above shall be paid as minimum remuneration.

The proposed Resolution is recommended for passing.

This may be treated as an abstract of the draft agreement between the company and Shri Vyangesh Choksi pursuant to Section 302 of the Companies Act.

Except Shri Sunil Choksi, Smt. Stela Choksi, Mrs. Himika Choksi Verma and Shri Vyangesh Choksi none of the Directors are interested in the above Resolution.

By order of the Board of Directors For CHOKSI LABORATORIES LIMITED

> SUNIL CHOKSI Managing Director

Place : Indore Date : 31/07/2013

# ANNEXURE TO THE NOTICE

# EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

## Item No. 5:

Shri Sunil Choksi was appointed as Managing Director for a period of 5 years up to 31<sup>st</sup> August, 2013, the Board of Directors of the Company has considered it desirable to reappoint him as Managing Director for a period of 3 (Three) years from 1<sup>st</sup> September, 2013 on the terms and conditions mentioned hereunder:

- 1. Period of Agreement 2.
  - Salary

3 (Three) years w .e. f. 01.09.2013 **3** 2,00,000 - 2,50,000 pm

#### Perquisites and Allowances:

In addition to the salary payable to the Managing Director, he shall also be entitled to perquisites like commission, accommodation (furnished or otherwise) or house rent allowance in lieu thereof, House maintenance allowance together with reimbursement of expenses or allowances for utilities such as Gas, Electricity, Water, Furnishing and repairs, medical reimbursement, leave concession for himself and his family, Club fees, Medical Insurance, and such other perquisites and allowances in accordance with the rules of the company or as may be agreed to by the Board and such perquisites and allowances to be restricted to 50% of the annual salary of the Executive Director.

Company's contribution to Provident Fund and superannuation fund to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limit for the remuneration or perquisites aforesaid.

#### Minimum Remuneration:

Where in any financial year during the tenure of the Managing Director, the Company has not made any profit or its profits are inadequate, the remuneration proposed to be paid to the Managing Director by way of salary and perquisites as above shall be paid as minimum remuneration.

The proposed Resolution is recommended for passing.

This may be treated as an abstract of the draft agreement between the company and Shri Sunil Choksi pursuant to Section 302 of the Companies Act.

Except Shri Sunil Choksi, Smt. Stela Choksi, Mrs. Himika Choksi Verma and Shri Vyangesh Choksi none of the Directors are interested in the above Resolution.

#### Item No. 6:

2.

Smt. Stela Choksi was appointed as Whole Time Director for a period of 5 years up to 31st August, 2013, the Board of Directors of the Company has considered it desirable to reappoint her as Whole Time Director for a period of 3 (Three) years from 1<sup>st</sup> September, 2013 on the terms and conditions mentioned hereunder:

1. Period of Agreement

Salary

3 (Three) years w .e. f. 01.09.2013 **1**,50,000 - 2,00,000 pm

#### Perquisites and Allowances:

In addition to the salary payable to the Whole Time Director, she shall also be entitled to perquisites like commission, accommodation (furnished or otherwise) or house rent allowance in lieu thereof, House maintenance allowance together with reimbursement of expenses or allowances for utilities such as Gas, Electricity, Water, Furnishing and repairs, medical reimbursement, leave concession for herself and his family. Club fees, Medical Insurance and such other perquisites and allowances in accordance with the rules of the company or as may be agreed to by the Board and such perquisites and allowances to be restricted to 50% of the annual salary of the Executive Director.

Company's contribution to Provident Fund and superannuation fund to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limit for the remuneration or perquisites aforesaid.

#### Minimum Remuneration:

Where in any financial year during the tenure of the Whole Time Director, the Company has not made any profit or its profits are inadequate, the remuneration proposed to be paid to the Whole Time Director by way of salary and perquisites as above shall be paid as minimum remuneration.

The proposed Resolution is recommended for passing.

This may be treated as an abstract of the draft agreement between the company and Smt. Stela Choksi pursuant to Section 302 of the Companies Act.

Except Shri Sunil Choksi, Smt. Stela Choksi, Mrs. Himika Choksi Verma and Shri Vyangesh Choksi none of the Directors are interested in the above Resolution.



# Item No. 7:

Shri Vyangesh Choksi was appointed as Whole Time Director for a period of 5 years up to 31<sup>st</sup> August, 2013, the Board of Directors of the Company has considered it desirable to reappoint him as Whole Time Director for a period of 3 (Three) years from 1<sup>st</sup> September, 2013 on the terms and conditions mentioned hereunder:

- 1. Period of Agreement
- 2. Salary

3 (Three) years w .e. f. 01.09.2013 1,50,000 - 2,00,000 pm

# Perquisites and Allowances:

In addition to the salary payable to the Whole Time Director, he shall also be entitled to perquisites like commission, accommodation (furnished or otherwise) or house rent allowance in lieu thereof, House maintenance allowance together with reimbursement of expenses or allowances for utilities such as Gas, Electricity, Water, Furnishing and repairs, medical reimbursement, leave concession for himself and his family, Club fees, Medical Insurance, and such other perquisites and allowances in accordance with the rules of the company or as may be agreed to by the Board and such perquisites and allowances to be restricted to 50% of the annual salary of the Executive Director.

Company's contribution to Provident Fund and superannuation fund to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limit for the remuneration or perquisites aforesaid.

### Minimum Remuneration:

Where in any financial year during the tenure of the Whole Time Director, the Company has not made any profit or its profits are inadequate, the remuneration proposed to be paid to the Whole Time Director by way of salary and perquisites as above shall be paid as minimum remuneration.

The proposed Resolution is recommended for passing.

This may be treated as an abstract of the draft agreement between the company and Shri Vyangesh Choksi pursuant to Section 302 of the Companies Act.

Except Shri Sunil Choksi, Smt. Stela Choksi, Mrs. Himika Choksi Verma and Shri Vyangesh Choksi none of the Directors are interested in the above Resolution.

By order of the Board of Directors For CHOKSI LABORATORIES LIMITED

Place : Indore Date : 31/07/2013

SUNIL CHOKSI

#### Managing Director

# 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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2. An explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of item No. 5, 6, &7 in the above notice is annexed hereto.
- 3. The register of members and transfer books of the Company shall remain closed from 28/09/2013 to 30/09/2013 (both days inclusive) for the purpose of annual General Meeting.
- 4. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring copies to the meeting.
- 5. Members who are holding Company's shares in dematerialized form are required to bring details of their Depository Account Number for identification.
- 6. Members / Proxies should bring their attendance slip duly filled in for attending the meeting. Members are also requested to inform company of any change in their address immediately so as to enable the company to dispatch any further communication at their correct address.
- 7. Any query relating to accounts or any other items of business set out in the Agenda of the meeting must be sent to the Company's Registered Office at 6/3, Manorama Ganj, Indore-452001 (M.P.) at least seven days before the date of the Meeting.

By order of the Board of Directors For CHOKSI LABORATORIES LIMITED

Place : Indore Date : 31/07/2013

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SUNIL CHOKSI Managing Director

# DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure presenting the 20th Annual Report alongwith Audited Accounts for the year ended 31st March, 2013.

# Financial Results

| Thancial Results                           |              | (🛛 In lacs)  |
|--|--------------|--------------|
|  | (31.03.2013) | (31.03.2012) |
| Operational Receipts                       | 1710.55      | 1523.30      |
| Other Income                               | 8.35         | 37.64        |
| Profit/(Loss) on Sale of Fixed Assets      | (2.33)       | -            |
| Profit before Depreciation, Interest & Tax | 399.60       | 417.53       |
| Depreciation                               | 141.86       | 141.57       |
| Interest                                   | 113.29       | 144.38       |
| Provision for tax                          | 33.71        | 24.99        |
| MAT Credit b/f                             | 1.29         | -            |
| Income Tax Earlier year                    | -            | (1.25)       |
| Deferred Tax Liability for Current Year    | 7.23         | 6.55         |
| Prior Period Adjustments                   | -            | 0.24         |
| Net Profit                                 | 102.22       | 101.05       |
| Balance brought forward                    | 960.68       | 859.63       |
| Balance carried to Balance Sheet           | 1062.90      | 960.68       |

#### **OPERATIONS**:

With the Indian economy reeling under pressure of slow down coupled with global uncertainty, your Company took various strategic initiatives to improve its volumes, which helped the Company to post positive performance for the year. Your company undertook a small capacity building project and Directors are hopeful to give better results in forth coming years. Large scale projects were postponed in view of the current economic slowdown.

# DIVIDEND:

In order to conserve the resources of the Company and retain internal accruals for funding growth and building capacity so that Company generates a good return for shareholders in the long run, the Board of Directors do not propose dividend for the year ended 2012-13.

#### PUBLIC DEPOSITS:

The Company has not invited/accepted public deposit within the meaning of section 58A of the Companies Act, 1956 and rules made there under, during the year under review.

#### DIRECTORS:

Mr. Vyangesh Choksi and Shri Sudarshan Shastri Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. Board recommends their reappointment as directors of the Company.

#### DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to section 217 (2AA) of the Companies Act, 1956, the Directors confirm that :

- (i) In the preparation of the annual accounts, the applicable accounting standard have been followed and that there are no material departures.
- (ii) They have, in the selection of the accounting policies, consulted the statutory auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- (iii) They have taken proper and sufficient care, to the best of their knowledge and ability, 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) They have prepared the annual accounts on a going concern basis.



# CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS :

Report on Corporate Governance and Management Discussion and Analysis Report, in terms of Clause 49 of the Listing Agreement are annexed and form part of this Annual Report. A certificate from the Auditors confirming compliance with the conditions of Corporate Governance is also annexed.

# DEMAT STATUS

The Company's shares are presently held in both electronic and physical modes.

# PARTICULARS OF EMPLOYEES

There was no employee in the Company who was employed throughout the financial year or for part of the financial year was in receipt of remuneration whose particulars, if so employed, are required to be included in the report of Directors in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:

The requisite particulars required to be furnished under Section 217(a) (e) of the Companies Act, 1956 regarding energy conservation technology absorption are not applicable, since the Company is not engaged in any manufacturing activities.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange out go: (a) Imports 🖲 30,35,900/-. (b) Travelling 🖫 6,17,606/-.

Foreign Exchange Earnings : ₹ 6,70,540/-.

## AUDITORS AND THEIR REPORT :

The Auditors, in their report have referred to the Notes forming part of the Account, the notes are self explanatory and need no comments.

M/s. Prateek Jain & Co. Chartered Accountants, Indore, Statutory Auditors of the Company retire at the ensuring Annual General Meeting of the Company and being eligible offer themselves for reappointment.

The Auditors, in their report have referred to the Notes forming part of the Account, the notes are self explanatory and need no comments

#### ACKNOWLEDGEMENT:

The Directors acknowledge with gratitude the co-operation and confidence reposed by the Company's Bankers, Shareholders, Customers and Suppliers. Your Directors also wish to place on record their sincere appreciation of devoted services rendered by the employees of the Company for its success.

On behalf of the Board

Place : Indore Date : 31/07/2013 SUNIL CHOKSI Managing Director VYANGESH CHOKSI Whole time Director



**≡ C**hoksi Laboratories Ltd. **=** 

Annual Report 2012 - 2013

#### MANAGEMENT DISCUSSION AND ANALYSIS

We have pleasure in submitting the Management Discussion & Analysis Report on the Company's business.

#### A . INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian Economy – 10th largest in the world by nominal GDP, slowed to around 5% in 2012-13 compared to 6.2 in previous fiscal year. (Figures from Wikipedia & IMF). This was coupled with high inflation and high but stable bank lending interest rates.

Amid these circumstances CLL has witnessed 12% growth in direct receipts. Sectors like Agro and Agro Chemicals, Packed Food Industry has grown in the last financial year. Mining, Environment & Infrastructure segments due to prevailing industrial sentiments have taken a dip.

#### B. OPPORTUNITIES AND THREATS

The world Gross Domestic product (GDP), as reported by the International Monetary Fund witnessed a moderate growth of 3.2% as compared to a growth of 4.0% in 2012. Slowing industry and overall Indian economy coupled with fear of few of EU countries defaulting has overshadowed the overall outlook.

Health budget cuts have impacted the pharmaceutical and food exports from India which make an impact on the company's performance.

Company focuses on both export market as well domestic for agro commodities and pharmaceutical. Mega capacity building project is to be initiated in FY 13-14 for almost all centers. This would result in high credit exposure but improving the top lines and bottom lines of individual branch laboratories and overall financial growth of the company.

## C. OUTLOOK

The outlook for the Company stands promising. CLL now has six centers across India. The new facilities are expected to improve considerable in the coming years. Company is poised to continue an upward trend.

#### D. SEGEMENT-WISE PERFORMACE:

The Company is engaged in the sole segment of analysis. Company is not involved in manufacturing, exports or trading of any commodity.

# E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has internal control system, which provides adequate safeguards and effective monitoring of the transactions and ensures that all assets are safeguarded and protected against loss from unauthorized use or disposition. The Company has an internal audit system, which ensures that the Company's control mechanism is properly followed and all statutory requirements are duly complied with. An audit committee of the Board of Directors comprising of non-executive directors regularly reviews the audit plans, adequacy of internal control as well as compliance of accounting standards.

#### F. FINANCIAL AND OPERATIONAL PERFORMANCE

High lending rates and high credit exposure coupled with recurring nature expense outflow for new branches resulted in lower profit margins. This is expected to improve in forthcoming year with better top lines and bottom lines for the newly added branches.

#### G. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS:

We have ensured safe and healthy working conditions in all of the Laboratory Set-ups and have continued with our policy to ensure safe and healthy working conditions taking into account of health and safety of all concerned, besides conservation of natural resources and protection of the environment.

A major factor the continued growth of your organization is the constructive support of Banks, Institutions, Suppliers, Executives, employees, creditors and the confidence shown by them in the Company. Employer-Employee relations in all the offices of the Company were cordial throughout the year under review. As at March 31, 2013, the Company had workforce of approximately 250 plus persons, including managers, scientist and support staff members.

#### H. CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations are "Forward Looking Statements". Actual results may differ materially from those expressed or implies. Important factors that could make a difference to the Company's operations include among others, economic conditions affecting demand / supply, effect of political situations, change in the Government regulations, tax laws and other statutes and incidental factors over which the Company does not have any control.

On behalf of the Board

| Place : Indore    | SUNIL CHOKSI      | VYANGESH CHOKSI     |  |
|-------------------|-------------------|---------------------|--|
| Date : 31/07/2013 | Managing Director | Whole-time Director |  |

# CORPORATE GOVERNANCE REPORT

The philosophy of Corporate Governance is to enhance the long term economic value of the company. Its stakeholders and the society at large by adopting practices in fair and transparent manner by aligning interests of the company with shareholders and other key stakeholders.

#### **Board of Directors**

#### Composition of the Board

Board comprises of 4 independent and 4 Executive Promoter Director (including Executive Chairman)

|                          | No. of outside Directorship(s) held         |                     |                   |                         |
|--------------------------|---|---------------------|-------------------|-------------------------|
| Director                 | Executive/Non-<br>executive/Inde<br>pendent | Public<br>Companies | Pvt.<br>Companies | Section 25<br>Companies |
| Mr. Sunil Choksi         | Executive/Promoter                          |                     | 1                 |                         |
| Mrs. Stela Choksi        | Executive/Promoter                          |                     |                   |                         |
| Mr. Sudarshan Shastri    | Independent                                 | 2                   | 3                 |                         |
| Mrs. Himika Choksi Varma | Executive/Promoter                          |                     |                   |                         |
| Mr. Vyangesh Choksi      | Executive/Promoter                          |                     | 4                 |                         |
| Mr. Pradip Karmakar      | Independent                                 |                     |                   |                         |
| Mr. Satish Joshi         | Independent                                 |                     |                   |                         |
| Mr. N. K. Mani           | Independent                                 |                     |                   |                         |

#### Director's Interests in the Company and Attendance Record

Particulars of relationship between Directors inter-se, sitting fees paid to them and details of meetings attended by them are as under :

| Director                    | Category    | Sitting Fees<br>paid during<br>the year | No. of Bo<br>Meeting o<br>the ye | during   | Attended<br>Last AGM<br>held on |
|-----------------------------|-------------|---|----------------------------------|----------|---------------------------------|
|                             |             |   | Held                             | Attended | 27-09-2012                      |
| 1. Mr. Sunil Choksi         | Promoter    | NIL                                     | 7                                | 3        | Yes                             |
| 2. Mrs. Stela Choksi        | Promoter    | NIL                                     | 7                                | -        | No                              |
| 3. Mr. Sudarshan Shastri    | Independent | 9000                                    | 7                                | 6        | Yes                             |
| 4. Mrs. Himika Choksi Varma | Promoter    | NIL                                     | 7                                | -        | No                              |
| 5. Mr. Vyangesh Choksi      | Promoter    | NIL                                     | 7                                | 7        | Yes                             |
| 6. Mr. Pradip Karmakar      | Independent | 1500                                    | 7                                | 1        | No                              |
| 7. Mr. Satish Joshi         | Independent | 6000                                    | 7                                | 4        | No                              |
| 8. Mr. N. K. Mani           | Independent | 1500                                    | 7                                | 1        | No                              |

During the financial year 2012-13 Seven (7) Board Meeting were held on the following dates:

30.05.2012

4) 03.09.2012

27.09.2012



2) 04.07.2012

3) 30.07.2012 7) 30/01/2013

Note on Directors re-appointment

Mr. Sudarshan Shastri and Mr. Vyangesh Choksi, the Directors of the Company are retiring at the forthcoming annual general meeting by rotation and they are eligible for re-appointment.



1)

5)

#### Information placed before the Board

Information placed before the Board of Directors broadly covers the items specified in clause 49 of the Listing Agreement and such other items which are necessary to facilitate meaningful and focused deliberations on issues concerning the Company and taking decision in an informed and efficient manner. Besides, the Directors on the Board have complete access to all information of the Company, as and when necessary.

#### Code of Conduct

The Board of Directors has laid down a code of conduct for all Board members and senior management personnel of the Company. A Certificate from the Compliance Officer for the same has been placed before the Board.

#### Audit Committee

The composition of the Committee is as follows :

| Shri Sudarshan Shastri | - | Chairman |
|------------------------|---|----------|
| Shri Satish Joshi      | - | Member   |
| Shri N. K. Mani        | - | Member   |

The Audit Committee met under the Chairmanship of Shri Sudarshan Shastri. During the financial year 2012-2013 Four (4) meetings were held on the following dates:

2) 30.07.2012 4) 30.01.2013

The constitution of the Committee and the attendance of each member is given below:

| Name                 | Designation | Committee Meetings Attended |
|----------------------|-------------|-----------------------------|
| Mr. Sudashan Shastri | Chairman    | 4                           |
| Mr. Satish Joshi     | Member      | 4                           |
| Mr. N.K. Mani        | Member      | 1                           |

The terms of reference of the Audit Committee inter-alia include the following:

- a) To overview the Companies financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) To hold periodic discussions with the Statutory auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/ Internal Auditors;
- c) To recommend the re-appointment of statutory auditors and fixation of audit fees.
- d) To review performance of statutory and internal auditors and adequacy of internal control systems;
- e) To review quarterly, half yearly and annual financial results of the Company before submission to the Board;
- f) To discuss any significant findings made by internal auditors and follow-up thereon;
- g) To review 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 matter to the Board;
- h) To look into substantial defaults, if any in payments to depositors, debenture-holders, creditors & shareholders.
- Any related party transactions that may have the potential conflict with the interest of the Company. In addition to the above, the committee shall have such functions / role / powers as may be specified in the Companies Act, 1956, Listing Agreement with Stock exchanges or any other applicable law.

#### **Remuneration Committee**

The Remuneration Committee has been formed to review and make recommendations on annual salaries, performance commission, perquisites and other employment conditions of the Executive Directors. The remuneration committee consists of non executive and independent Directors.

During the financial year 2012-2013 one (1) meeting were held on 31/07/2013 to review remuneration relative of whole time Directors of the Company.



💻 Choksi Laboratories Ltd. 😑

The constitution of the Committee and the attendance of each member is given below:

| Name                  | Designation | Committee Meetings Attended |
|-----------------------|-------------|-----------------------------|
| Mr. Sudarshan Shastri | Chairman    | 1                           |
| Mr. Pradip Karmakar   | Member      | 1                           |
| Mr. N.K. Mani         | Member      | 1                           |

Details of remuneration paid/payable to directors for the year ended March, 2013 are as follows: (Amount in Rupees)

| Name of the<br>Director | Designation                        | Business<br>relationship<br>with Company | Sitting<br>Fees | Salary and<br>Perquisites | Commis-<br>sion | Total     |
|-------------------------|------------------------------------|--|-----------------|---------------------------|-----------------|-----------|
| Mr. Sunil Choksi        | Chairman-cum-<br>Managing Director | Promoter                                 | -               | 19,20,000                 | -               | 19,20,000 |
| Mrs.Stela Choksi        | Whole time Director                | Promoter                                 | -               | 15,00,000                 | -               | 15,00,000 |
| Mrs.Himika Choksi Varma | Joint Managing<br>Director         | Promoter                                 | -               | -                         | -               | -         |
| Mr. Vyangesh choksi     | Whole time Director                | Promoter                                 | -               | 14,40,000                 | -               | 14,40,000 |
| Mr. N.K. Mani           | Non Executive /<br>Independent     | Independent                              | 1500            | -                         | -               | 1500      |
| Mr. Sudarshan Shastri   | Non Executive /<br>Independent     | Independent                              | 9000            | -                         | -               | 9,000     |
| Mr. Pradip Karmakar     | Non Executive /<br>Independent     | Independent                              | 1500            | -                         | -               | 1500      |
| Mr. Satish Joshi        | Non Executive /<br>Independent     | Independent                              | 6000            | -                         | -               | 6,000     |

# The remuneration to the executive directors is being paid as per the recommendation of Remuneration Committee and approval of the shareholders at the general body meeting.

# Salary and perquisites includes provident Fund and Gratuity etc.

#### Shareholders Grievance Committee

The Company has set up a "Shareholders Grievance Committee" to look into various issues relating to investors Grievances.

During the financial year 2012-2013 Four (4) meetings were held on the following dates:

- 1) 30.05.2012 3) 31.10.2012
- 2) 30.07.2012 4) 30.01.2013

The constitution of the Committee and the attendance of each member is given below:

| Name                          | Designation | Committee Meetings Attended |
|-------------------------------|-------------|-----------------------------|
| Mr. Sudashan Shastri Chairman |             | 4                           |
| Mr. Satish Joshi Member       |             | 1                           |
| Mr. N.K. Mani                 | Member      | 4                           |

#### Name, Designation & Address of Compliance Office:

Mr. Kishore Bhawsar, Dy. General Manager 6/3, Manoramaganj, Indore - 452 001, Tel. : 4243888 Email at compliance\_officer@choksilab.com

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During the year the Company received 0 (Nil) complaints from its shareholders and resolved all of them within 30 days and as on 31.03.2013 no complaint is pending beyond 30 days.

#### GENERAL SHAREHOLDERS INFORMATION

| (1) | Address for Investor's Correspondence :   |
|-----|---|
|     | Mr. Kishore Bhawsar, Compliance Officer,  |
|     | 6/3, Manoramaganj, Indore - 452 001 Email at compliance_officer@choksilab.com           |
|     | Or  |
|     | Link Intime India Pvt. Ltd.   |
|     | C-13, Pannalal Silk Mill Compound, L.B.S. Marg, Bhandup (W), Mumbai -400 078            |
|     | Email at rnt.helpdesk@linkintime.co.in Tel. No. 25963838 Ext. : 2297 Fax : No. 25946969 |
| (2) | Listing on Stock Exchanges  |
|     | The Equity Shares of the Company are presently listed with                              |
|     | The Bombay Stock Exchange Ltd., Mumbai  |
|     | M. P. Stock Exchange, Indore  |
|     | Vadodara Stock Exchange, Vadodara   |
| (3) | Registrar and Share Transfer Agent  |
|     | Link Intime India Pvt. Ltd.   |
|     | C-13, Pannalal Silk Mill Compound,  |
|     | L.B.S. Marg, Bhandup (W), Mumbai -400 078   |

Tel. No. 25963838 Ext. : 2293 Fax : No. 25946969

#### (4) Share Transfer System

The shares are held both in Physical & demat Form :

The share transfers in physical from are processed and the Demat option letter is dispatched to shareholders. If the Demat option letter is not received form DP for dematrilization the share certificates are returned within stipulated time. Demat requests are normally confirmed within 15 days from date of receipt.

#### (5) Share price at BSE for the FY 2012-13: -

| Month     | Year | High (₹) | Low (₹) |
|-----------|------|----------|---------|
| April     | 2012 | 12.63    | 9.86    |
| Мау       | 2012 | 14.00    | 9.14    |
| June      | 2012 | 10.50    | 8.66    |
| July      | 2012 | 9.99     | 8.01    |
| August    | 2012 | 9.89     | 8.31    |
| September | 2012 | 9.41     | 8.01    |
| October   | 2012 | 10.03    | 8.25    |
| November  | 2012 | 9.98     | 9.00    |
| December  | 2012 | 9.84     | 8.32    |
| January   | 2013 | 12.51    | 8.61    |
| February  | 2013 | 12.96    | 9.65    |
| March     | 2013 | 10.60    | 8.25    |

#### (6) Distribution of shareholding as on 31.03.2013

| No. of Equity<br>Shares Held | No. of<br>Shareholders | % of<br>Shareholders | No. of Shares<br>held | % of Share<br>Holding |
|------------------------------|------------------------|----------------------|-----------------------|-----------------------|
| 1 to 500                     | 3164                   | 75.7663%             | 758969                | 11.3869%              |
| 501 - 1000                   | 546                    | 13.0747%             | 478918                | 7.1853%               |
| 1001 - 2000                  | 220                    | 5.2682%              | 351036                | 5.2666%               |
| 2001 - 3000                  | 80                     | 1.9157%              | 203731                | 3.0566%               |
| 3001 - 4000                  | 39                     | 0.9339%              | 139000                | 2.0854%               |
| 4001 - 5000                  | 31                     | 0.7423%              | 148351                | 2.2257%               |
| 5001 - 10000                 | 46                     | 1.1973%              | 350809                | 5.2632%               |
| 10001 - 999999               | 50                     | 1.1973%              | 4234449               | 63.5300%              |
| Total                        | 4176                   | 100.0000%            | 6665263               | 100.0000%             |

• Dematerialization of shares : As on 31st March, 2013 all the shares of the company are in dematerialized form except 1594115 shares.

#### (7) Categories of Shareholding as on 31.03.2013

| S.No. | Category                          | No. of Shares | %         |
|-------|-----------------------------------|---------------|-----------|
| 1.    | Promoters & Directors             | 1891754       | 28.3823%  |
| 2.    | Individuals /. Others             | 3388328       | 50,8356%  |
| 3.    | Body Corporate                    | 1360700       | 20.4148%  |
| 4.    | Mutual Funds & Nationalized Banks |               |           |
| 5.    | NRI's, OCB's                      | 24481         | 0.3673%   |
|       | TOTAL                             | 6665263       | 100.0000% |

#### (8) Annual General Meetings

The Annual General Meetings of the Company for the last three years were held at Registered Office. On the following dates :

| Year       | Date       | No. of Special Resolutions |
|------------|------------|----------------------------|
| 31.03.2012 | 27.09.2012 | 1                          |
| 31.03.2011 | 30.07.2011 | NIL                        |
| 31.03.2010 | 06.09.2010 | 1                          |

In the above meetings, no postal ballots were used/invited.

#### (9) Financial Calendar F.Y. 2013-14 (Tentative)

| Board meeting for first three quarters ending on 30 <sup>th</sup> June'13, 30 <sup>th</sup> Sept.'2013 and 31 <sup>st</sup> Dec.'2013 | On or before 45 <sup>th</sup> day from the end of Quarter |  |  |  |
|---|---|--|--|--|
| Board Meeting for Last quarter ending on 31st March 2014  | On or before 31st May' 2014                               |  |  |  |
| Annual General Meeting for FY 2013-14   | On or before 30 <sup>th</sup> Sept.' 2014                 |  |  |  |
| Book Closure dates  | 28/09/13 to 30/09/13 (both day inclusive)                 |  |  |  |
| Date time & Venue of the Annual General Meeting of the Company for FY 2012-13 At the Registered office on 30th                        |   |  |  |  |

September, 2013 at 11:00 a.m.

#### (10) Outstanding GDRs/ADRs/Warrants or any convertible instruments

The Company does not have any outstanding instruments GDRs/ADRs or any convertible instruments as on 31.03.2013.

#### (11) Means of Communication

- The Company publishes quarterly unaudited and annual audited results in two news papers i.e. (1) Free Press
   (2) Choutha Sansar and same has been intimated to both Stock Exchanges immediately after approval of the Board.
- The Company also informs by way of a press release, all matters, which in its opinion are material and of relevance, to the shareholders of the Company.
- The quarterly and half yearly results of the Company are made available at the web site of the Company.
- Management discussion and analysis report is forming part of this report.



### (12) Project Locations

#### Registered Corporate Office & Central Laboratory

at 6/3 Manoramaganj, Indore - 452 001 M. P. - India

#### Branch at Vadodara

At 829, GIDC, Makarpura Vadodara – 390 010 (GUJ.) – India

#### Branch at Vapi

At IInd & IIIrd Floor, Gokul Complex, 101/8 GIDC - Char Rasta Vapi - 396 195 - (GUJ.) India

### Branch at Panchkula

At Plot No. 362, Industrial Area, Phase - II Panchkula - 734 112 - (HARYANA) India

#### Branch at Goa

C-18 & 20, Verna Industrial Estate Phase - 1A, Verna - 403 722 - (GOA) India

#### Branch at Bangalore

Plot No. 8, 2nd Floor, Siddhivinayak Complex, Phase II, Near BDA Complex, 80, Feet Ring Road, Nagarbhavi, Bangalore - 560079, (Karnataka)

#### (13) Compliance

#### Mandatory Requirements:

The Company has fully complied with the applicable mandatory requirements of clause 49 of the Listing Agreement.

#### Adoption of Non-Mandatory Requirements:

A Remuneration committee has been constituted in accordance with the requirements of the Listing Agreement. The committee decided/recommend to the Board the amount of salary, perquisites and commission to be paid to the Directors (within the overall ceiling fixed by the shareholders)

The Chairman and Managing Director of the Company give annual certification on the financial reporting and internal controls to the Board of Directors in terms of Clause 49 of the Listing Agreement. The Chairman and Managing Director also give quarterly certification on the financial results while placing the financial results before the Board of Directors in terms of Clause 41 of the Listing Agreement

#### (14) Disclosures

- Details of transactions of a material nature of the related parties as specified in Accounting Standard 18 issued by the Institute of Chartered Accountants of India have been reported in note 10 of Schedule "17" attached to the accounts. There is no transaction of a material nature with any of the related parties, which was in conflict with the interests of the Company. The Register of Contracts containing transactions, in which directors are interested, is placed before the Board regularly.
- There has been no instance of non-compliance by the Company on any matter related to capital markets or imposition of penalties or strictures by SEBI or the Stock Exchanges or any other Statutory Authority during last three years.
- None of the employee of the Company was denied access to the Audit Committee during the year.
- Company has complied with all mandatory requirements of the Listing Agreement and also adopted the nonmandatory requirements wherever required.

#### Declaration

As provided under clause 49 of the Listing Agreement with the stock exchanges, it is hereby declared that all board members and senior management personnel of the Company have affirmed the compliance of Code of Conduct for the year ended 31<sup>st</sup> March'2013.

SUNIL CHOKSI

Managing Director

# AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To, The Members of Choksi Laboratories Limited.

We have examined the compliance of the conditions of Corporate Governance by Choksi Laboratories Limited for the year ended 31st March, 2013 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 review was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements.

In our opinion and according to the explanations given to us, we state that to the best of our knowledge, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For PRATEEK JAIN & CO. Chartered Accountants (Registration No. 009494C)

Place : Indore Date : 27-05-2013 Prateek Jain Proprietor M. No. 79214

# INDEPENDENT AUDITORS' REPORT

#### Τo,

The Members of CHOKSI LABORATORIES LIMITED.

#### Report on the Financial Statements :

We have audited the accompanying financial statements of CHOKSI LABORATORIES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements :

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility :

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion :

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements :

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of subsection (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

For PRATEEK JAIN & CO. Chartered Accountants (Registration No. 009494C)

> Prateek Jain Proprietor M.No. 79214

Place : Indore Date : 27-05-2013

## Annexure to the Independent Auditors' Report (Referred to in paragraph 1 under the heading "Report on other Legal and Regulatory Requirements" of our report of even date)

- 1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
  - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- 2. This being a service rendering Company, there are no Manufacturing Activities in the Company, the only inventory for the Company is Chemicals which are used & consumed for testing purposes. Since its inception, the Company follows the practice of charging to revenue, the purchases of chemicals in the year of purchase itself. Due to this reason ,and considering the nature of volatility of the item, as per the explanations given to us, no inventory register is maintained for the same. Hence we are unable to express our opinion on Clause 2 of the CARO, 2003.
- 3. The Company has not granted any loans, secured or unsecured, to parties listed in the Register maintained under Section 301 of the Companies Act, 1956, but during the year, the Company has taken loan from 1 such party. The maximum amount involved during the year was ₹ 10.00 Lacs and the year end balance of loans taken from such party was Rs.Nil. The rate of interest and other terms and conditions of the above loans taken by the Company are not prima facie prejudicial to the interest of the Company. However, the Company has given a deposit of ₹ 20 Lacs to a party listed in the register maintained under Section 301 of the Companies Act as deposit for office building on rent, which is interest free.
- 4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the rendering of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- 5. a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that Section.
  - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements aggregating during the year to Rs. 5 Lacs or more in respect of each party during the year have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- 6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (vi) of Paragraph 4 of the Order are not applicable to the Company.
- 7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- 8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, for this Company.



- 9. According to the information and explanations given to us in respect of statutory dues:
  - a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, customs duty, service tax, cess and other material statutory dues as applicable to it with the appropriate authorities.
  - b) There were no undisputed amounts payable in respect of Income Tax, Customs Duty, Service Tax and other material statutory dues in arrears as at 31<sup>st</sup> March 2013 for a period of more than six months from the date they became payable.
  - c) Details of dues of Income Tax, Sales Tax, Service Tax, Customs Duty which have not been deposited as on 31<sup>st</sup> March 2013 on account of disputes are given below:

| Name of<br>Statute      | Nature of dues | Amount<br>involved | Period to which the amount relates | Forum where Dispute<br>is pending       |
|-------------------------|----------------|--------------------|------------------------------------|---|
| Income Tax Act,<br>1961 | Income Tax     | 576960/-           | 2008-2009                          | Commissioner of Income<br>Tax (Appeals) |

- 10. The company has no accumulated losses as at March 31, 2013 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- 11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or to debenture holders during the year.
- 12. In our opinion and according to the information and explanations given to us and based on the information available, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13. In our opinion, the Company is not a chit fund/ nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- 14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities .
- 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. In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.
- 17 On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long term investment, and vice-versa.
- 18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- 19. The Company has not issued any debentures.
- 20. The Company has not raised any monies by way of public issue during the year.
- 21. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For PRATEEK JAIN & CO. Chartered Accountants (Registration No. 009494C)

> Prateek Jain Proprietor M.No. 79214

Place : Indore Date : 27.05.2013

Ehoksi Laboratories Ltd.

Annual Report 2012 - 2013 =

BALANCE SHEET AS AT 31ST MARCH 2013

| DAI  | LANCE SHEE | I AS AI 315 | T MARCH 2013        |             | Amount in 🤻         |
|--|------------|-------------|---------------------|-------------|---------------------|
| PARTICULARS  | Note       |             | AS AT<br>31.03.2013 |             | AS AT<br>31.03.2012 |
| EQUITY & LIABILITIES   |            |             |                     |             |                     |
| Shareholder's funds  |            |             |                     |             |                     |
| Share Capital  | 1          | 66,652,630  |                     | 66,652,630  |                     |
| Reserves and Surplus   | 2          | 121,656,199 | _                   | 111,434,137 |                     |
|  |            |             | 188,308,829         |             | 178,086,767         |
| Non-Current Liabilities  | 0          |             |                     |             |                     |
| Long-term borrowings   | 3          | 36,266,558  |                     | 32,073,460  |                     |
| Deferred tax Liability (Net)                                     | 4          | 18,923,990  | —                   | 18,200,930  |                     |
| Current Liabilities  |            |             | 55,190,548          |             | 50,274,390          |
| Short-term Borrowings  | 5          | 35,306,150  |                     | 27,731,480  |                     |
| Trade Payables   | 6          | 10,015,122  |                     | 13,966,044  |                     |
| Other Current Liabilities  | 7          | 37,358,706  |                     | 31,221,082  |                     |
| Short-term Provisions  | 8          | 16,739,689  |                     | 12,884,271  |                     |
|  |            |             | 99,419,667          |             | 85,802,877          |
| TOTAL  |            |             | 342,919,044         |             | 314,164,034         |
| ASSETS   |            |             |                     |             |                     |
| Non-current Assets   |            |             |                     |             |                     |
| Fixed Assets   |            |             |                     |             |                     |
| Tangible Assets  | 9          | 192,474,415 |                     | 191,071,758 |                     |
| Intangible Assets  | 9a         | 4,183,743   |                     | 5,037,076   |                     |
| Capital Work-in-progress   | 10         | 19,323,332  |                     | 7,376,799   |                     |
|  |            |             | 215,981,490         |             | 203,485,633         |
| Long-term Loans and Advances                                     | 11         |             | -                   |             | 930,844             |
| Other Non-current Assets   | 12         |             | 11,071,069          |             | 7,591,608           |
| Current Assets   |            |             |                     |             |                     |
| Trade receivables  | 13         |             | 62,614,519          |             | 54,603,021          |
| Cash and Cash Equivalents  | 14         |             | 16,291,492          |             | 16,414,036          |
| Short-term Loans and advances                                    | 15         |             | 15,466,542          |             | 14,299,173          |
| Other Current Assets   | 16         |             | 21,493,932          |             | 16,839,719          |
| TOTAL  |            |             | 342,919,044         |             | 314,164,034         |
| Significant Accounting Policies<br>Notes on Financial Statements | 1 to 30    |             |                     |             |                     |

As per our report of even date

For PRATEEK JAIN & CO.

Chartered Accountants

Prateek Jain Proprietor

Place : Indore Date : 27.05.2013

#### For and on behalf of the Board

Sunil Choksi Managing Director Vyangesh Choksi Whole - Time Director

# 🚍 Choksi Laboratories Ltd. 🚃

# PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2013

Amount in 🔻

| r  |           |             | Amount in 🤻 |
|--|-----------|-------------|-------------|
| PARTICULARS                                | Note      | 2012-13     | 2011-12     |
| INCOME                                     |           |             |             |
| Revenue from operations                    | 17        | 171,055,353 | 152,329,757 |
| Other Income                               | 18        | 835,114     | 3,763,528   |
| Total Revenue                              |           | 171,890,467 | 156,093,285 |
| EXPENDITURE :                              |           |             |             |
| Cost of materials Consumed                 | 19        | 20,418,426  | 18,214,668  |
| Employee Benefits Expenses                 | 20        | 59,446,845  | 51,459,756  |
| Finance Costs                              | 21        | 11,328,628  | 14,437,662  |
| Depreciation and Amortization Expenses     | 9         | 14,186,308  | 14,157,023  |
| Other Expenses                             | 22        | 52,065,496  | 44,666,911  |
| Total Expenses                             |           | 157,445,703 | 142,936,020 |
| Profit before Tax                          |           | 14,444,764  | 13,157,265  |
| Tax expenses                               |           |             |             |
| Income Tax earlier years                   |           | -           | (125,299)   |
| Current tax                                |           | 3,370,403   | 2,498,667   |
| Mat Credit b/f                             |           | 129,239     | -           |
| Deferred tax                               |           | 723,060     | 654,911     |
| Profit after tax                           |           | 10,222,062  | 10,128,986  |
| ess: Prior Period adjustment               | 23        | -           | 23,957      |
| Profit for the year                        |           | 10,222,062  | 10,105,029  |
| Earnings per equity share of Face Value Rs | . 10 each |             |             |
| Basic                                      |           | 1.53        | 1.67        |
| Diluted                                    |           | 1.53        | 1.67        |
| Significant Accounting Policies            |           |             |             |
| Notes on Financial Statements              | 1 to 30   |             |             |

As per our report of even date

For PRATEEK JAIN & CO. Chartered Accountants

Prateek Jain Proprietor

Place : Indore Date : 27.05.2013 For and on behalf of the Board

Sunil Choksi Managing Director Vyangesh Choksi Whole - Time Director **Choksi** Laboratories Ltd.

# CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2012-13

|    |  |                               | (Figures in Thousand)         |
|----|--|-------------------------------|-------------------------------|
| Α. | CASH FLOW FROM OPERATING ACTIVITIES                        | For the year ended 31-03-2013 | For the year ended 31.03.2012 |
|    | Net Profit before Tax as per Profit and Loss Account       | 14445                         | 13157                         |
|    | Adjustments for :  |                               |                               |
|    | Depreciation and Amortisation Expense                      | 14186                         | 14157                         |
|    | Finance Costs  | 11329                         | 14438                         |
|    | Interest Income  | (835)                         | (3764)                        |
|    | Loss on Sale/Discard of Assets (Net)                       | 233                           | (10)                          |
|    | Operating Profit before working capital changes            | 39358                         | 37978                         |
|    | Adjustments for :  |                               |                               |
|    | Trade and other receivables                                | (8011)                        | (5714)                        |
|    | Trade and other payables                                   | 5300                          | 3531                          |
|    | Other current assets                                       | (212)                         | 12440                         |
|    | Movement in Non Current Assets                             | (2549)                        | (1979)                        |
|    | Cash generated from Operations                             | 33886                         | 46257                         |
|    | Direct Taxes Paid (Net)                                    | (8368)                        | (6575)                        |
|    | Prior Period Adjustment                                    | 0                             | (24)                          |
|    | Net Cash from Operating Activities                         | 25518                         | 39658                         |
| В. | CASH FLOW FROM INVESTING ACTIVITIES                        |                               |                               |
|    | Purchase of Fixed Assets                                   | (15187)                       | (16762)                       |
|    | Proceeds from Sale of Fixed Assets                         | 219                           | 72                            |
|    | Capital Work in Progress                                   | (11947)                       | (7377)                        |
|    | Interest Income  | 835<br>(26080)                | 3764<br>( <b>20303</b> )      |
|    | Net cash used in investing activities                      | (26080)                       | (20303)                       |
| C. | CASH FLOW FROM FINANCING ACTIVITIES                        |                               |                               |
|    | Proceeds from Shares application money                     | 0                             | 8077                          |
|    | Proceeds from Long Term Borrowing (Net)                    | 4193                          | (1043)                        |
|    | Short Term Borrowings (Net)                                | 7575                          | (8332)                        |
|    | Interest Paid  | (11329)                       | (14438)                       |
|    | Net cash (Used in)/generated from financing activities     | s 439                         | (15736)                       |
|    | Net Increase (Decrease) in cash and cash equivalents (A+B- | +C) (123)                     | 3619                          |
|    | Opening Balance of Cash and cash Equivalents               | 16414                         | 12795                         |
|    | Closing Balance of Cash and cash Equivalents (As per note  | 14) <b>16291</b>              | 16414                         |

As per our report of even date

For PRATEEK JAIN & CO.

Chartered Accountants

Prateek Jain Proprietor For and on behalf of the Board

Sunil Choksi Managing Director Vyangesh Choksi Whole - Time Director

Place : Indore Date : 27.05.2013



#### SIGNIFICANTACCOUNTINGPOLICIES:

- A) Basis of Preparation of Financial Statements:
  - The financial statements are prepared under the historical cost convention and are prepared on accrual basis in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.
  - Use of Estimates
  - ii) 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 recognised in the period in which the results are known/ materialised.
- B) Fixed Assets :
  - i) Fixed assets are stated at historical cost of acquisition / construction, net of cenvat less accumulated depreciation and impairment loss, if any. All costs including financial costs and revenue expenditure till commencement of services, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.

Grants/ subsidies received, if any, from Government and others towards cost/ part of the cost fixed asset(s) are reduced from the cost of the respective asset(s) and the net cost incurred by the Company only is carried to the fixed assets block.

- ii) Capital Work-in-Progress: Amounts spent on expansion project are carried at cost under the head Capital Works in Progress. As and when the assets are put to commercial use, cost of the respective asset is capitalized. Besides the direct cost, indirect costs relating to the acquisition and installation of assets incurred till the assets are put to use are capitalized in the proportionate value of assets.
- iii) Depreciation on fixed assets is provided under straight line method (SLM) at the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on additions / deletions to assets during the year is provided on pro- rata basis.
- iv) Impairment of Assets : An asset is treated as impaired when the carrying cost exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in a prior accounting period is reversed if there has been a change in the estimate of recoverable amount.
- C) Revenue Recognition:

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

- i) Revenue from Testing and Analysis Services is recognized as the service is performed in accordance with the methods prescribed in AS 9, Revenue Recognition.
- ii) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- D) Employee Benefits:

i) Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.

ii) Post employment and other long term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss account.

E) Prior Period Expenses/ Income:

The Company follows the practice of making adjustments through "expenses/income under/over provided" in previous years in respect of material transactions pertaining to that period prior to the current accounting year.

F) Foreign Currency Transactions:

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or expense in the year in which they arise.

G) Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss account.

H) Earnings per Share :

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduce earnings per share or increase loss per share are included.

I) Provision for Current and Deferred Tax :

Provision for Current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between taxable income and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

J) Provisions, Contingent Liabilities and Contingent Assets :

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

K) General :

Accounting policies not specifically referred to above are consistent with the generally accepted accounting principles followed in India.

*■ Choksi Laboratories Ltd.* Annual Report 2012 - 2013 *■* 

# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

|                                 |   |  | 3                        | AS A<br>1st March, 201                             | AT   | nt in (₹)<br>AS AT<br>t March, 2012       |
|---------------------------------|---|--|--------------------------|--|--|---|
| 1.                              | SHARE CAPITAL   |  |                          |  |  |   |
|                                 | Authorised Share Capital  |  |                          |  |  |   |
|                                 | 100 Lacs Equity Shares of 🕄 10/- e  | each   |                          | 100,000,00   | 0  | 100,000,000                               |
|                                 | 6665263 Equity Share of<br>₹ 10/- Each (Previous year 666526<br>Subscribed, Called up and Paid  |  |                          | 66,652,63  | 0  | 66,652,630                                |
|                                 | 6665263 Equity Shares of ₹ 10/-<br>(Previous year 6665263 Equity Sh   | each   | ach)                     | 66,652,63  | 0  | 66,652,630                                |
| The o                           | details of shareholders holding more  |  |                          | AS AT<br>March, 2013                               |  | S AT<br>irch, 2012                        |
| Name                            | e of the Shareholder  | No. of shares  | %                        | 6 held No  | o. of shares   | % held                                    |
| Sitasl<br>Ques<br>Uniqu<br>Vyan | Choksi<br>hree Food Products Ltd.<br>t Laboratories Pvt. Ltd.<br>ue Powergen Consultants Pvt. Ltd.<br>gesh Choksi<br>isukhbhai Choksi | 518,292<br>500,000<br>142,200<br>467,200<br>447,099<br>404,900 |                          | 7.78%<br>7.50%<br>2.13%<br>7.01%<br>6.71%<br>6.07% | 507,351<br>500,000<br>467,200<br>467,200<br>447,099<br>404,900 | 7.61%<br>7.50%<br>7.01%<br>6.71%<br>6.07% |
| 1.2                             | The reconciliation of the number  | of shares outsta   | anding is set ou         | t below:   |  |   |
|                                 | Equity shares at the beginning of Equity Warrants converted into E  |  |                          | No. of shares<br>6,665,263                         |  | No. of shares<br>5,864,000<br>801,263     |
|                                 | Equity shares at the end of the y   | year   |                          | 6,665,263  |  | 6,665,263                                 |
| 1.3                             | The Company has only one class o<br>of the shares is entitled to one<br>Directors is subject to the approva                           | vote per share.  | Dividend on ed           | quity shares whe                                   | enever proposed  |   |
| 2.                              | RESERVE AND SURPLUS<br>Capital Reserve<br>As per last Balance Sheet<br>Add: Money received against equ                                | uity share   | 2,005,500<br>-           |  | 393,000<br>1612500   |   |
|                                 | warrants forfeited  | -  |                          | 2,005,500  |  | 2,005,500                                 |
|                                 | Securities Premium Reserve<br>As per last Balance Sheet<br>Add: Premium received on on issu<br>shares warrants                        | ue of equity   | 13,360,478<br>-          | _  | 5,802,900<br>7,557,578   |   |
|                                 | Drofit and Lass Assount   |  |                          | 13,360,478   |  | 13,360,478                                |
|                                 | Profit and Loss Account<br>As per last Balance Sheet<br>Add: Profit for the year  |  | 96,068,159<br>10,222,062 |  | 85,963,130<br>101,050,29                                       |   |
|                                 |   |  |                          | 106,290,221  |  | 96,068,159                                |
|                                 | Total   |  |                          | 121,656,199  |  | 111,434,137                               |

| 3.  | LONG-TERM BORROWINGS  |  | 3.                     | م<br>Ist March,  | AS AT<br>2013                             | 31st N                             | AS AT<br>Iarch, 2012           |
|-----|---|--|------------------------|--|---|------------------------------------|--------------------------------|
|     | Secured<br>From Banks :<br>Term Loan From Axis Bank<br>Vehicle Loans From HDFC Bank Ltd.<br>Unsecured<br>From Others :  |  |                        | 31,135,2<br>23,8   |   |                                    | 29,185,805<br>513,095          |
|     | Term Loan From Magma Fincorp Ltd.<br>Term Loan From Religare Finvest Ltd.<br>Term Loan From Bajaj Finance Ltd.<br>Term Loan From Tata Capital Financial Se  | ervices Ltd.   |                        | 1,014,6<br>1,864,0<br>1,017,6<br>696,1                               | 045<br>060                                |                                    | 741,526<br>1,018,033<br>-<br>- |
|     | Deposits :<br>Deposit From Franchisees  |  | _                      | 515,0<br>36,266,5  |   |                                    | 615,000                        |
|     |   | Rate of<br>Interest  | upto 1 year            | 1-2 years  | 2-3 years                                 | 3-4 years Be                       | eyond 4 years                  |
| 3.1 | Maturity Profile of Term Loans are set out below :<br>Secured : Term Loan from Axis Bank<br>Secured : Vehicle Loans from HDFC Bank<br>Unsecured: Term Loan from Magma Fincorp Ltd.<br>Unsecured: Term Loan from Religare Finvest Ltd.<br>Unsecured: Term Loan from Bajaj Finance Ltd.<br>Unsecured: Term Tata Capital Fin Services Ltd. | 13.75%p.a.<br>12.00% p.a<br>20.00% p.a.<br>18.50% p.a.<br>20.00% p.a.<br>19.50% p.a. | 1,736,649<br>1,492,653 | 10,174,000<br>23,891<br>656,752<br>1,342,363<br>1,017,660<br>696.100 | 9,504,000<br>-<br>357,879<br>521,682<br>- | 7,607,231<br>-<br>-<br>-<br>-<br>- | 3,850,000<br>-<br>-<br>-<br>-  |

3.2 The Term Loan from Axis Bank is secured by hypothecation of Indore & Goa fixed assets The above loans are also personally guaranteed by the directors Mr. Sunil Choksi, Mr.Vyangesh Choksi

- 3.3 All unsecured Term Loans are also personally guaranteed by the director Mr. Vyangesh Choksi
- 3.4 There are no defaults as on the Balance Sheet date in repayment of the above loans and interest thereon

|    |  | 31s       | AS AT<br>t March, 2013 | 31st      | AS AT<br>t March, 2012 |
|----|--|-----------|------------------------|-----------|------------------------|
| 4. | DEFERRED TAX LIABILITY (Net)                 |           |                        |           |                        |
|    | Deferred Tax Liability                       |           |                        |           |                        |
|    | Related to fixed assets                      |           | 21,311,387             |           | 20,919,328             |
|    | Deferred Tax Assets                          |           |                        |           |                        |
|    | Disallowances under the Income Tax Act, 1961 | 1,025,579 |                        | 868,178   |                        |
|    | Others                                       | 1,361,818 |                        | 1,850,220 |                        |
|    |  |           | 2,387,397              |           | 2,718,398              |
|    | TOTAL  | _         | 18,923,990             | _         | 18,200,930             |

*■ Choksi Laboratories Ltd.* Annual Report 2012 - 2013 *■* 

# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

|     |   | AS AT                        | AS AT                               |
|-----|---|------------------------------|-------------------------------------|
| 5.  | 31<br>SHORT-TERM BORROWINGS   | st March, 2013               | 31st March, 2012                    |
|     | Secured<br>Loan against FDR from UCO Bank   | 7,140,075                    | -                                   |
|     | Working Capital Loans   | 1,110,010                    |                                     |
|     | From Banks<br>Rupee Loans   |                              |                                     |
|     | * Cash Credit From Axis Bank  | 28,166,075                   | 27,731,480                          |
|     |   | 35,306,150                   | 27,731,480                          |
| 5.1 | Working Capital Loans are secured by joint hypothe<br>present and future alongwith Indore and Goa Fixed<br>* The above loans are also personally guaranteed b | Assets                       |                                     |
| 6.  | TRADE PAYABLES  |                              |                                     |
|     | Micro, Small and Medium Enterprises<br>Others   | -<br>10,015,122              | -<br>13,966,044                     |
|     |   | 10,015,122                   | 13,966,044                          |
| 6.1 | The details of amounts outstanding to Micro, Small Company is as under:   | and Medium Enterprises based | d on available information with the |
|     | Principal amount due and remaining unpaid   | -                            | -                                   |
|     | Interest due on above and the unpaid interest   | -                            | -                                   |
|     | Interest paid<br>Payment made beyond the appointed day during the   | -<br>he vear -               | -                                   |
|     | Interest due and payable for the period of delay  | -                            | -                                   |
|     | Interest accrued and remaining unpaid<br>Amount of further interest remaining due and paya  | -                            | -                                   |
|     | succeeding years  | -                            | -                                   |
| 7.  | OTHER CURRENT LIABILITIES   |                              |                                     |
|     | Advance payments from Customers   | 3,741,868                    | 3,044,977                           |
|     | Tax Liabilities: Service Tax Payable & TDS Payable  | 12,480,948                   | 9,419,817                           |
|     | Current maturities of Long Term Debt (Note 3.1)<br>Credit Balances of Staff & Others  | 21,100,654<br>35,236         | 18,660,597<br>95,692                |
|     | orear balances of starr & others  |                              |                                     |
|     |   | 37,358,706                   | 31,221,082                          |
| 8.  | SHORT-TERM PROVISIONS   |                              |                                     |
|     | Provision for employee benefits   | 11,102,684                   | 8,676,239                           |
|     | Provision for Income Tax  | 3,370,403                    | 2,627,906                           |
|     | Provision for Expenses  | 2,266,602                    | 1,580,126                           |
|     |   | 16,739,689                   | 12,884,271                          |
|     |   |                              |                                     |

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 9 : TANGIBLE ASSETS :

|                          |                              | GROS                            | GROSS BLOCK                      |                              |                     | <b>DEPRECIATION</b> | IATION                           |                              | NET BLOCK           | LOCK                |
|--------------------------|------------------------------|---------------------------------|----------------------------------|------------------------------|---------------------|---------------------|----------------------------------|------------------------------|---------------------|---------------------|
| Name of the Assets       | Total<br>As on<br>01.04.2012 | Additions<br>during the<br>Year | Deductions<br>during the<br>Year | Total<br>As on<br>31.03.2013 | Up to<br>31.03.2012 | For the<br>Year     | Deductions<br>during the<br>Year | Total<br>As on<br>31.03.2013 | As on<br>31.03.2013 | As on<br>31.03.2012 |
| Land (Freehold) Indore   | 7,452,689                    | ,                               | '                                | 7,452,689                    | ,                   | '                   | '                                |                              | 7,452,689           | 7,452,689           |
| Land (Leasehold) Goa     | 5,330,200                    | ,                               |                                  | 5,330,200                    |                     | '                   |                                  | 1                            | 5,330,200           | 5,330,200           |
| Instruments              | 154,981,482                  | 9,588,318                       |                                  | 164569800                    | 45,293,389          | 7,518,906           | ,                                | 52,812,295                   | 111,757,505         | 109,688,093         |
| Computers                | 10,522,389                   | 1,484,707                       | 4,460,551                        | 7546545                      | 8,399,559           | 792,719             | 4,438,623                        | 4,753,655                    | 2,792,890           | ,2,122,830          |
| Air Conditioners         | 2,157,996                    | 135,099                         | 418,527                          | 1874568                      | 602,110             | 133,560             | 418,513                          | 317,157                      | 1,557,411           | 1,555,886           |
| Electrical Installation  | 8,319,881                    | 682,958                         |                                  | 9002839                      | 3,329,369           | 600,214             |                                  | 3,929,583                    | 5,073,256           | 4,990,511           |
| Furniture & Fixtures     | 24,304,198                   | 998,897                         | 373,759                          | 24929336                     | 7,642,530           | 1,551,818           | 373,747                          | 8,820,601                    | 16,108,735          | 16,661,668          |
| Buildings                | 42,392,798                   | 1,728,417                       | ·                                | 44121215                     | 8,375,703           | 1,423,439           | ı                                | 9,799,142                    | 34,322,073          | 34,017,095          |
| Office Equipment         | 3,280,398                    | 268,609                         |                                  | 3549007                      | 933,917             | 162,978             | ı                                | 1,096,895                    | 2,452,111           | 2,346,481           |
| Motor Car                | 9,712,143                    |                                 | 676,292                          | 9035851                      | 3,228,904           | 865,271             | 253,762                          | 3,840,413                    | 5,195,438           | 6,483,239           |
| Motor Cycle              | 809,609                      | 98,607                          | 30,730                           | 877486                       | 386,547             | 82,491              | 23,659                           | 445,379                      | 432,107             | 423,062             |
| Total                    | 269,263,782                  | 14,985,612                      | 5,959,859                        | 278,289,535                  | 78,192,024          | 13,131,396          | 5,508,304                        | 85,815,120                   | 192,474,415         | 191,071,758         |
| Previous Year            | 260,126,572                  | 16,827,346                      | 1,182,349                        | 275,771,569                  | 66,626,261          | 14,157,023          | 1,120,549                        | 79,662,735                   | 196,108,834         | 193,500,310         |
| 9a : INTANGIBLE ASSETS : | SETS :                       |                                 |                                  |                              |                     |                     |                                  |                              |                     |                     |
|                          |                              | GRO                             | <b>GROSS BLOCK</b>               |                              |                     | DEPRECIATION        | ATION                            |                              | NET BLOCK           | оск                 |
|                          |                              |                                 |                                  |                              |                     |                     |                                  |                              |                     |                     |

Up to 31.03.2012 Total As on 31.03.2013

Deductions during the Year

Additions during the Year

Total As on 01.04.2012

Name of the Assets

As on 31.03.2012

As on 31.03.2013

Total As on 31.03.2013

Deductions during the Year

For the Year

5,037,076 5,037,076 4,443,984

4,183,743 4,183,743 5,037,076

2,525,623 2,525,623 1,470,711

1

1,054,912

1,470,711

6,709,366 6,709,366 6,507,787

.

201,579 201,579 1,505,312

6,507,787

Softwares Total

5,002,475 6,507,787

Previous Year

0 .

1,470,711 1,054,912

0

.

912,220

558,491

Ehoksi Laboratories Ltd. English Annual Report 2012 - 2013

# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

|     |  | AS AT<br>31st March, 2013 | AS AT<br>31st March, 2012 |
|-----|--|---------------------------|---------------------------|
| 10. | CAPITAL WORK IN PROGRESS (AT COST)   |                           |                           |
|     | Building   | 915,157                   | 869,897                   |
|     | Furniture & Fixtures   | 8,395,790                 | 4,513,132                 |
|     | Instruments  | 7,794,513                 | 861,875                   |
|     | Air Conditioner  | 113,202                   | 102,620                   |
|     | Electrical Installation  | 853,238                   | 740,890                   |
|     | Computers  | 1,202,717                 | 288,385                   |
|     | Office Equipments  | 48,715                    | -                         |
|     |  | 19,323,332                | 7,376,799                 |
| 11. | LONG-TERM LOANS & ADVANCES   |                           |                           |
|     | ( Unsecured considered good )  |                           |                           |
|     | Recoverable in cash or in kind or for  |                           |                           |
|     | value to be received   |                           |                           |
|     | (a) Capital Advances   | -                         | -                         |
|     | (b) Other Loans and Advances   | -                         | 930,844                   |
|     | Note : Due by Directors either severally or jointly with   |                           |                           |
|     | any other persons or due by Firms/private Companies  |                           |                           |
|     | in which any of the Director is a Partner or a Member :  |                           |                           |
|     | NIL  |                           | 930,844                   |
| 12. | OTHER NON CURRENT ASSETS   |                           | 930,044                   |
| 12. | Long Term Trade Receivables  |                           | _                         |
|     | Others   | -                         | -                         |
|     | Prepayments & Others   | 2,163,780                 | 2,341,358                 |
|     | Deposits   | 5,703,077                 | 5,250,250                 |
|     | Commissioner of Customs (Export) EPCG  | 3,204,212                 | -                         |
|     |  | 11,071,069                | 7,591,608                 |
| 13. | TRADE RECEIVABLES  |                           |                           |
|     | (Unsecured Considered Good)  |                           |                           |
|     | :Outstanding for a period exceeding six months   | 13,578,900                | 11,677,786                |
|     | :Others  | 49,035,619                | 42,925,235                |
|     | Note : Due by Directors either severally or jointly with   |                           |                           |
|     | any other persons or due by Firms/private Companies  |                           |                           |
|     | in which any of the Director is a Partner or a Member :  |                           |                           |
|     | NIL  |                           |                           |
|     |  | 62,614,519                | 54,603,021                |
| 14. | CASH & CASH EQUIVALENTS  |                           |                           |
|     | i) a) Balances with Banks  | 7,017,261                 | 3,376,004                 |
|     | b) Cheques, Drafts in hand   | 588,933                   | -                         |
|     | c) Cash in hand  | 646,079                   | 913,016                   |
|     | <ul> <li>Balances with bank to the extent held as margin money or<br/>security aginst the borrowings, guaranttes, other commitments</li> </ul> |                           |                           |
|     | * Bank deposits with less than 12 months maturity  | 7996064                   | -                         |
|     | * Bank deposits with more than 12 months maturity  | 43155                     | 12,125,016                |
|     | 20   | 16,291,492                | 16,414,036                |

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# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

|      |   |              | A<br>31st March, 2  | S AT<br>2013 31st M | AS AT<br>March, 2012 |
|------|---|--------------|---------------------|---------------------|----------------------|
| 15.  | SHORT TERM LOANS & ADVANCES                       |              |                     |                     |                      |
|      | (Unsecured Considered Good)                       |              |                     |                     |                      |
|      | Advances for Capital Assets                       |              | 14,601,000          |                     | 14,100,000           |
|      | Loans to other body corporates other than rela    | ated parties | 267,105             |                     | -                    |
|      | Misc advances                                     |              | -                   |                     | 80,472               |
|      | Service Tax Credit Unutilised                     |              | 598,437             |                     | 118,701              |
|      | Note : Due by Directors either severally or joint | •            |                     |                     |                      |
|      | any other persons or due by Firms/private Com     | •            |                     |                     |                      |
|      | in which any of the Director is a Partner or a M  | lember :     |                     |                     |                      |
|      | NIL   |              |                     | _                   |                      |
|      |   | _            | 15,466,542          | -                   | 14,299,173           |
| 16.  | OTHER CURRENT ASSETS                              |              | 0 100 50/           |                     | 0 400 450            |
|      | Income Tax Refundable                             |              | 9,190,536           |                     | 3,489,158            |
|      | Minimum Alternative Tax Credit Entitlement        |              | -                   |                     | 129,239              |
|      | Tax Deducted at Source                            |              | 9,600,745           |                     | 9,563,792            |
|      | Prepayments & Others<br>Advance to staff          |              | 2,393,911<br>50,029 |                     | 3,361,278<br>55,555  |
|      |   |              | 258,711             |                     | 240,697              |
|      | Advance to suppliers                              |              | 256,711             |                     | 240,097              |
|      |   |              | 21,493,932          |                     | 16,839,719           |
| 17.  | REVENUE FROM OPERATIONS                           |              |                     |                     | 10,007,717           |
|      | a) Sale of Services                               | 191,481,109  |                     | 167,044,406         |                      |
|      | Less: Service Tax                                 | 20,531,913   | 170,949,196         | 14,983,498          | 152,060,908          |
|      | b) Other Operating Revenues:                      |              |                     |                     | ,,                   |
|      | Net gain on foreign currency transactions         | 18,413       |                     | 13,034              |                      |
|      | Profit on sale of Fixed Assets                    | -            |                     | 10,035              |                      |
|      | Misc. Income                                      | 87,744       | 106,157             | 245,780             | 268,849              |
|      |   |              | 171,055,353         |                     | 152,329,757          |
| 18.  | OTHER INCOME                                      |              |                     |                     |                      |
|      | Interest on FDR                                   |              | 458,558             |                     | 749,159              |
|      | Interest on IT Refund                             |              | 268,915             |                     | 289,211              |
|      | Interest Received from Others                     |              | 107,641             |                     | 2,725,158            |
|      |   |              | 835,114             |                     | 3,763,528            |
|      |   |              |                     |                     |                      |
| 19.  | COST OF MATERIALS CONSUMED                        |              |                     |                     |                      |
|      |   | onsumption   |                     | of consumption      |                      |
|      | Imported  | 0.16         | 33,465              | 1.13                | 206,123              |
|      | Indigenous  | 99.84        | 20,384,961          | 98.87               | 18,008,545           |
|      |   | 100.00       | 20,418,426          | 100.00              | 18,214,668           |
| 19.1 | PARTICULARS OF MATERIALS CONSUMED                 |              |                     |                     |                      |
|      | Glassware   |              | 885,439             |                     | 809,052              |
|      | Chemicals   |              | 13,138,751          |                     | 12,004,734           |
|      | Consumable  |              | 6,394,236           |                     | 5,400,882            |
|      |   |              | 20,418,426          |                     | 18,214,668           |
|      | 31  |              |                     |                     |                      |

*Choksi Laboratories Ltd.* Annual Report 2012 - 2013

904,272

86,751

521,000

NIL

NIL

(308, 869)

1,203,154

(343,187)

(3,919,026)

985,928

79,334

357,614

904,272

NIL

NIL

(518,604)

(3, 175, 845)

(1,229,601)

|      | NOTES ON FINANCIAL STATEMENTS FOR THE  | YEAR ENDED 31ST MARCH   | , 2013                    |
|------|--|---|---------------------------|
|      |  | AS AT   | AS AT                     |
|      |  | 31st March, 2013  | 31st March, 2012          |
| 20.  | EMPLOYEE BENEFITS EXPENSES   |   |                           |
|      | Salaries and allowances to staff   | 46,942,733  | 38,880,189                |
|      | Contribution to provident fund   | 2,700,198   | 2,385,043                 |
|      | Contribution to ESIC   | 952,226   | 854,427                   |
|      | Bonus to Staff   | 2,187,500   | 2,032,100                 |
|      | Group Gratuity Premium of LIC  | 1,349,418   | 1,984,991                 |
|      | EDLI Premium to LIC  | 72,270  | 65,717                    |
|      | Staff Welfare  | 382,500   | 397,289                   |
|      | Directors Remuneration   | 4,860,000   | 4,860,000                 |
|      |  | 59,446,845  | 51,459,756                |
| 20.1 | As per Accounting Standrad 15 "Employee benefits", the disclosu  | re as defined in the Accounting                                   | Standard are given below: |
| 1)   | Defined Contribution Plans   | As at 31/03/2013  | As at 31/03/2012          |
|      | Contribution to Defined Contribution Plans, recognised as exp  | ense for the year is as under:                                    |                           |
| 2)   | Employer's Contribution to Provident Fund<br>Defined Benefit Plan  | 3,652,424   | 3,305,187                 |
|      | The employees' gratuity Fund Scheme managed by a Trust (I<br>plan. The present value of obligation is determined based<br>Method, which recognizes each period of service as giving rise<br>measures each unit separately to build up the final obligation | on actuarial valuation using t<br>e to additional unit of employe | he Projected Unit Credit  |
|      |  | AS AT   | AS AT                     |
| i)   | Assumption As on   | 31/03/2013  | 31/03/2012                |
|      | Discount Rate  | 8.00%   | 8.00%                     |
| ii)  | Reconciliation of opening and closing balances of<br>Defined Benefit Obligation  |   |                           |
|      | Present value of obligations as at beginning of year   | 4,080,117   | 2,593,542                 |
|      | Interest cost  | 326,409   | 207,483                   |
|      | Current Service Cost   | 681,336   | 568,095                   |
|      | Benefits Paid  | (308,869)   | (518,604)                 |
|      | Actuarial (gain)/ loss on obligations  | 343,187   | 1,229,601                 |
|      | Present value of obligations as at end of year   | 5,122,180   | 4,080,117                 |
| iii) | Reconciliation of opening and closing balances of fair value of  |   |                           |
|      | Fair value of plan assets at beginning of year   | 904,272   | 985,928                   |
|      | Expected return on plan assets   | 86,751  | 79,334                    |
|      | Contributions  | 521,000   | 357,614                   |
|      | Benefits Paid<br>Actuarial gain/(loss) on Plan assets  | (308,869)<br>NIL  | (518,604)<br>NIL          |
|      | Fair value of plan assets at the end of year   | 1,203,154   | 904,272                   |
|      | Tail value of plan assets at the end of year   | 1,203,134   | 704,272                   |

v)

iv)

Table showing fair value of plan assets

Actual return on plan assets

Actuarial Gain/Loss recognized

Acturial (gain)/ loss on obiligations

Contributions

Benefits Paid

Funded status

Fair value of plan assets at beginning of year

Fair value of plan assets at the end of year

Acturial (gain)/ loss for the year - plan assets

Excess of Actual over estimated return on plan assets

(Actual rate of return = Estimated rate of return as ARD falls on 31st March)

# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

|           | NOTES ON FINANCIAL STATEMI  |                        | AS A<br>31st March, 20 | т                      | AS AT<br>March, 2012 |
|-----------|---|------------------------|------------------------|------------------------|----------------------|
|           | Acturial (gain)/ loss on obiligations                                 |                        | 343                    | ,187                   | 1,229,601            |
|           | Acturial (gain)/ loss recognized in the year                          |                        | 343                    | ,187                   | 1,229,601            |
| vi)       | The amounts to be recognized in the balance                           | sheet and stateme      | nt of profit and loa   | SS                     |                      |
|           | Present value of obligations as at the end of                         | of year                | 5,122                  | ,180                   | 4,080,117            |
|           | Fair value of plan assets as at the end of th                         | ne year                | 1,203                  |                        | 904,272              |
|           | Funded status   |                        | (3,919,0               | •                      | (3,175,845)          |
|           | Net asset/(liability) recognized in the balan                         |                        | (3,919,0               | )26)                   | (3,175,845)          |
| vii)      | Expenses Recongnised in statement of profit a                         | and loss               |                        |                        |                      |
|           | Current Service cost<br>Interest Cost                                 |                        |                        | ,336<br>,409           | 568,095<br>207,483   |
|           | Expected return on plan assets  |                        | (86,                   |                        | (79,334)             |
|           | Net Acturial (gain)/ loss recognized in the y                         | <i>l</i> ear           | •                      | ,187                   | 1,229,601            |
|           | Expenses recognised in statement of Profit                            |                        | 1,264                  |                        | 1,925,845            |
|           |   |                        | AS AT                  |                        | AS AT                |
| 21.       | FINANCE COSTS   | 31st                   | March, 2013            | 31st                   | March, 2012          |
|           | Interest to Bank  |                        |                        |                        | -                    |
|           | (a) on Term Loans<br>(b) on Working Capital Loans                     | 4,601,929              |                        | 6,991,303<br>4,874,820 |                      |
|           | Interest to Others  | 3,744,776<br>2,418,313 |                        | 4,874,820<br>1,552,657 |                      |
|           | Bank charges  | 563,610                |                        | 1,018,882              |                      |
|           | 5   |                        | 11,328,628             |                        | 14,437,662           |
| 22.       | OTHER EXPENSES  |                        |                        |                        |                      |
| 22.1      | •   |                        |                        |                        |                      |
|           | Laboratory Expenses   | 5,742,412              |                        | 5,905,174              |                      |
|           | Power & Fuel Charges<br>Insurance: Instruments & Building             | 5,334,463<br>144,750   |                        | 4,834,357<br>131,014   |                      |
|           | Freight / Transporation Charges                                       | 186,555                |                        | 169,315                |                      |
|           | Testing Charges   | 1,182,051              |                        | 803,227                |                      |
|           | NABL/BIS/NPL - Asstt. Charges   | 512,435                |                        | 172,070                |                      |
|           | Repair & Maintenance – Instruments<br>Repair & Maintenance – Building | 5,313,991<br>1,462,982 |                        | 3,979,271<br>714,322   |                      |
|           | Training & Certification Charges                                      | 256,846                |                        | 277,000                |                      |
|           |   | ·                      | 20,136,485 -           |                        | 16,985,750           |
| 22.2      | Selling and Distribution Expenses                                     | 450.075                |                        | 101.001                |                      |
|           | Advertisement Expenses<br>Business Promotion Expenses                 | 153,875<br>2,129,265   |                        | 104,334<br>2,285,716   |                      |
|           | Commission & Brokerages   | 2,718,302              |                        | 2,951,568              |                      |
|           | Discount Allowed  | 943,621                |                        | 435,784                |                      |
|           | Bad Debts Written Off   | 695,056                |                        | 621,558                |                      |
| <b></b> . | Establishment Expenses  |                        | 6,640,119 -            |                        | 6,398,960            |
| 22.3      | Security Service Charges  | 921,543                |                        | 981,819                |                      |
|           | Housekeeping Charges  | 402,755                |                        | 244,056                |                      |
|           | Telephone & Mobile Expenses   | 814,043                |                        | 710,878                |                      |
|           | Internet Expenses   | 1,046,965<br>838,229   |                        | 1,225,216              |                      |
|           | Postage & Courier Charges<br>Conveyance Expenses                      | 484,746                |                        | 744,569<br>378,864     |                      |
|           | Vehicle Running & Maintenance   | 1,206,426              |                        | 990,035                |                      |
|           | Computer Expenses   | 2,400,522              |                        | 1,332,383              |                      |
|           | Guest House Expenses  | 79,265                 |                        | 79,758                 |                      |
|           | Printing & Stationery Expenses<br>Books & Periodicals                 | 2,106,871<br>137,495   |                        | 1,812,390<br>47,270    |                      |
|           | Directors' Sitting Fees   | 18,000                 |                        | 18,000                 |                      |
|           | Rent Charges  | 5,127,915              |                        | 5,032,223              |                      |
|           | 22  |                        |                        |                        |                      |

|             |  |  | AS<br>31st March, | AT<br>2013   | AS AT<br>31st March, 2012                          |
|-------------|--|--|-------------------|--|--|
|             | Insurance on Vehicle<br>Insurance on Others<br>Garden Maintenance Charges<br>Office Expenses / Maintenance charges<br>Repair & Maintenance Charges<br>Membership Fees & Subscriptions<br>Placement Expenses<br>Legal Expenses<br>Professional Charges<br>Auditor's Remuneration<br>Rates & Taxes<br>Registration / Filing / Licence Renewal Fees<br>Listing Fees<br>Penalty Charges<br>Donation<br>Travelling Expenses<br>Loss on Sale of Fixed Assets | $\begin{array}{r} 93,526\\ 302,013\\ 62,333\\ 499,255\\ 209,096\\ 52,439\\ 190,625\\ 298,883\\ 2,454,897\\ 175,000\\ 510,153\\ 41,251\\ 74,512\\ 13,800\\ 50,101\\ 4,443,678\\ 232,555\end{array}$ |                   | 326<br>114,<br>384,<br>215,<br>26<br>251<br>1,284<br>150<br>305<br>59<br>193<br>25 | 0,000<br>5,801<br>0,597<br>5,924<br>5,200<br>4,000 |
|             |  |  | 25,288,892        |  | 21,282,202   |
|             | Total  |  | 52,065,496        |  | 44,666,911   |
| 23.1        | PRIOR PERIOD EXPENSES  |  |                   |  |  |
|             | Repairs & Maintenance- AMC Charges   |  | -                 |  | 23,957   |
| 23.2        | VALUE OF IMPORTS ON CIF BASIS IN RESPE   | -стог —  |                   |  | 23,737   |
|             | Capital Goods  |  | 2,239,192         |  | 1,510,521  |
|             | Consumables  |  | 796,708           |  | 206,123  |
|             |  |  | 3,035,900         |  | 1,716,644  |
| 23.3        | PAYMENT TO AUDITORS AS :   |  |                   |  |  |
|             | Statutory Audit Fees   |  | 175,000           |  | 150,000  |
|             | Certification & Other Services   |  | 42,840            |  |  |
|             |  |  | 217,840           |  | 150,000  |
| 23.4        |  |  | (17 (0)           |  | ( ( 0, 1, 1, 0)                                    |
|             | Travelling Expenses  |  | 617,606           |  | 669,143  |
|             | Membership Fees  |  | -                 |  | 52,010   |
| 24          |  |  | 617,606           |  | 721,153  |
| 24.         | EARNINGS IN FOREIGN EXCHANGE   |  |                   |  | 404 704  |
|             | FOB Value of Exports   |  | 670,540           |  | 434,734<br>434,734                                 |
| 25.         | EARNINGS PER SHARE (EPS)   |  | 670,540           |  | 434,734  |
| <b>Z</b> J. | i) Net Profit for the year attributable to equity s  | shareholders   | 10,222,062        |  | 10,105,029   |
|             | ii) Weighted Average number of Equity Shares f   |  | 6,665,263         |  | 6,041,932  |
|             | iii) Weighted Average number of Equity Shares  | for Diluted EPS  | 6,665,263         |  | 6,041,932  |
|             | iv) Face Value per equity share Amount i   | in (₹)   | 10.00             |  | 10.00  |
|             | v) Earnings per Share (Basic)  |  | 1.53              |  | 1.67   |
|             | vi) Earnings per Share (Diluted)   |  | 1.53              |  | 1.67   |

# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

26. Segmental Reporting : The Company is engaged in the sole segment of Analysis and Testing, There are, therefore, no separate segments within the Company as defined by AS-17 (Segmental Reporting ) issued by the ICAI.

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# 🚍 Choksi Laboratories Ltd. 🚃

# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

27. Related Party Disclosures :

Relationships (Related party relationships are as identified by the Company and relied upon by the Auditors)

Managing Director Jt. Managing Director Whole Time Director Whole Time Director

- 1. Related Parties
  - (a) Individual having control & Key Management Personnel

| Mr. Sunil Choksi   |
|--------------------|
| Mrs. Himika Varma  |
| Mrs. Stela Choksi  |
| Mr.Vyangesh Choksi |

- (b) Relatives of KMP Mrs.Neeta Shah D. G Choksi HUF Mrs. Khyati Choksi
- 2. Disclosure of transactions between the Company and Related Parties and the Status of outstanding balances as at March 31, 2013 :

| Nature of Transactions | Individual having<br>Control and KMP | Relatives of KMP | Outstanding balance<br>as on 31-03-2013 |
|------------------------|--------------------------------------|------------------|---|
| Remuneration           | 4,860,000                            | Nil              | 904,797                                 |
| Commission             |                                      | 956,972          | 283,877                                 |
| Salary                 |                                      | 480,000          | 34,594                                  |
| Rent                   | 300,000                              | 1,136,820        | 993,132                                 |
| Deposit Given          |                                      | Op.Bal. 20 Lacs  | 2,000,000                               |
| Loan Taken             | 1,700,000                            |                  |   |
| Loan Repaid            | 1,700,000                            |                  |   |

#### 28. Operating Leases :

| i)   | Obligation on Non-cancelable operating leases :  |   |
|------|--|---|
|      | <ul><li>a) not later than one year</li><li>b) later than one year and not later than five years</li><li>c) later than five years</li></ul> | 5,55,305<br>1,31,280<br>6,56,400  |
| ii)  | Total of minimum sub-lease payments expected   | NIL   |
| iii) | Lease payments recognized in the statement of<br>Profit & Loss for the Period  | 5,127,915   |
| iv)  | Sub lease payments received or receivable recognized in P&L A/c during the period  | NIL   |
| V)   | General description of significant leasing arrangements<br>a) Description of the assets taken on operating lease                           | Various Properities for Commercial use  |
|      | b) Basis on which contingent rent payments are determined  | Basis taken as per the lease agreements with the lessor   |
|      | c) Terms of renewal or purchase options and escalation clauses of lease arrangements   | All lease agreements are general and can be<br>renewed after expiry of the lease period. No<br>purchase options specifically mentioned in the<br>agreement. |
|      | d) Restrictions imposed by lease agreements, if any  | Not to sub-lease  |

- 29. Contingent liabilities not provided for in respect of:
  - a) Guarantees issued by Bank on behalf of the Company Rs.3,68,396/-(Previous year 3,8,772,608)
  - b) Income Tax Demand AY 2009-10 Rs.576960/- (the Company has undergone for Appeal before CIT (Appeals)) (Previous Year- 🖲 576,960/-)
  - c) During the year, a Bank Guarantee of ₹ 32,04,212/- has been encashed by Commissioner of Customs (EPCG) towards their charge against non-fulfillment of EPCG Commitments which were supposed to be fulfilled upto 27-4-2014. The Company is under the process of recovering the same amount from this department and is sure regarding the recovery of ₹ 32,04,212/-.The same amount is therefore, shown as recoverable from the said authority in the financial statements.
  - d) During the year the company has discharged two other EPCG licences after fulfilmentof export obligation worth rupees 3.84 crores during the period 2005 to 2012 resulting into release of Bank Guaranty worth ₹ 52,20,000/- from customs.
- 30. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹ 1.96 Crores (Previous year ₹ 4.21 Crores)
- 31. Disclosure in terms of Accounting Standard "Impairment Losses":

|  | 31-3-2013                | 31-3-2012         |
|--|--------------------------|-------------------|
| <ul> <li>i) Amount of impairment Losses recognized in the Profit &amp; Loss A/c</li> <li>ii) Amount of reversal of impairment losses recognized in the Profit &amp; Loss A/c</li> <li>iii) Amount of impairment losses recognized directly against revaluation surplus</li> <li>iv) Amount of reversals of impairment losses recognized directly in revaluation surplus</li> </ul> | Nil<br>Nil<br>Nil<br>Nil | Nil<br>Nil<br>Nil |

32. The previous year figures have been regrouped/ reclassified, wherever necessary to conform to current year presentation.

# Choksi Laboratories Limited

Regd. Office : 6/3, Manoramaganj, INDORE - 452 001

## ATTENDANCE SLIP

#### 20th ANNUAL GENERAL MEETING, 30th SEPTEMBER, 2013

\*DPID \_\_\_\_\_ Reg. Folio No. \_\_\_\_\_

No. of Shares Held \_\_\_\_\_

I Certify that I am a registered shareholder/Proxy for the registered shareholder of the Company. I hereby record my presence at the 20th, Annual General Meeting of the Company at 6/3, Manoramaganj, INDORE (M.P.) on Monday, the 30th September, 2013 at 11.00 A. M.

Member's/Proxy's Name in Block Letters

Member's/Proxy's Signature

Note : Please fill this attendance slip and hand it over at the ENTRANCE OF THE MEETING HALL.

# Choksi Laboratories Limited

Regd. Office : 6/3, Manoramaganj, INDORE - 452 001

#### PROXY FORM

| *DPID  |                             |                       |                      |                           |         |
|--|-----------------------------|-----------------------|----------------------|---------------------------|---------|
| Folio No   |                             |                       | No. of Shares        | Held                      |         |
| I/We   |                             |                       |                      |                           |         |
| of   |                             |                       |                      |                           |         |
| Being a member(s) CH   |                             |                       |                      |                           |         |
|  |                             |                       |                      |                           | of      |
| of fa  |                             |                       |                      |                           |         |
| of   |                             |                       |                      |                           |         |
| as my/our proxy to vote for  | me/us on my/our behalf at t | he 20th, Annual Gener | al Meeting of the Co | mpany to be               | held on |
| 30th September, 2013 and   | at any adjournment thereof. |                       |                      |                           |         |
| Signed this  | da                          | ay of                 |                      |                           | 2013    |
| <b>Note</b> : The proxy from shouless than 48 hours before the member of the Company : |                             |                       |                      | Affix<br>1 Rs.<br>Revenue |         |

\*Applicable to the members whose shares are held in Demat form.

Signature \_\_\_\_\_

Stamp

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*If undelivered, Please return to :* **Choksi Laboratories Limited** *6*/3, Manoramaganj, INDORE - 452 001 (M. P.)

To,

Book - Post

Corporate Office & Central Laboratory : 6/3, Manoramaganj, Indore - 452 001 (MP) INDIA Tel : +91 731 4243888 (30 Lines) Fax : +91 731 2490 593 Email : indore@choksilab.com Website : www.choksilab.com



# FORM –A

# Format of covering letter of the annual audit report to be filed with the stock exchanges

| 1 | Name of the Company                        | Choksi Laboratories Limited   |  |  |
|---|--|---|--|--|
| 2 | Annual Financial Statements for year ended | 31 <sup>st</sup> March 2013   |  |  |
| 3 | Type of observation                        | Un-qualified  |  |  |
| 4 | Frequency of observation                   | Repetitive  |  |  |
| 5 | Signed by                                  | For Choksi Laboratories Ltd.<br>Authorized Signatory  |  |  |
|   | Managing Director                          | Studtor Managing Director<br>QAIS 20/2006-01  |  |  |
|   | Auditor of the Company                     | For : Prateek Jain & Co<br>Chartered Accountants<br>Trateck pfani<br>(Prateek Jain)<br>Proprietor<br>M No.79214 |  |  |
|   | Chairman of Audit Committee                | For CHOKSI LABORATORIES LTD.,   |  |  |

Encl .:- Annual Report for the FY 2012-13

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Regional Offices : Ahmedabad, Bhubaneshwar, Chennai, Cochin, Gwalior, Hyderabad, Jaipur, Kanpur, Kolkata, Mohali, Mumbai, Nasik, New Delhi, Pune, Raipur, Rajkot, Roorkee, Surat. Vishakhapatnam.