

BOARD OF DIRECTORS

CHAIRMAN : Mr. Jagdish R Jani
MANAGING DIRECTOR : Mr. Mahesh Ramanlal Shah
DIRECTOR : Mr. Mahendra Gulabbhai Vashi
DIRECTOR : Mr. Janak B Raja

AUDITORS : Mehul & Associates
47, 2nd Floor, Annapurna Indl. Estate,
Tilak Road, Ghatkopar (E),
Mumbai 400 077

BANKERS : AXIS BANK
HDFC BANK

REGISTERED OFFICE : 206, Helix Complex,
Opp. Hotel Surya,
Sayaji Gunj, Baroda – 390 005.
Tel : 0265 2226095.

**REGISTRAR SHARE
TRANSFER AGENT** : M/S. Purva Share Registry India Pvt. Ltd
9. Shiv Shakti Ind. Estate,
J.R. Boricha Marg,
Opp. Kasturba Hosp. Lower Parel (E),
Mumbai - 400011

ANNUAL GENERAL MEETING : 30-09-2010

BOOK CLOSURE : 29-09-2010 to 30-09-2010

NOTICE

NOTICE is hereby given that 15th Annual General Meeting of the members of **SAPAN CHEMICALS LIMITED** will be held on Wednesday, 30th Sept. 2010 at 11.00 a.m. at the Registered Office of the Company situated at 206, Helix Complex, Opp. Hotel Surya, Sayaji Gunj, Baroda 390 005 to transact the following business.

ORDINARY BUSINESS:

01. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit and Loss Accounts for the year ended on 31st March, 2010 and Directors' and Auditors' Report thereon.
02. To appoint a Director in place of Mr. JANAK B RAJA, Director who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
03. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES:

01. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY 48 HOURS BEFORE THE DATE OF MEETING.
02. The Register of members and share transfer book of the Company will remain closed from 29-09-2010 to 30-09-2010 (both days inclusive).
03. Members are requested to go for Demat of their shares immediately.
04. Members are requested to bring their copies of Annual Report to the meeting.
05. Members are requested to inform about the change of address, if any to the Company immediately.
06. Members desirous of making nomination in terms of Section 109A of the Companies Act, 1956 in respect of their shareholding may approach the company for obtaining prescribed form and return the same duly filled in and signed for registration with the company.

PLACE: BARODA
DATE : 01-09-2010

BY ORDER OF THE BOARD OF DIRECTORS
FOR SAPAN CHEMICALS LTD.

Sd/-
JAGDISH R. JANI
CHAIRMAN

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the 15th Annual Report together with audited statement of accounts of the Company for the year ended on 31st March 2010.

01. OPERATIONS DURING THE YEAR:

During the year under review the Company's earning has decreased due to competition and reverse market trends. The Company hopes to achieve good results in the current year.

02. FINANCIAL RESULTS:

PARTICULARS	2009-10 (RS. IN LACS)	2008-09 (RS. IN LACS)
Total Income	17.38	21.32
Profit before Tax	1.12	04.40
Provision for Taxation	0.16	00.46
Net Profit / Loss	0.95	03.94
Balance B/F	(0.75)	(1.70)

03. PROJECT AND PROSPECTS:

The company has resorted to development and marketing of software; consultation in Portfolio Management and other areas.

04. AUDITORS:

The members are requested to appoint auditors for the current year and to fix their remuneration. M/s. Mehul & Associates, Chartered Accountants have consented for continuation to act as the auditors of the Company, if re-appointed.

05. DIRECTORS' RESPOSIBILITY 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 standards have been followed along with proper explanation relating to material departures.
- (ii) Appropriate accounting policies have been selected and applied consistently, and have made judgment and estimates that are responsible and prudent so as to give true and fair view of the state of affairs of the company for said period.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities.
- (iv) The annual accounts have been prepared on a going concern basis.

06. PARTICULARS OF EMPLOYEES:

No employee of the Company qualifies for disclosure pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

07. CONSERVATION OF ENERGY:

The information required Under Section 271(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is not applicable looking to the nature of business of the Company.

08. CORPORATE GOVERNANCE:

The Company has implemented various processes in furtherance of Corporate Governance. Pursuant to Clause 49 of the Stock Exchange Listing Agreement, report on Corporate Governance is given in the Annexure – A forming part of the report.

09. PUBLIC DEPOSITS:

During the year, Company has not accepted any deposit under section 58A of the Companies Act, 1956.

10. AUDIT COMMITTEE:

The Company has formed an Audit Committee comprising of three Directors. The terms of reference of the committee are in line with the requirements as stipulated u/s. 292A of the Co. Act, 1956 and Corporate Governance as stated in Clause 49 of the Listing Agreement.

11. DIRECTORS:

Mr. JANAK B RAJA will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

12. ACKNOWLEDGEMENT:

The Board placed on record its deep appreciation for the continued support from Government agencies, Suppliers, Customers, Banks, all the Staff members and workmen for their co-operation in the operation of the Company during the year.

PLACE: BARODA
DATE : 01-09-2010

BY ORDER OF THE BOARD OF DIRECTORS
FOR SAPAN CHEMICALS LTD.

Sd/-
JAGDISH R. JANI
CHAIRMAN

Annexure – A to the Directors’ Report for the year ended 31st March, 2010**Report on Corporate Governance****1. Corporate Governance Philosophy:**

The Company believes in good Corporate Governance and is putting into practice the prevailing guidelines. The Company believes in providing detailed information to the shareholders in respect of Company’s business and financial performance. The objective of the Company is to achieve business excellence and thereby enhance the value of long-term interest of all the shareholders.

2. Board of Directors:

- (i) Composition, Category of Directors and their other Directorship and Membership / Chairmanship of Committees during 2009-10.

SR.NO	CATEGORY	NAME OF THE DIRECTORS
I.	Non-Executive Chairman	Jagdish R. Jani
II.	Managing Director	Mahesh R. Shah
III	Non-Exe. Independent Director	Mahendra Vashi
IV	Non-Exe. Independent Director	Janak B. Raja

(ii) Board Meetings held and attendance of Directors.

During the year under review, Six Board Meetings were held on 27.04.2009, 27.07.2009, 01-09-2009, 27.10.2009, 27.01.2010 & 27-03-2010, The attendance of each Director at these meetings was as follows:

Name of Directors	Category of Directors	No of Board Meeting attend	Attendance at AGM	No. of other Director ships	Committee Membership	
					Member / chairman	
Jagdish R. Jani	Non-Exe. Chairman	6	Yes	3	2	-
Mahesh R. Shah	Managing Director	6	Yes	4	2	1
Mahendra Vashi	Ind. Director	6	Yes	1	3	1
Janak B. Raja	Ind. Director	6	Yes	-	2	1

3. Audit Committee:

The Board reconstituted an Audit Committee in its meeting held on 26th June, 2003 consisting of following three Directors who met 5 times during the year. All members of audit committee are financially literate and 2 Directors has financial management expertise as required for member of Audit Committee as per Clause 49 of the Listing Agreement.

Sr. No.	Name of the Director	Category	No. of Meeting	
			Held	Attended
1	Mahesh R. Shah	M.D	5	5
2	Janak B Raja	Ind. Non-Exe. Dir.	5	5
3	Mahendra Vashi	Ind. Non-Exe. Dir. & Chairman of Audit Committee	5	5

Terms of Reference:-

The terms of reference for the audit committee as laid down by the Board include the following:-

- a) Overseeing the Company's Financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Recommending the appointment and removal of statutory auditor, fixation of audit fee and also approval for payment for any other services.
- c) Reviewing with management, the quarterly, half yearly and annual financial statements before submission to the Board, focusing primarily on any changes in accounting policies and practices; major accounting entries based on exercise of judgement by management; qualifications in draft audit report; significant adjustments arising out of audit; the going concern assumption; compliance with accounting standards; compliance with stock exchange and legal requirements' concerning financial statements; any related party transaction i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of Company at large.
- d) Reviewing with the management, statutory and internal auditors, the adequacy of internal control system and ensuring compliance therewith.
- e) Discussions with statutory auditors before the commencement of the audit about the nature and scope of audit as well as have post-audit discussion to ascertain any areas of concern.
- f) Reviewing the Company's financial and risk management policies.
- g) To review the functioning of the Whistle Blower Policy adopted by the Company.
- h) To review report on Management Discussion & Analysis of Financial Condition and Results of operation, to be included in the Company's Annual Report to its Shareholders.

4. REMUNERATION COMMITTEE

This is a non-mandatory requirement. The company has constituted a Remuneration Committee to decide and fix payment of remuneration and sitting fees to the Directors of the Company.

The Remuneration Committee consists of Mr. Mahesh R. Shah, M.D. & Chairman of the Remuneration Committee, Mr. Mahendra Vashi, Director & Mr. Jagdish R. Jani, Director. Two meeting of the committee held during the year under review.

5 SHARE HOLDER'S GRIEVANCE AND SHARE TRANSFER COMMITTEE**Composition:-**

The said committee comprises of Mr. Janak B. Raja, Director/ Chairman of the said committee and Mr. Jagdish R. Jani, Director & Mr. Mahendra Vashi, Director. There are 4 meetings during the year.

The Committee has delegated the authority to an officer of the Company who attends to share transfer formalities at least once in a fortnight.

Terms of reference:-

To look into the redressal of the share holders complaints in respect of any matter including transfer of shares, non- receipt of annual report, dividend etc.

Compliance Officers :-

The company has designated Mr. Mahendra Vashi as Compliance Officer.

Summary of Investors' Complaints:-

During the year 35 letters / complaints were received from the share holders, out of which 35 letters/ complaints were replied / resolved to the satisfaction of the shareholders.

As on date, there are no complaints pending.

6. General Body Meetings:

The Annual General Meeting (AGMs) of the Company has been held at the following places in the last three years:

Year	Date	Time	Venue
2006-2007	29-9-2007	11.00 a.m.	206, Helix Complex, Sayajigunj, Baroda - 390 005
2007-2008	30-9-2008	11.00 a.m.	206, Helix Complex, Sayajigunj, Baroda - 390 005
2008-2009	30-9-2009	11.00 a.m.	206, Helix Complex, Sayajigunj, Baroda - 390 005

No special resolution required to be put through postal ballot last year.

No special resolutions on matters requiring postal ballot are placed for shareholders approval at this meeting.

7. Disclosures:

During the year there were no transactions of material nature with the Directors or the management or their subsidiaries or relatives that had potential conflict with the interest of the Company. There are no instances of non compliance on any matter relating to the capital market.

8. Means of Communication:

1. The quarterly unaudited financial results are published in Business Standard (English) and Vadodara Samachar (Gujarati).
2. The Management Discussion and Analysis Report prepared by the management and forming part of the Annual Report is separately attached

9. General Shareholders Information:

- (i) **Annual General Meeting** 30th Sept., 2010 at 11.00 a.m. the Registered Office of the Company at 206, Helix Complex, Opp. Hotel Surya Sayaji Gunj Baroda – 390 005.

- (ii) **Financial Calendar (tentative)**
 Financial reporting of the quarter ended June.30 End July
 Financial reporting of the quarter ended Sept.30 End October
 Financial reporting of the quarter ended Dec.31 End January
 Financial reporting of the quarter ended Mar.31 End April
- (iii) **Date of Book Closure:** 29-09-2010 to 30-09-2010
- [iv] **Dividend payment date:** Not applicable
- [v] **Listing of Stock Exchanges.**
 Vadodara Stock Exchange Limited
 Ahmedabad Stock Exchange Limited
 Bombay Stock Exchange Limited

The Company has paid Listing Fees for the year ended April 2010 to March 2011 to all the three Stock Exchanges listed above.

- (vi) **Market Price data**
 During the financial year ended on 31-03-2010, the Equity Shares were traded at Mumbai Stock Exchange from the month of April, 2009 to March, 2010 and high and low prices are as under:

MONTH	HIGH	LOW
APRIL	2.15	1.34
MAY	1.78	1.33
JUNE	2.58	1.76
JULY	2.80	1.78
AUGUST	2.94	2.04
SEPTEMBER	2.75	1.98
OCTOBER	2.67	2.06
NOVEMBER	3.92	2.08
DECEMBER	4.05	2.81
JANUARY	4.99	2.93
FEBRUARY	5.29	3.87
MARCH	8.05	4.09

- (vii) **Share Transfer System**
 The Company has appointed Purva Share Registry India Pvt.Ltd., Mumbai as share transfer Agent. All the share physical as well as Demat is being handled by said Registrar.

- (viii) **Distribution of Shareholding pattern as on 31-03-2010 :**

Category	No. of Shares	%
Promoters /	1,29,500	1.62
Public	59,90,771	74.88
NRIs / OCBs	13840	0.17
Bodies Corporate	18,65,889	23.32
Total	80,00,000	100.00

(ix) Dematerialisation of Shares

The Company has already offered the dematerialisation facility through Purva Share Registry India Pvt.Ltd., Mumbai to the shareholders during the year. There are no investor's complaints pending. All complaints are cleared within 15 days of the receipt of the complaint.

(x) Address for Correspondence by Shareholders: 206, Helix Complex, Opp. Hotel Surya, Sayaji Gunj, Baroda – 390 005.

9. CERTIFICATION WITH RESPECT TO FINANCIAL STATEMENT

The Managing director of the Company has furnished a certificate to the Board of Directors of the Company with respect to accuracy of financial statements and adequacy of internal controls and also compliance of Corporate Governance as required under clause 49 of the listing agreement.

10. WHISTLE BLOWER POLICY

Recently, the Security & Exchange Board of India has also prescribed the adoption by all listed companies, of a Whistle Blower Policy as a non-mandatory requirement. The company has adopted a Whistle Blower Policy, which affords protection and confidentiality to Whistle blowers. The Audit Committee Chairman is authorized to receive Protected Disclosures under this Policy. The Audit Committee is also authorized to supervise the conduct of investigations of any disclosures made whistle blowers in accordance with policy.

No personnel have been denied access to the Audit Committee. As of March 31, 2010, no Protected Disclosures have been received under this policy.

11. CODE OF CONDUCT

The Company's Board of Directors has adopted the code of conduct which govern the conduct of all directors /employees. All Directors and senior management personnel have affirmed compliance with respective codes for the year ended on 31st March 2010.

12. IMPLEMENTATION OF NON-MANDATORY CORPORATE GOVERNANCE REQUIREMENTS

The company has implemented the following non-mandatory requirements as stated in clause 49 of the listing agreement with respect to Corporate Governance:-

- (i) Remuneration Committee:- Already details have been given earlier.
- (ii) Whistler Blower policy:- Under this policy employees of the Company can report to the management about unethical behavior, actual or suspected fraud or violation of code of conduct or ethics policy. It is the company's policy to insure that the Whistler Blower are not victimized or denied direct access to the chairman of the Audit Committee. The existence of said policy mechanism has been communicated to all employees.

MANAGEMENT DISCUSSION AND ANALYSIS

The key issues of the Management Discussion and Analysis are given below.

(a) Industry Structure And Developments

The Company is in the business of development and marketing of software along with consultation for portfolio management and along with this, already engaged in trading business of salt.

(b) Strength

The strength of a company is known from the profit it earns due to maintaining the quality in providing the consultation and software business. It also depends on the Government policies of taxation.

(c) Comment on Current year's performance

Receipts	: The Receipt has been phenomenal since the first year of its operations.
Operating Expenses	: The operating Expenses are well under control.
Operating Profits	: The Operating Profits are up to industry mark.
Indirect Expenses	: The Indirect Expenses are under control.
Depreciation	: Reasonable amount of Depreciation is provided.
Profit before tax	: Profit before tax has decreased due to lesser turnover As compared to previous year.
Taxation	: Taxation is Provided as per Income Tax Act.
Debtor/Sales	: Debtors are reasonable.
Creditors/Purchase	: The Company has an established credit.

d) Opportunities and threats

The Company has ample opportunities in software industry as well as in consultation business. The only threats are from competition and government future policies.

(e) Segment wise performance

The business of the Company falls under segment i.e. Trading & Consultation.

(f) Outlook

The continual growth in the Finance sector is expected to give the necessary support to the Software industry. The Company is making all efforts to accelerate growth of its business. It expects to improve its position in the market by focusing on technologically advanced and more profitable products/market segments and working aggressively in the areas of productivity, efficiency and cost reductions.

(g) Risk and concerns

The Company perceives no risk in its business presently except government policy which may affect adversely in future.

(h) Internal control system

Internal audit and other controls have been found to be adequate. These are reviewed periodically by the Audit Committee and found the performance satisfactory.

(i) Developments in human resources and industrial relations

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975 is not required to be given as no employee falls under it. The Company continued to have cordial relations with all the employees.

PLACE: BARODA
DATE : 01-09-2010

BY ORDER OF THE BOARD OF DIRECTORS
FOR SAPAN CHEMICALS LTD.

Sd/-
JAGDISH R. JANI
CHAIRMAN

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

The Board of Directors,
Sapan Chemicals Limited,
Baroda.

We have reviewed the implementation of Corporate Governance procedure by the Company during the year ended 31-3-2010 with the relevant records and documents maintained by the Company, furnished to us for our review and the report of Corporate Governance as provided by the Board of Directors.

The compliance of conditions of corporate governance is the responsibility of the management. Our examinations is neither an audit not as expression of opinion on the financial statements of the Company.

On the basis of the above and in accordance to the information and explanations given to us, in our opinion, the company has complied in all material respects with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement with the Stock Exchange.

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

Mehul & Associates.
Chartered Accountants

Date : 01-09-2010
Place :MUMBAI

Sd/-
(Mehul Doshi)
Proprietor
M.No.103311

AUDITOR'S REPORT

To,
The Members,
Sapan Chemicals Limited, Baroda

We have audited the attached Balance Sheet of **M/S. SAPAN CHEMICALS LIMITED** as at 31st March, 2010 and also the Profit and Loss account of the year ended on the date annexed thereto and cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion;

As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i.) 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;
- (ii.) 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;
- (iii.) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv.) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (v.) On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (vi.) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Place :MUMBAI
Date : 01-09-2010

Mehul & Associates.
Chartered Accountants
Sd/
(Mehul Doshi)
Proprietor
M. No.103311

ANNUEURE TO THE AUDITRORS REPORT FOR THE YEAR ENDED ON 31ST MARCH, 2010

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the management according to the regular program which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) As explained to us, physical verification of inventory has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of the business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory.
- (iii) The Company has not granted nor taken any loans - secured or unsecured to / from companies, firm or other parties as listed in the register maintained under section 301 of the Companies Act 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. Further on the basis of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepting in India, we have not observed any continuing failure to correct major weaknesses in the foresaid internal control procedure.
- (v) (a) According to the information and explanations given to us we are of the opinion that the transaction that need to be entered into the register maintained u/s. 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, no transactions of purchase and sale of goods materials and services, made in pursuance of contracts or arrangements to be entered into the register maintained under section 301 of the Companies Act, 1956, aggregating during the year to Rs. 5 lacs in respect of any party.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposit within the provision of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules 1975.
- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.

- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the order made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, and we are of the opinion that prima facia the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records of the Company, and as explained to us, the company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Custom Duty, Excise Duty, Cess, and other statutory dues to the extent applicable to it.
- (b) According to the information and explanations given to us there are no undisputed amounts payable in respect of income tax, wealth tax, custom duty, excise duty and cess were outstanding as at 31st march, 2010 for a period of more than six months from the date they become payable.
- (x) The company has not incurred any loss during the year but it has accumulated loss as at 31-03-2010.
- (xi) The company never took any loan from any financial institution and bank since the date of its inception. The company has also not incurred any cash loan in the any of the year since its inception.
- (xii) Based on our examination of documents and records maintained by the company, we are of the opinion that since the company has not granted any loan and advance on the basis of security by way of pledge of shares, debenture and other securities, it is not required to maintain records in respect thereof.
- (xiii) In our opinion, the company is neither a chit fund nor nidhi/ mutual benefit fund/ society and hence clause 4 (xiii) of the Order is not applicable.
- (xiv) Based on our examination of the records, we are of the opinion that the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xv) The Company has not taken any term loan from anybody.
- (xvi) According to the information and explanations given to us and on an over all examination of the balance sheet of the company we report that the funds raised on short term basis have not been used for long term investment.
- (xvii) During the year the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xviii) During the year the company has not issued any debenture.
- (xix) During the year under review no money was raised by public issue.
- (xx) During the course of examination of the books and records of the company, carried out in accordance with auditing standards generally accepted in India, we have neither come across any instance of fraud by the Company, noticed or reported during the year nor have been informed of such case by the management.

Place :MUMBAI
Date : 01-09-2010

Mehul & Associates.
Chartered Accountants
Sd/
(Mehul Doshi)
Proprietor
M.No.103311

BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	SCH	AS AT 31-03-2010	AS AT 31-03-2009
SOURCES OF FUNDS			
Share Holder's Funds			
Share Capital	1	80000000	80000000
Reserve Funds	2	0	0
Deferred Tax Liability		0	27677
TOTAL		80000000	80027677
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	3	1961367	1961367
Less : Depreciation		1239529	1164091
Capital Work-in-Progress		0	0
Total Block		721838	797276
INVESTMENT			
CURRENT ASSETS, LOANS & ADVANCES			
Inventory	5	0	0
Sundry Debtors	6	18030560	20503812
Cash & Bank Balance	7	34428	237715
Advances & Deposits	8	17914843	24253845
		35979831	44995372
Less : -			
Current Liability & Provision	9	7796188	735059
Net Current Assets		28183643	44260313
MISCELLANEOUS EXPENDITURE			
	10	3004519	3580088
		80000000	80027677
Notes of Accounts & Significant Accounting Policies	14		
As per our report of even date attached			
For Mehul & Associates		On or behalf of Board	
CHARTERED ACCOUNTANTS		For SAPAN CHEMICALS LTD.	
Sd/-	Sd/-	Sd/-	
(Mehul Doshi)	Mahesh Shah	Mahendra Vashi	
Proprietor	(M.D)	(DIRECTOR)	
M.ship No. 103311			
PLACE : MUMBAI			
DATE : 01-09-2010			

**SAPAN CHEMICALS LTD.
PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31-03-2010**

PARTICULARS	SCH	AS AT 31-03-2010	AS AT 31-03-2009
INCOME			
-			
Income from Operation	11	1505684	1595936
Other Income (Net)	12	232443	536175
		1738127	2132111
EXPENDITURE			
Purchase of Chemicals		412131	485619
Administration and General Exp.	13	658668	650922
Depreciation	3	75438	75438
Preliminary Exp. W/O.	10	480350	480350
		1626587	1692329
Net Profit before Tax		111540	439782
Provision for Taxation		16321	46209
Deferred Tax Assets		0	0
Net Profit after Tax		95219	393573
Net Profit as per Last Balance Sheet		-170473	-564046
Balance Carried to Balance Sheet		-75254	-170473
As per our report of even date attached			
For Mehul & Associates		On or behalf of Board	
CHARTERED ACCOUNTANTS		For SAPAN CHEMICALS LTD.	
Sd/- (Mehul Doshi)	Sd/- Mahesh Shah (M.D)	Sd/- Mahendra Vashi (DIRECTOR)	
Proprietor M.ship No. 103311 PLACE : MUMBAI DATE : 01-09-2010			

SCHEDULE FORMING PART OF BALANCE SHEET ON 31-03-2010

PARTICULARS	AS AT 31-03-2010	AS AT 31-03-2009
SCHEDULE 1		
SHARE CAPITAL AUTHORISED		
90,00,000 Equity Shares of Rs. 10 each	90000000	90000000
Issued Subscribed and Paid up.		
80,00,000 Equity Shares of Rs.10/- each	80000000	80000000
Fully paid up		
Less : Calls in Arrears	0	0
	80000000	80000000
SCHEDULE 2		
RESERVE & SURPLUS	0	0
Profit on Sale of Assets (Capital Gain)	0	0
Profit & Loss Account	0	0
	0	0
SCHEDULE -4		
INVESTMENT		
UNQUOTED	48090000	31080000
QUOTED	0	310000
TOTAL INVESTMENT	48090000	31390000
SCHEDULE 5		
INVENTORIES		
(Valued at Incurred Cost)		
Stock - in - Trade	0	0
	0	0
SCHEDULE 6		
SUNDRY DEBTORS		
(Unsecured Considered Goods)		
(a) Outstanding over six months	0	0
(b) Others	18030560	20503812
	18030560	20503812
SCHEDULE 7		
CASH AND BANK BALANCE		
Bank Balance with Schedule bank	23893	25129
Cash in Hand	10535	212586
	34428	237715

SCHEDULE FORMING PART OF BALANCE SHEET ON 31-03-2010

PARTICULARS	AS AT 31-03-2010	AS AT 31-03-2009
SCHEDULE 8		
LOANS & ADVANCES		
(Unsecured Considered Goods)		
Advances revocable in Cash or Kind or for Value to be received	17865125	24208525
Tax deducted as Sources	49718	45320
	17914843	24253845
SCHEDULE 9		
OTHER LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Liabilities for Expenses	0	112920
Liabilities to other	7779867	575930
PROVISION		
Provision for Taxation	16321	46209
	7796188	735059
SCHEDULE 10		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary & Pre-Operative Expenses	3409615	3889965
Balance of Profit & Loss Account	75254	170473
Less : Written off during year	480350	480350
	3004519	3580088
SCHEDULE 11		
TURNOVER		
Trading in Chemicals	1215203	1151605
Software Maintenance Income	290481	444331
	1505684	1595936
SCHEDULE 12		
OTHER INCOME		
Interest / Commission Income (Net)	232443	435595
Commodity-deal Income (Net)	0	100580
	232443	536175

SCHEDULE FORMING PART OF BALANCE SHEET ON 31-03-2010

PARTICULARS	AS AT 31-03-2010	AS AT 31-03-2009
SCHEDULE 13		
ADMINISTRATION & OTHER EXPENSES		
Taxes	5979	12167
Brokerage	0	15530
Legal & Professional Charges	25000	42500
Printing & Stationery	11315	13560
Listing Fees	132123	42000
Depository & Share Transfer Exp.	42950	42561
Postage & Telephone & Internet Expenses	4252	6235
Salary & Wages	338000	365230
Service Tax	1920	3250
Professional Tax	2500	2500
Turn Over Charges	1580	1230
Stamp Duty Paid	1213	851
Security Transaction Charges	2301	1239
Security Guard Exp.	22200	18500
Insurance	9210	8546
Travelling Exp.	459	5119
Bank Charges	5281	7456
Staff Welfare Exp.	1156	2231
Auditor's Remuneration	10000	10000
Advertisement Exp	4376	0
Computer Exp	1250	0
Other General Expenses	33947	18453
Vehicle Running & Maintenance	315	7195
Electricity Expenses	1341	24569
	658668	650922

**As per our report of even date attached
For Mehul & Associates**

CHARTERED ACCOUNTANTS

**Sd/-
(Mehul Doshi)
Proprietor
M.ship No. 103311
PLACE : MUMBAI
DATE : 01-09-2010**

**On or behalf of Board
For SAPAN CHEMICALS LTD.**

**Sd/-
Mahesh Shah
(M.D)**

**Sd/-
Mahendra Vashi
(DIRECTOR)**

SCHEDULE -14**SIGNIFICANT ACCOUNTING POLICIES****[1] BASIS OF ACCOUNTING:**

The financial statement are prepared under historical cost convention on accrual method of accounting and are in accordance with the requirements of the Companies Act, 1956 except some of the government and statutory benefits, expenses like Provident Fund, Employee state Insurance, Professional Tax which are recorded on cash basis.

[2] FIXED ASSETS:

To state Fixed Assets at cost of acquisition inclusive of inward freight duties and taxes and incidental expenses related to acquisition. Expenditure incurred in purchase of Fixed Assets which are yet to be erected, installed and Commissioned along with other expenditure incurred are treated Capital Work-in-progress.

[3] VALUATION OF INVENTORY:

Stock of Raw Material have been valued at fixed cost, Stock of Work-in-Process have been valued at cost + estimated cost of production. Finished Goods have been valued at Selling Price + estimated profit; Stores & Spares has been valued at of cost.

[4] DEPRICIATION:

Depreciation has been provided on straight line method at the rate prescribed under the Schedule XIV of the Companies Act, 1956.

[5] EXPENDITURE DURING CONSTRUCTION PERIOD:

Expenditure during Construction period inclusive of depreciation on Assets used Construction Period and interest on loans net after deducting interest earned on temporary deposits has been allocated proportionately on the respective Fixed Assets.

[6] CENTRAL EXCISE:

The refund of excise in form of Modvat credit available on input of material as per excise law are deducted from the landed cost of the materials.

[7] RECOGNITION OF INCOME AND EXPENDITURE:

Revenues/Incomes and Costs/Expenditures are generally accounted as they are earned and incurred. However no provision has been made for Bonus and gratuity liability. The Company has the practice of accounting it at the time of making actual payment of the same.

[8] FOREIGN CURRENCY TRANSECTIONS:

Foreign Currency Transactions are accounted on the basis of Rate of Exchange charged by the Custom authority while preparing the Bills of lading.

[9] EMPLOYEE BENEFITS:

The liability towards provident Fund is not yet applicable to the Company.

[10] CONTINGENT LIABILITY:

Contingent Liability is provided on the basis demand made upon the Company.

[11] INVESTMENTS :

Investments are valued at the acquisition cost.

[12] DEFERRED TAX:

Deferred Tax is the Timing differences between taxable income & accounting income for a period that originated in one period and are capable of reversal in one or more subsequent period.

During the year under review there is no Deferred Tax liabilities but there is differed Tax Asset.

[13] RELATED PARTY DISCLOSURES:

There is no related party transactions as per Accounting Standard 18 as issued by ICAI.

NOTES OF ACCOUNTS:

- (1) In the Opinion of the Board of Directors, Current Assets, Loans and Advances are realisable.
- (2) No further information pursuant 4c and 4d of the part II of Schedule VI of the Companies Act, 1956 is given, as the same is not applicable to the company.
- (3) Balance in respect of debtors, bank, creditors, Loans and Advances including Banks are subject to reconciliation and Confirmation.
- (4) There is no contingent liability in the Company.
- (5) There is no employee drawing remuneration exceeding 12,00,000/- per annum or 1,00,000/- per month as the case may be.
- (6) The company has not made any payment to any related party as required by AS-18 of ICAI.
- (7) The Company has not made any provision relating to the AS-15, Retirement Benefits. They shall be dealt on cash basis.
- (8) The provision of Income Tax has been made considering current profit and any shortfall of earlier years.
- (9) Previous year's figures have been regrouped/rearranged wherever necessary so as to confirm to the balances of the current year.

(10) Payments to Auditors is as under :-

As Statutory Audit fee	Rs.10,000
As Tax Audit/Income Tax	Rs. NIL
As Other Matter	Rs. NIL

(12) Earning per share is calculated by dividing profit by no. of shares.

During the year the company shares were consolidated into shares of Rs.10 each from shares of Rs.1/- each. The EPS will be derived on the basis of new capital structure.

(13) There is no Additional information pursuant to para (3) & (4) of part II of Schedule VI of the Companies Act, 1956.

(14) The Company has not provided for impairment of assets as the company has discarded old assets and purchased new assets. The construction part is not yet completed, hence taken in to Capital-work-in-progress.

As per our attached Report of even date
For Mehul & Associates.
Chartered Accountants

For and on behalf of the Board
For Sapan Chemicals Limited

Sd/-

Mehul Doshi
Proprietor
M. Ship No. 103311

Sd/-

Mahesh R. Shah
M.D.

Sd/-

Mahendra Vashi
Director

Place : Mumbai
Date : 01-09-2010

Cash Flow Statement for the Year ended on 31st March 2010			
PARTICULARS		2009-10 Amount (Rs.)	2008-09 Amount (Rs.)
CASH FLOW FROM OPERATING ACTIVITIES :			
Net Profit / (loss) before tax and ex. ordinary items		111540	439782
Adjustment for :			
Depreciation		75438	75438
Pre. & Pre. Op. Exps. Written off		480350	480350
Less : Deferred taxation		-27677	0
Less : Prov. For Taxation		0	-46209
Sub Total		528111	509579
Operating Profit before working Capital Changes		639651	949361
Adjustment For:			
Trade and other receivables		2473252	-16958563
Inventories		0	0
Loans & Advances		6339002	-9719785
Liabilities & Provisions		7061129	474239
Miscellaneous Expenses		0	0
Sub -Total		15873383	-26204109
CASH GENERATION FROM OPERATION		16513034	-25254748
Deferred taxation		0	0
Direct Taxes Paid		-16321	0
Sub - Total		-16321	0
CASH FLOW BEFORE EXTRAORDINARY ITEMS		16496713	-25254748
BALANCE CARRIED FORWARD	(A)	16496713	-25254748
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		0	0
Sales of Fixed Assets		0	47554968
Purchase of Investment		-16700000	-22190000
Sales of Investments		0	0
Interest Received		0	0
Dividend Received		0	0
Sub - Total		-16700000	25364968
BALANCE CARRIED FORWARD	(B)	-203287	110220

CASH FLOW FROM FINANCIAL ACTIVITIES			
Proceeds from issue of share capital		0	0
Repayment of Finance & Lease Liabilities		0	0
Sub - Total		0	0
Net Increase (Decrease) in cash & cash equivalent	(C)	-203287	110220
Opening Cash & Cash equivalents		237715	127495
Closing Cash & Cash equivalents		34428	237715
As per our report of even date attached			
For Mehul & Associates		On or behalf of Board	
CHARTERED ACCOUNTANTS		For Sapan Chemicals Limited	
Sd/-		Sd/-	Sd/-
(Mehul Doshi)		Mahesh Shah	Mahendra Vashi
Proprietor		(M.D)	(DIRECTOR)
M.ship No. 103311			
PLACE : MUMBAI			
DATE : 01-09-2009			

AUDITOR'S CERTIFICATE

To,

The Board of Directors
Sapan Chemicals Ltd.
Baroda

We have examined the attached Cash Flow Statement of M/S. Sapan Chemicals Ltd. for the year ended on 31-3-2010. The Statement has been prepared by the Company in accordance with the requirement of Listing Agreement Clause 32 with The Baroda Stock Exchange and is based on in agreement with corresponding Profit & Loss Account and Balance Sheet of the Company covered by the Report of 01-09-2010 to the members of the Company.

Mehul & Associates.
Chartered Accountants

Date : 01-09-2010
Place :MUMBAI

Sd/
(Mehul Doshi)
Proprietor
M.No.103311

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

1.	Registration Details		
	Registration No.	:	24729
	State Code	:	04
	Balance Sheet Date	:	31-03-2010
2.	Capital Raised During the Year (Amount in Rs. Lacs.)		
	Public Issue	:	Nil
	Right Issue	:	Nil
	Bonus Issue	:	Nil
	Private Placement	:	Nil
3.	Position of Mobilization of Deployment of Funds (Amount in Rs. Lacs.)		
	Total Liabilities	:	Rs. 800.00
	Total Assets	:	Rs. 800.00
	Sources of Funds		
	Paid up Capital	:	Rs. 800.00
	Share Application Money	:	Rs. -
	Reserve & Surplus	:	Rs. -
	Secured Loan	:	Rs. -
	Unsecured Loan	:	Rs. -
	Application of Funds		
	Net Fixed Assets	:	Rs. 7.22
	Investment	:	Rs. 480.90
	Net Current Assets	:	Rs. 281.84
	Miscellaneous Expense	:	Rs. 30.05
4.	Performance of Company (Amount in Rs. Lacs)		
	Turnover	:	Rs. 17.38
	Total Expenditure	:	Rs. 16.27
	Profit / (Loss) before Tax	:	Rs. 1.12
	Profit / (Loss) after Tax	:	Rs. 0.95
	Earning Per Share	:	Rs. 0
	Dividend Rate	:	NIL
5.	Generic Names of Principal Product / Services of Company		
	Item Code No.		
	Product Description	:	N.A.

SAPAN CHEMICALS LIMITED

Regd. Office: 206, Helix Complex, Opp. Hotel Surya, Sayajigunj, Vadodara-390005

PROXY FORM

I/We _____
Of _____ Be
ing a member/members of above named Company hereby appoint of
_____ or failing him / her
_____ of _____
as may / our proxy to attend and vote on my / our behalf at Annual General Meeting of the
Company to be held on 30TH Sept. 2010 or at any adjournment thereof.

Signed this _____ day of _____ 2010.

Affix Rupee One Revenue Stamp Here
--

Note : This instrument of proxy shall be deposited at the Registered Office of the Company.

SAPAN CHEMICALS LIMITED

Regd. Office: 206, Helix Complex, Opp. Hotel Surya, Sayajigunj, Vadodara-390005

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDENCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

1. Name of the attending Member _____
2. Member's Folio Number _____
3. Name of the Proxy (In Block Letters) _____
(To be filled in if the Proxy attends instead of the Member)
(No. of Shares held: _____).

I hereby record my presence at the Annual General Meeting at the registered Office 206, Helix Complex, Opp. Hotel Surya, Sayaji Gunj, Baroda-390 005 on 30th Sept. 2010 or at any adjournment thereof.

Member's / Proxy Signature