

AksharChem

AksharChem (India) Ltd.

[Formerly Known as Audichem (India) Ltd.]

A N N U A L
R E P O R T
2 0 0 8 - 2 0 0 9

BOARD OF DIRECTORS

Mrs. PARU M. JAYKRISHNA	<i>CHAIRPERSON & MANAGING DIRECTOR</i>
Prof. PRADEEP JHA	
Mr. PRAFULCHANDRA V. PATEL	
Mr. KIRAN J. MEHTA	
Mr. GOKUL M. JAYKRISHNA	<i>EXECUTIVE DIRECTOR</i>
Mr. MUNJAL M. JAYKRISHNA	<i>JOINT MANAGING DIRECTOR</i>

AUDITORS

M/s. TRUSHIT CHOKSHI & ASSOCIATES

REGISTRAR & SHARE TRANSFER AGENTS

PINNACLE SHARES REGISTRY PVT. LTD

BANKERS

STATE BANK OF INDIA

REGISTERED OFFICE & WORKS

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

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NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of **AKSHARCHEM (INDIA) LIMITED** will be held on 30th September, 2009 at the Registered Office situated at 166/169, Village Indrad, Kadi - Kalol Road, Dist: Mehsana, Gujarat, at 11.30 A.M. to transact the following business.

Ordinary Business:

- 1) To receive, consider, approve and adopt the Audited Profit & Loss Account for the year ended 31st March, 2009 and the Audited Balance Sheet as at that date and the Director's and Auditor's report thereon.
- 2) To appoint a Director in place of Mr. Prafulchandra V. Patel who retires by rotation and is eligible for re-appointment.
- 3) To appoint a Director in place of Mr. Kiran J. Mehta who retires by rotation and is eligible for re-appointment.
- 4) To appoint Trushit Chokshi & Associates as auditors of the Company and fix their remuneration. Retiring auditors are eligible for re-appointment.

Special Business by Ordinary Resolution:

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

"Resolved That pursuant to provisions of Section 198, 269, 309 read with Schedule XIII to the Companies Act, 1956 and also Article No.149 of Articles of Association of the Company, consent of Company be and is hereby given to the appointment of Mr. Munjal M. Jaykrishna as Joint Managing director of the Company for a period of Five years w.e.f. 24/03/2009 on the terms and conditions as set out herein.

By the Order of the Board of Directors

Sd/-

Gokul M Jaykrishna
Executive Director

Place : Indrad, Mehsana
Date : 05.09.2009

NOTES FOR MEMBERS ATTENTION

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED WITH THE COMPANY ATLEAST 48 HOURS PRIOR TO THE COMMENCEMENT OF THE MEETING.**
2. The relative explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Special Business, if required, is annexed herewith.
3. The Register of Members and Share Transfer Books of the Company will remain close from 27th September, 2009 to 30th September, 2009 (both days inclusive)
4. (a) Members are requested to notify immediately any change of address:
 - i) to their Depository Participants (DPs) in respect of their electronic share accounts; and
 - ii) to the Company or to its Share Transfer Agents in respect of their physical share folios, if any.(b) In case the mailing address on this Annual Report is without the PINCODE, Members are requested to kindly inform their PINCODE immediately
5. All documents referred to in the accompanying notice are open for inspection at the Registered Office.
6. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
7. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the Meeting.
8. For the convenience of members and for proper conduct of the meeting, entry to the place of meeting will be regulated by an Attendance Slip, which is annexed to the Proxy Form. Members are requested to append their signatures at the place provided on the Attendance Slip and hand it over at the entrance.

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9. The members can also avail facility of nomination in terms of extent legal provisions in this regard. On request, the necessary form will be supplied by the Registrar and Share Transfer Agents.
10. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company atleast 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
11. Pursuant to the Clause No. 49 of the Listing Agreement, profile of the directors proposed for appointment / re-appointment being given in a statement containing details of the concerned directors is attached hereto.

Annexure to the Notice

Explanatory statement in pursuant to the provisions of Section 173 of the Companies Act, 1956 in respect of Special Business

Item No. 5

Mr. Munjal M. Jaykrishna was appointed as Joint Managing Director of the company for a period of 5 years w.e.f. 24/03/2009. The Board Of Directors have approved subject to the consent of Members, the appointment of Mr. Munjal M. Jaykrishna as *Joint Managing Director of the Company for a period of 5 years w.e.f. 24/03/2009*. The approval of Members is sought for his appointment as Joint Managing Director of the Company and terms and conditions as set out herein below which are in accordance with the provisions of Schedule XIII to the Companies Act, 1956.

1. At present the Joint Managing Director shall not be paid any remuneration by way of Salary. -
2. Commission if paid, would be at the rate of 2.5% of the net profits calculated in the manner laid down in Section 309(5) of the Companies Act, 1956.
3. Incentive Allowance –if paid, will be fixed by the Board, limited to four month’s salary.
4. Perquisites, if paid, will be the following:
 1. **Housing.**
 - The Joint Managing Director will be provided with the Company Hired furnished accommodation.
 - If the Company does not provide housing, the Joint Managing Director will be given HRA @50% of his salary.
 2. Medical Reimbursement - Reimbursement of expenses incurred for self and family (as per the rules of the Company).
 3. Leave Travel Concession - For self and family once a year in accordance with the rules of the Company.
 4. Club Fees - Subject to a maximum of two Clubs.
 5. Reimbursement of expenses actually incurred for children’s education.
 6. Insurance Policy to cover personal effects, personal accident and medical expenses.
 7. Reimbursement of all entertainment expenses incurred in course of Company’s business.
 8. Reimbursement of expenses incurred on travelling, boarding and lodging of spouse, personal Wallet, Ayah or Governess, if any, accompanying him and / or his family during his / their travel.
 9. All expenses incurred for engaging servants / cook maid / mali or gardener / sweeper / Durwan and security personnel at his residence.
5. **Other perquisites**

The following perquisites, will also be allowed, which shall not be included in the computation of the ceiling of remuneration specified in item 4 above:

 - a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - b) Gratuity payable at a rate not exceeding half a month’s salary for each completed year of service.

- c) Leave and leave encashment on full pay and allowances not exceeding 30 days for every year or service. Unavailed leave, if any, at the end of the tenure will be allowed to be encashed on the basis of last pay drawn.
- d) Free use of Company's Car.
- e) Telephone at his residence.
6. Minimum Remuneration
- In the event of loss or inadequacy of profits in any financial year, Mr. Munjal M. Jaykrishna will not be eligible for commission as stated in item 2 above; but shall be paid remuneration, if paid, by way of salary, allowances and perquisites which are specified above, subject to the maximum allowed under Schedule XIII of the Companies Act, 1956.
7. Notwithstanding anything stated above the total remuneration shall not exceed the limit laid down in Schedule XIII of the Companies Act, 1956."
- Mr. Munjal M. Jaykrishna, Mr. Gokul M. Jaykrishna and Mrs. Paru M. Jaykrishna are interested/concerned or deemed to be interested/ concerned in the aforesaid resolution".

STATEMENT REGARDING THE DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT IN THE ENSUING ANNUAL GENERAL MEETING

Name of Director	Mr. Prafulchandra V. Patel	Mr. Kiran J. Mehta	Munjal M. Jaykrishna
Date of Birth	29/07/1941	30.09.1953	08/04/1970
Date of Appointment	22/05/1999	27/07/2003	28/06/1995 – JT MD w.e.f. 24/03/2009.
Qualification	Graduate-Automobile Engg.	Cost Accountant	B.S.-Business & Economics / Summer Internship, Wharton Business School/ Summer Internship, London School of Economics
No. of Equity Shares Held	Nil	Nil	390877
Chairman/Member of the Committees of the Board of Directors of the Company	1. Audit committee-Member	1. Audit committee- Chairman 2. Shareholders / Investors Committee -Member	Shareholders / Investors Committee - Member

Note: Pursuant to Clause 49 of the Listing Agreement, only two committees viz. Audit Committee and Shareholders' Grievance Committee have been considered.

For and on behalf of the Board of Directors

Place : Indrard, Mehsana
Date : 05.09.2009

Sd/-
Gokul M Jaykrishna
Executive Director

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DIRECTORS REPORT, MANAGEMENT DISCUSSIONS & ANALYSIS

Dear Members,

The Directors have pleasure to present 20th Annual Report and Audited Accounts for the financial year ended on 31st March, 2009.

FINANCIAL RESULTS

Your Company's performance during the Financial Year 2008-09 is summarised below:-

	For the year ended March 31, 2009	(Rs. in Millions) For the year ended March 31, 2008
Gross Income	543.501	495.910
Exports	496.891	401.730
Gross Profit	(45.501)	19.610
Depreciation	7.623	3.528
Provision for Taxation	(2.089)	7.442
Net Profit	(51.035)	8.640
Transfer to General Reserves	—	—
Dividend	—	—
Balance Carried to Balance Sheet	4.688	55.724

DIVIDEND

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

OPERATIONAL PERFORMANCE

The Sales Turnover for the year increased by 9.60% from Rs. 495.910 million to Rs. 543.501 million. In spite of slight increase in the turnover there had been loss of Rs.51.035 million for the year under review compared to profit of Rs.8.640 millions

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT & OPPORTUNITIES:

Report Review:

The year under review was the year of recession and had witnessed a high degree of volatility in the prices of raw material as well as of the product of the Company. There had been un precedent volatility in foreign exchange rates. The second half of the year was affected by worst ever recession the Company has witnessed since its inception. The recession which started from USA has taken the entire world into its grip by the 3rd quarter of the financial year under review. The industrial growth of our country which was 6.1% in the second quarter of the financial year has all of a sudden fallen to 2.3% in the 3rd quarter of the financial year 2008 – 09 which was further depressed to 1.04% in the 4th quarter of the financial year. The chemical industry was also worst affected by this period of global recession.

Due to demand being crashed from the 3rd quarter of the financial year and sudden stiff fall in the price of the product of the Company, the profitability for the year under review had been badly affected.

Due to such adverse economic scenario, in spite of growth in the turnover there had been loss for the year under review.

Industry Outlook:

Industrial Production growth in the 1st and 2nd quarter of the financial year 2009-10 has shown continuous growth. Most of the developed countries like Germany and France have shown the sign of coming out of the grip of the recession. Economic indicators in Japan have also improving. Net FII in flow, which was negative from 2nd quarter of FY 08-09 to 4th quarter 08-09, has turned to be positive in the 1st quarter of 09-10. Looking the above indicators and willingness of the Government to double the exports by 2014 it is expected to be good business environment in the coming period.

Business Outlook:

AksharChem is an acknowledged leader in the area of Vinyl Sulphone and is in a position to manufacture large volumes of this important building block in a wide range of Dyes forms. Overall, the Dyes & Intermediates industry is characterised by a high degree of fragmentation and the excess capacity thus created has resulted in aggressive competition resulting in pressure on its gross margins.

With chemicals getting commoditised, the need for cost efficiency is driving businesses to look at India as a global source of supplies with renewed interest. Given a favourable cost position, there will be increased opportunity for manufacture of many items from the developed countries to move to India.

Availability of large pool of efficient technical manpower with excellent management skills presents a promising global opportunity for Indian industries. India can emerge as major player in global opportunity for Indian industries. India can emerge as major player in global markets providing cost effective quality products and re-position itself to provide solution, develop global scale of operations and compete with other suppliers like China.

The inherent strength of AksharChem driven by its core value to create customer focused organisation and its experience of working together as partners in progress with its customers for over 15 years provides opportunity to the Company to position itself as a strong player in growing markets by leveraging its well-developed research and development facilities, technical manpower, support and reputation of being a quality conscious supplier.

With the increased capacity, your Company is making its best efforts to pass through this period of recession and come back on the profit earning track.

THREATS, RISKS AND CONCERNS

Indian exports are suffering due to high cost of inputs and utilities, increasing cost of finance, unfavourable import duty, inefficient logistics & infrastructure, uneconomical size of operations and low focus to research and development activities. Improvement in competitive strength requires high degree of customization and world class services.

Moreover today almost all the businesses face a tangible threat from lower cost alternatives imported from China. Chinese products are highly competitive both on account of a better raw material cost position and economies of scale.

Price instance in the local market accompanied by the continuous escalation of raw material prices and input costs has relentlessly squeezed margins in the Dyes & Intermediates. The volatility of Rupee and the inequitable indirect duty structure are an additional cause for concern.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has effective internal control systems commensurate with the size of the Company. This is further supplemented by an internal audit being carried out by an external firm of Cost Accountants. The internal auditors conduct audits of the performance of various departments, functions and locations and also statutory compliances based on an annual audit plan. They report their observations/recommendations to the Audit Committee of the Board of Directors which comprises three non-executive Directors. The Audit Committee reviews the audit observations and follows up on the implementation of the suggestions and remedial measures and also recommends increased scope of coverage, if necessary.

CAUTIONARY STATEMENT

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within

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the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied, because of various factors like Government policy, competition, exchange rate fluctuations etc.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange Earnings of the Company from direct exports amounted to Rs. 496.891 million (previous year - Rs. 401.730 million). However during the period under review there was no outflow in the foreign exchange.

SAFETY AND ECOLOGY

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

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

Solid Waste, generated at Works, after the treatment of its liquid effluent is sold to reputed Cement manufacturers.

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

Your Company has obtained the ISO 14001:2004 certification in the financial year 2007-08.

ENGINEERING

In our continued quest for alternative sources of energy due to escalating costs of purchased/produced energies, the plan of using agro waste in place of furnace oil is being implemented. Another project with considerable progress is the re-circulation / conservation of water. At some of the processes, water re-circulation and reuse has been introduced this year.

Equipment downtime due to breakdowns has considerably reduced due to strict adherence of preventive maintenance schedules, which in turn increased operational efficiency and reduced costs.

RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956:

- (i) that in the preparation of the annual accounts for the year ended 31st March, 2009, the applicable accounting standards have been followed along with proper explanations in case of material departures;
- (ii) that such accounting policies as mentioned in Schedule 20 of the Annual Accounts have been applied consistently and judgements and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2009 and of the profit of the Company for that period;
- (iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) That the annual accounts for the year ended 31st March, 2009 has been prepared on a going concern basis.

CORPORATE GOVERNANCE:

As a Listed Company, necessary measures are taken to comply with the Listing Agreements with the Stock Exchanges. A report on the Corporate Governance together with a certificate of compliance from the Auditors, forms part of this report.

SECRETARIAL AUDIT REPORT:

Secretarial Audit Report of the Company from the practising Company Secretary forms part of this report.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Prafulchandra V. Patel and Mr. Kiran J. Mehta, are due to retire at the forthcoming annual general meeting, and being eligible, have offered themselves for re-appointment. Mr. Munjal M. Jaykrishna has been appointed as Joint Managing Director of the company w.e.f. 24/03/2009 for a period of five years.

Details of the Directors seeking appointment/ re-appointment as required under Clause 49 VI A of the Listing Agreements entered into with the Stock Exchanges are provided in the Corporate Governance Report forming part of this Report.

AUDITORS:

Members are requested to appoint Auditors for the current year at a remuneration to be decided by the Board of Directors of the Company. M/s. Trushit Chokshi & Associates, the retiring Auditors, are eligible for re-appointment and have furnished a certificate to the effect that their re-appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956.

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

Statements giving the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under the Companies (Disclosure of Particulars in the Board of Directors' Report) Rules, 1988 are annexed.

FIXED DEPOSITS

The Company has not accepted any fixed deposit from the public during the period. No deposits are outstanding as on 31st March, 2009.

COST AUDITORS

The Board of Directors in its meeting have appointed Mr. Manish B. Analkat as Cost Accountant of the Company.

The Cost Auditors' Report for 2008-09 will be forwarded to the Central Government in pursuance of the provisions of the Companies Act, 1956.

PERSONNEL

None of the employee has been paid remuneration of Rs. 24.00 lacs or above per annum during the financial year as such no information is required to be given as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

ACKNOWLEDGEMENT

It is our strong belief that caring for our business constituents has and will go a long way in the progress of the Company. Your Directors acknowledge with sincere gratitude the co-operation and assistance extended by the Central Government, State Government, Financial Institutions, Bank, Customers and Vendors.

The Board also takes this opportunity to express its deep gratitude for the continued co-operation and support received from its valued shareholders.

The Directors hereby place on record their appreciation for the dedicated efforts put by the employees at all levels.

For and on behalf of the Board of the Directors

Sd/-

MRS. PARU M. JAYKRISHNA

Chairperson & Managing Director

Place : Indrad, Mehsana

Date : 05.09.2009

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ANNEXURE 1 TO THE DIRECTORS' REPORT

INFORMATION IN PURSUANCE TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES: 1988

A: Conservation of Energy

Energy conservation is an ongoing and focussed area of the Company. Potential energy saving necessary have been identified and implemented which includes:-

Replacement of motors with energy efficient ones and with appropriate capacities.

Replacement of pumps with appropriate and efficient pumps.

FORM 'A'

	<u>Current Year</u>	<u>(Rs. in Millions) Previous Year</u>
A) POWER & FUEL CONSUMPTION		
1) Electricity		
a) Purchased units (in millions)	3.080	2.712
Total amount(Rs. in millions)	18.219	12.550
Rate/unit(Rs)	5.915	4.628
b) Own generation	N.A.	N.A.
Units generated	N.A.	N.A.
Unit per Litter of diesel	N.A.	N.A.
Cost/Unit	N.A.	N.A.
2) Diesel/Furnace Oil (in thousand Ltrs)	253.801	381.936
Cost (Rs. in millions)	7.72	8.749
Rs. Per Ltr	30.404	22.906
3) Lignite coal & Other Fuels (in thousand Kgs)	7285.968	3091.63
Cost (Rs. in Millions)	16.32	6.493
Rate / Kgs. (Rs.)	2.239	2.10
B) CONSUMPTION PER UNIT OF PRODUCTION (DYE INTERMEDIATE)		
Electricity (Units/Ton)	1004.328	839.433
Diesel/furnace oil (Ltrs./Ton.)	82.750	118.211
Lignite Coal & Other Fuels (Kgs./Ton.)	2375.554	956.879

FORM B

Form of disclosure of particulars with respect to Absorption of Technology Research and Development (R&D)

Research and Development:

1. Specific areas in which R&D carried out by the Company :

The R&D department continued to direct its efforts towards the development of technology for Dye Intermediates and auxiliaries meant for export markets.

2. Benefits derived as a result of the above R&D :

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

3. Further plan of action :
R&D activities are being further strengthened.

4. Expenditure on R&D

	<u>Current Year</u>	<u>(Rs. in Millions)</u> <u>Previous Year</u>
Capital		
Revenue/Recurring	0.129	0.019
Total	0.306	0.251
Total Expenditure as % of turnover	0.435	0.270
	0.080%	0.058%

Technology Absorption and Innovation:

1. Efforts, in brief, made towards technology absorption , adaptation and innovation :

The R&D Department absorbs the knowledge of chemicals technology from various sources and thereafter adapts the same to the Company's infrastructure, effect improvements to the products and processes of the Company including containment of pollution and control of effluents.

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc. :

Benefits derived from these efforts include process rationalisation, product quality improvement, import substitution and overall cost reduction.

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

- a. Technology imported : NIL
b. Year of Import : —
c. Has technology been fully absorbed? : NIL

Foreign Exchange Earnings and Outgo

1. Total foreign exchange earned : 4968.91 lacs
2. Total Foreign exchange used : 63.83 lacs

For and on behalf of the Board of the Directors

Place : Indrad, Mehsana
Date : 05.09.2009

Sd/-
MRS. PARU M. JAYKRISHNA
Chairperson & Managing Director

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CORPORATE GOVERNANCE REPORT 2008-2009

Company's Philosophy on Code of Governance

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

In the line with this philosophy, your company continuously strives for excellence through adoption of best governance and disclosure practices. Your company is fully complied with the provisions of Clause 49 of the Listing Agreement with Stock Exchange. The details of compliances are as follows:

I. Board of Directors

(A) Composition of the Board:

The Board of Directors comprises of 6 members, of which 3 are non-executive directors. The 3 executive directors include 1 Chairperson and Managing Director and 1. Joint Managing Director and 1 executive director. 3 directors of your Company are also promoter directors. Remaining 3 Directors are non-executive and independent directors i.e. independent of management and free from any business or other relationship, which could materially interface with the exercise of their judgement. The Board does not have any nominee director representing any institution. The directors bring to the board wide range of experience and skills. The composition of the board is in conformity with the listing agreements.

(B) Non-Executive Directors' Compensation and Disclosures

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

(C) Other provisions as to the Board and Committees

The Board plays a primary role to ensure good governing practices and functioning of the Company. All relevant information as mandate by the regulations are placed before the Board. All the members of the Board have a right to express their opinion in the concerned subject matter. The Board reviews compliance reports of all laws applicable to the Company as well as take necessary steps to rectify instances of non-compliances, if any.

During the period under review, the Board of Directors met 7 times. The details of Board Meeting and Attendance thereof are as below:

Sr. No.	Date of Board Meeting	Place	No. of Directors Present
1.	30/04/2008	Indrad, Kadi	4
2.	31/07/2008	Indrad, Kadi	4
3.	26/08/2008	Indrad, Kadi	4
4.	10/10/2008	Indrad, Kadi	3
4.	24/10/2008	Indrad, Kadi	5
5.	29/01/2009	Indrad, Kadi	5
6.	24/03/2009	Indrad, Kadi	5

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

Name of the Director	No. of Outside Directorship Held		No. of Outside Committee Positions Held		No. of Board Meetings		Attended at Last AGM
	Public	Private	Public	Private	Held	Attended	
Mrs. Paru M. Jaykrishna	1	2	1	—	7	7	Yes
Mr. Kiran J. Mehta	—	—	—	—	7	3	Yes
Prof. Pradeep Jha	1	—	2	—	7	6	Yes
Mr. Prafulchandra V. Patel	—	—	—	—	7	—	No
Mr. Gokul M. Jaykrishna	1	2	—	—	7	7	Yes
Mr. Munjal M. Jaykrishna	1	2	—	—	7	7	Yes

(D) Code of Conduct

The Company has laid down a Code of a Conduct for its Board of directors and Senior Management which is adhered to by all the concerned persons.

II. Audit Committee

(A) Composition of Audit Committee

Your Company has an Audit Committee of Directors. All members of the Committee are independent Directors. The power and role of the Committee are as prescribed under Clause 49 II (C) and (D). The composition of Audit Committee are as below:

- 1) Mr. Kiran J. Mehta – Chairman
- 2) Prof. Pradeep Jha – Member
- 3) Mr. Prafulchandra V. Patel – Member

The Managing Director is a permanent invitee to the Meetings. Head of Accounts, Internal Auditors and the Statutory Auditors are also invited to attend the Meetings.

(B) Meeting of the Audit Committees:

During the period under review, the Audit Committee met 5 times. The details of composition, attendance of the members and sitting fees paid to them are as below:

Name of Members	No. of Meetings		Sitting Fees Paid (Rs.)
	Held	Attended	
Mr. Kiran J. Mehta	5	5	2500
Prof. Pradeep Jha	5	5	2500
Mr. Pfulchandra V. Patel	5	—	—

Sitting Fee @ Rs. 500 per meeting

(C) Powers of Audit Committee:

The Audit Committee has following powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary

(D) Role of Audit Committee:

The Committee plays a vital role Company Financial Strengthening. The Role includes:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

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2. Recommendation to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the Internal Control Systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(E) Review of information by Audit Committee

The Audit Committee reviews the following information in their meetings:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal auditor shall be subject to review by the Audit Committee.

III. Subsidiary Companies

Your Company does not have any Subsidiary Company.

IV. Disclosures:

(A) Basis of related party transactions

Your Company places all the information and details as required under this section before the Audit Committee. A Comprehensive details of the related party transactions as required under Accounting Standard (AS) 18 issued by the Institute of Chartered Accountant of India, forms part of Note No. 11 of Part 2 of Schedule 20 to the Accounts in the Annual Report. However, there were no materially significant related party transactions which had potential conflict with the interest of the Company at large.

(B) Disclosure of Accounting Treatment

Your Company followed all the relevant Accounting Standards as issued by the Institute of Chartered Accountant of India while preparing the Financial Statements.

(C) Board Disclosures - Risk Management:

The risk management issues are discussed in the Management Discussion & Analysis.

(D) Proceeds from public issues, rights issue, preferential issues etc.

During the period under review the Company has not raised any proceeds from public issue, right issue or preferential issue.

(E) Remuneration of Directors

Your Company has a Remuneration Committee which reviews the remuneration to the Directors and recommends the same to the Board of Directors. All the remuneration are decided by the Board of Directors in accordance with the Shareholder's approval, if necessary. Apart from sitting fees, there is no other remuneration to the Non-Executive Directors.

Constitution of Remuneration Committee:

The Committee is consisting of 3 Independent Directors. The goal of the Committee is to ensure that the Company attracts and retains highly qualified employees in accordance with its business plans, that the Company fulfils its ethical and legal responsibilities to its employees and that management compensation is appropriate.

During the period under review the Committee met once in the period under review on 24.10.2008. The details of members and sitting fees are as below:

Name of Members	No. of Meetings		Sitting Fees Paid (Rs.)
	Held	Attended	
Mr. Kiran J. Mehta	1	1	500
Prof. Pradeep Jha	1	-	-
Mr. Prfulchandra V. Patel	1	1	500

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

Whole - Time Director	Business relationship with the Company	Remuneration paid during the year 2008-09
		All elements of remuneration package i.e. salary, benefits, bonus, pension etc. paid during the year
Mrs. Paru M. Jaykrishna	Chairman & Managing Director	NIL
Mr. Munjal M. Jaykrishna	Joint Managing Director	NIL
Mr. Gokul M. Jaykrishna	Executive Director	NIL

The appointment of Managing Director and Executive Directors are for the period of 5 years. The Notice period for the Directors is three months in writing on either side. No severance fee is payable to the Directors on termination of employment. The Company does not have a scheme for stock options for the Directors of the employees.

All the Non-Executives are not holding any shares in the Company.

(F) Management

The Management Discussion and Analysis Report forms part of Annual Report and is in accordance with the requirement laid down in Clause 49 of the Listing Agreement.

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

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(G) Shareholders

- (i) The details of Directors on appointment or re-appointment are provided at the end of this Report.
- (ii) Quarterly results of the Company are provided to the Stock Exchange in the prescribed format.
- (iii) Shareholders Grievance Committee:

The Company has a "Shareholders / Investors Grievance" Committee to look into the redressal of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. The members of the Committee are Prof. Pradeep Jha, Mr. Kiran J. Mehta, Mr. Munjal M. Jaykrishna. During the period under review the Company did not receive any complaints from its shareholders.

- (iv) The Company has appointed Compliance Officer to expedite the process of share transfers. In the transfer in physical segment, necessary authority has been delegated by your Board to the Officers and Directors of the Company, who are authorised to approve the Share Transfers / Transmission. The details of approved Transfers/Transmission are placed before the Committee/Board.

(H) Compliance by the Company

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

V. CEO/CFO Certification:

Mrs. Paru M. Jaykrishna, Chairperson & Managing Director and Mr. Munjal M. Jaykrishna, Joint Managing Director of the Company have certified to the Board that:

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
 - i) these elements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit Committee
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

VI. Report on Corporate Governance:

The Report on Corporate Governance forms a part of the Annual report. The Company has complied with all the provisions of Clause 49 of the Listing Agreement.

VII. Compliance:

- (1) A certificate from the Auditors confirming the compliances with all the provisions as stipulated in the Listing Agreement is annexed with Directors Report and forms a part of the Annual Report.
- (2) The Company has complied with the mandatory requirements. The company is also constituted a Remuneration Committee.

VIII. General Body Meetings:

Details of last 3 Annual General Meeting (AGM) are as below:

For Financial Year	Venue	Date	Time
2007-08	166/169, Village Indrad, Kadi-Kalol Road Dist. Mehsana, Gujarat	30.09.2008	11.30 a.m
2006-07	- do -	27.09.2007	11.00 a.m
2005-06	- do -	26.09.2006	11.00 a.m

Special resolutions have been passed in the Annual General Meeting held in the previous 3 years. All the resolution including special resolution(s) set out in the respective notices.

Postal Ballot was not taken place during the period under review.

IX. Means of Communication:

Quarterly results are provided to the Stock Exchange and also published in the widely circulated newspapers one in regional newspaper and one in national newspapers.

GENERAL SHAREHOLDERS INFORMATION:

- i) Annual General Meeting
Date & Time : 30.09.2009
Venue : "Asahi House", 166/169, Village Indrad, Kadi-Kalol Road Mehsana
- 382 727 Gujarat
- ii) Financial Calendar
Financial Reporting for the quarter ending June 30, 2009 : End July, 2009
Financial Reporting for the quarter/half year ending September, 2009 : End October, 2009
Financial Reporting for the quarter ending December, 2009 : End January, 2010
Financial Reporting for the year ending March, 2010 : End May/June, 2010
Annual General Meeting for the year ending March, 2010 : August/September, 2010
- iii) Date of Book Closure : 27.09.2009 to 30.09.2009
- iv) Listing of Shares : The Company was listed on The Bombay Stock Exchange (BSE), Mumbai and The Ahmedabad Stock Exchange, Ahmedabad. The Company has paid the listing fees for the period 1st April 2009 to 31st March 2010.
- v) Stock Market Data :

Month	High (Rs.)	Low (Rs.)
April 2008	15.80	11.11
May 2008	20.02	13.20
June 2008	18.60	13.95
July 2008	15.60	12.95
August 2008	17.50	14.50
September 2008	16.60	12.90
October 2008	12.26	10.00
November 2008	10.00	8.56
December 2008	9.00	7.00
January 2009	8.87	7.00
February 2009	9.42	7.65
March 2009	8.02	6.25

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- v) Stock Code : 24598 at Bombay Stock Exchange
6408 at Ahmedabad Stock Exchange
- vi) Registrar and Transfer Agents : Pinnacle Shares Registry Pvt. Ltd.
Near Ashoka Mills Naroda Road Ahmedabad – 380 025
- vii) Share Transfer System : Shares sent for transfer in physical form are registered by the Registrar and Share Transfer Agent within 21 days of receipt of document, if found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares are processed and the confirmation is given to the respective depositories i.e. National Securities Depository Ltd (NSDL) and Central Depository Services Limited (CDSL) within 15 days.
- vii) Categories of Shareholding :

Category	31.03.2009		31.03.2008	
	No. of Share Held	% of Share holding	No. of Share held	% of Share holding
Promoters' & Promoters Group	1871206	54.99	1871206	54.99
Mutual Funds	5500	00.16	5500	0.16
Others:				
a) Private Corporate Bodies	133961	03.94	138200	4.06
b) Indian Public	1376472	40.45	1359468	39.95
c) NRIs/OCBs	15711	00.46	15711	0.46
d) Any other-Clearing Member	—	—	12765	0.38
Total	3402850	100.00	3402850	100.00

- viii) Dematerialisation of Shares : Equity shares of the Company are available for dematerialization through both the depositories, viz. National Securities Depositories Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).
ISIN No. – INE542B01011
- ix) Demat of Shares : As on 31st March, 2009, 83.69% shares are in Demat Form.
- x) Outstanding GDRs/ADRs /Warrants : The Company has not issued any GDRs/ADRs / or any convertible instruments warrants or an convertible instruments
- xi) Plant Location : 166/169, Village Indrad Kadi-Kalol Road Mehsana Gujarat -382727
- xii) Address for Correspondance : **At Company**
Shares Department
Kadi-Kalol Road Mehsana Gujarat -382727
Tel: (02764) 233007 / 08 / 09 / 10 Fax: (02764) 233020
e-mail : admin@asahisongwon.com
- At Shares Transfer Agent**
Unit : Asahi Songwon Colors Ltd.
Pinnacle Shares Registry Pvt. Ltd.
Near Ashoka Mills Naroda Road Ahmedabad – 380 025

COMPLIANCE CERTIFICATE

Company No.:04:12441

Nominal Capital :Rs.500 Lacs.

To, The Members AksharChem (India) Limited

I have examined the registers, records, books and papers of M/s AksharChem (India) Limited as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Associations of the Company for the financial year ended on 31st March, 2009. In My opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year :

1. the company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. the company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. the Company is a Public limited company and having the paid up capital exceeding minimum capital under the Act. The other comments are not required.
4. the Board of Directors duly met 7 times on 30/04/2008, 31/07/2008, 26/08/2008, 10/10/2008, 24/10/2008, 29/01/2009 and 24/03/2009 and in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. the Company has closed its Register of Members during the year in accordance with the provisions of Section 154 of the Act.
6. the annual general meeting for the financial year ended on 31/03/2008 was held on 30/09/2008 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General meeting was held during the year.
8. the company has not advanced loan to its directors and/or persons firms or companies referred in Section 295 of the Companies Act, 1956.
9. The company has duly entered into Contract falling within the purview of Section 297 of the Act during the year under review.
10. the company is in process of making necessary entries in the register maintained under Section 301 of the Act.
11. One relative of Directors is drawing salary after obtaining approval of Board of Directors in accordance with the provisions of Section 314 of the Companies Act, 1956..
12. the Board of Directors or committee of Directors has approved the issue of duplicate share certificates in accordance with the provisions of the Act.
13. the Company has
 - (i) not made allotment of securities during the year. The Company has delivered all the certificates on lodgment thereof for transfer/ transmission within the time prescribed under the provisions of the Act barring few exception of delayed transfer.
 - (ii) not deposited the amount of dividend since it has not declared the dividend during the year
 - (iii) not paid/posted warrants for dividends to all the members and deposited unpaid dividend as required under the Act as it has not declared any dividend during the year
 - (iv) no transfer of the amounts on account of application money due for refund, matured deposits, matured debenture and the interest accrued thereon which have remained unclaimed or unpaid for a period of 7 years to Investor Education and Protection Fund was involved. However, the company has not transferred the unclaimed/unpaid dividend to the Investor Education and Protection Fund which have remained unclaimed or unpaid for a period of 7 years.
 - (v) duly complied with the requirement of Section 217 of the Act.

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

Place : Ahmedabad

Date : 05/09/2009

Company No.:04:12441

Aksharchem (India) Limited

Signature:

Name of Company Secy.: Bipin L. Makwana

C.P. No.: 5265

Nominal Capital :Rs.500 Lacs.

Annexure 'A'

Registers as maintained by the Company

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

Annexure 'B'

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

Sl. No.	Nature of Document.	Date of Filing	Filed within prescribed time.	Not filed within prescribed time but filed with additional fees.
01	Form No.23AC, Form No.23ACA (Balance Sheet, P& L A/c for the year ending 31.03.2008) u/s 220 of the Act.	25/10/2008	Yes	—
02	Form No.8 for modification of Charge u/s 135 of the Act.	12/11/2008	Yes	—
03	Form No.8 for modification of Charge u/s 135	13/11/2008	No	Yes
04	Form No.20B (Annual Return made upto 30.09.2008) u/s 161 of the Act.	25/11/2008	Yes	—

Place : Ahmedabad
Date : 05/09/2009

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

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Aksharchem (India) Limited

We have examined the compliance of conditions of corporate governance by Aksharchem (India) Limited for the year ended on 31st March 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

For, Trushit Chokshi and Associates
Chartered Accountants

(Trushit Chokshi)

Place : Ahmedabad
Date : 05.09.2009

Proprietor
Membership No. 40847

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REPORT OF THE AUDITORS

TO THE MEMBERS OF AKSHARCHEM (INDIA) LIMITED

1. We have audited the attached Balance Sheet of AKSHARCHEM (INDIA) LIMITED as at 31st March, 2009, and also the Profit and Loss Account and cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2004 issued by the Central Government of India, in terms of Section 227(4A) of the Companies Act, 1956; we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3, we report that :-
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance sheet, the Profit and Loss Account and cash flow statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - (e) On the basis of Written representation received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of Clause (g) of sub-section 1 of Section 274 of the Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009,
 - (ii) In case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) In the case of Cash-Flow Statement, of the Cash-Flow for the year ended on that date.

For, Trushit Chokshi and Associates
Chartered Accountants

(Trushit Chokshi)

Proprietor

Membership No. 40847

Place : Ahmedabad

Date : 5th September, 2009

Annexure referred to in paragraph 3 of the Auditors' Report to the Members of AKSHARCHEM (INDIA) LIMITED on the accounts for the year ended 31st March, 2009.

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) Management of the company has arranged for physical verification of the fixed assets at reasonable intervals, which in our opinion is reasonable and adequate. On such physical verification of fixed assets, no discrepancies were noticed.
- c) The Company has not disposed off any substantial part of the fixed assets during the year.
2. a) Physical verification of inventories being conducted by the management at a reasonable interval and by Internal Auditors every month during the year; and in our opinion frequency of these verifications is reasonable.
- b) The procedure of the physical verification of inventories conducted by management and Internal Auditors are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The Company is maintaining proper records of inventories and no material discrepancies have been noticed on physical verification as compared to the books/records.
3. a) As per the information and explanations given to us, the Company has granted unsecured loans to a Company covered in the register maintained under section 301 of the Companies Act, 1956. The details of such unsecured loans granted are as under :

Name of the Party	Balance as on 31.03.2009 (Rs. in Lacs)	Maximum balance outstanding during the year (Rs. in Lacs)
Asahi Songwon Colors Ltd	NIL	427.02

- b) In case of the aforesaid unsecured loans granted to a Company covered in the register maintained under Section 301 of the Companies Act, 1956, as a Promoter Company the rate of interest and the other terms and conditions are not prima-facie prejudicial to the interests of the Company;
- c) In case of the aforesaid unsecured loans granted to a Company covered in the register maintained under Section 301 of the Companies Act, 1956, the repayment of principal amount and interest is currently not applicable.
- d) In case of the aforesaid unsecured loans granted to a Company covered in the register maintained under Section 301 of the Companies Act, 1956, the Company is taking reasonable steps for the timely recovery of the principal and Interest, if any.
- e) As per the information and explanations given to us, the Company has not taken any unsecured loans from any Companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, Clauses 3 (f) and 3(g) of paragraph 4 of the Order are not applicable to the company for the Current year.
4. In our opinion and as per information and explanations given to us there are adequate internal control procedure commensurate with the size of the company and the nature of its business with regards to purchase of inventory and fixed assets and sale of goods. During the course of our audit, no major weaknesses in the internal control system have been noticed and there is no continuing failure in the same.
5. a) Based on the audit procedure applied by us and according the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register to be maintained under Section 301 of the Companies Act. 1956 have been so entered.
- b) In our opinion and as per information and explanations given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act. 1956 and exceeding the value of rupees five lacs in respect of any party during the year is reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and as per information and explanations given to us, as the company has not accepted any deposits from the public, paragraph 4(vi) of the order is not applicable.
7. In our opinion the Company has an internal audit system, commensurate with the size of the company and the nature of its business.

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8. We have broadly reviewed the books of accounts maintained by the company pursuant to Rules made by the Central Government, for the maintenance of cost records prescribed under section 209 (1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the records with a view to determining whether they are accurate or complete.
9. a) In our opinion and as per information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, custom duty, excise duty and cess and other statutory dues, if any, with the appropriate authorities.
- b) As at 31st March, 2009 according to the records of the Company, following are the particulars of disputed dues on account of Sales Tax, Excise Duty, Custom and Income Tax.

Name of the statute	Nature of Dues	Amount of Demand net of Deposits (Rs. In Lacs)	Period to Which Amount relates	Forum where Dispute is Pending
Income Tax Law	Income Tax	11.29	2000-2001	Commissioner Of Income Tax (Appeal)
Sales Tax Laws	Sales Tax	1.10	1997-1998	Gujarat Salestax Tribunal
Income Tax Law	Income Tax	44.27	2003-2004	Commissioner Of Income Tax (Appeal)
Sales Tax Law	Sales Tax	18.03	2004-2005	Ahmedabad VAT Tribunal

- 10 The Company has accumulated loss of Rs. 51035472/- which is less then 50 % of the Net Worth of the company and the company has not incurred the cash losses in the financial year and in the immediately preceding financial year.
- 11 In our opinion and as per information and explanations given to us, the Company has not defaulted in repayment of dues to Banks and Financial Institutions.
- 12 The Company has not granted any loans or advances on the bases of security by way of pledge of shares, debentures and other securities and therefore paragraph 4(xii) of the Order is not applicable.
- 13 The Company is not a Chit Fund, Nidhi, Mutual Benefit Fund and / or a Society, and therefore no provisions of special statute is applicable as per 4(xiii) of the order is applicable.
- 14 In our opinion the Company has maintained proper records of the transactions and contracts of the investments dealt in by the Company and timely entries have been made therein. The investments made by the company are held in its own name.
- 15 According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others form banks or financial institutions and therefore paragraph 4(xv) of the Order is not applicable.
- 16 As informed to us, the term-loans were applied by The Company for the purpose for which they were obtained.
- 17 According to the information and explanations given to us, and on an overall examination of the balance sheet of the company, in our opinion, there are no funds raised on short-term bases used for long-term investments and vice versa.
- 18 The Company has not made any preferential allotment of shares during the year.
- 19 The Company has not issued any debenture during the year.
- 20 The Company has not raised any money by way of public issue during the year.
- 21 According to the information and explanation given to us, no fraud on or by Company was noticed or reported during the year.

For, Trushit Chokshi and Associates
Chartered Accountants

(Trushit Chokshi)

Proprietor

Membership No. 40847

Place : Ahmedabad
Date : 5th September, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

			AS AT 31.03.2009 (RS.)	AS AT 31.03.2008 (RS.)
SCHEDULE	(Rs.)			
SOURCES OF FUNDS				
SHARE HOLDERS' FUNDS :				
Share Capital	1	34,028,500		34,028,500
Reserve & Surplus	2	<u>31,790,747</u>		<u>82,826,219</u>
			65,819,247	116,854,719
LOAN FUNDS :				
Secured Loans	3	180,325,070		84,315,274
Unsecured Loans	4	<u>17,500,000</u>		<u>20,000,000</u>
			197,825,070	104,315,274
DEFERRED TAX LIABILITY :				
			<u>16,161,866</u>	<u>10,863,721</u>
			<u>279,806,183</u>	<u>232,033,714</u>
APPLICATION OF FUNDS :				
FIXED ASSETS				
Gross Block	5	200,121,496		176,750,764
Less : Depreciation		<u>74,128,789</u>		<u>66,790,203</u>
Net Block		<u>125,992,707</u>		<u>109,960,561</u>
Capital work in progress		—		—
			125,992,707	109,960,561
INVESTMENTS				
	6		10,451,688	10,451,688
CURRENT ASSETS, LOANS & ADVANCES				
Inventories	7	29,607,283		30,526,161
Sundry Debtors	8	95,613,040		71,125,246
Cash & Bank Balance	9	5,370,821		4,539,359
Loans & Advances	10	<u>93,040,545</u>		<u>107,384,252</u>
			223,631,689	213,575,018
LESS : CURRENT LIABILITIES & PROVISIONS				
Liabilities	11		78,321,620	91,880,957
Provisions	12		<u>10,389,540</u>	<u>10,204,820</u>
			88,711,160	102,085,777
NET CURRENT ASSETS				
			134,920,530	111,489,241
MISCELLANEOUS EXPENDITURE				
(To the extent not written off)	13		—	—
DEFERRED TAX ASSETS :				
			8,441,258	132,224
			<u>279,806,183</u>	<u>232,033,714</u>
Notes on Accounts & Significant accounting policies	20			

As per our Report attached of even date

For, Trushit Chokshi & Associates

Chartered Accountants

Trushit Chokshi

Membership No. 40847

Place : AHMEDABAD

Date : 05.09.2009

For and on behalf of the Board

Mrs. Paru M. Jaykrishna

Chairperson & Managing Director

Gokul M. Jaykrishna

Executive Director

Munjal M. Jaykrishna

Joint Managing Director

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE	YEAR ENDED 31.03.2009 (RS.)	YEAR ENDED 31.03.2008 (RS.)
INCOME			
Sales and Income From Operation	14	541,912,815	494,567,110
Other Income	15	1,588,643	1,343,396
Increase / (decrease) in stock	16	(7,696,994)	10,965,303
		<u>535,804,464</u>	<u>506,875,809</u>
EXPENDITURE			
Cost of Purchase for Resale		27,258,696	26,429,866
Cost of Materials Consumed		423,610,917	357,147,933
Packing Materials		2,442,215	2,024,484
Payments to and Provisions for Employees	17	7,434,565	5,429,386
Manufacturing & Other Expenses	18	104,539,599	76,781,010
Excise Duty		4,967,837	9,172,307
Financial Charges	19	10,979,858	7,035,774
Depreciation		7,623,389	3,528,160
		<u>588,857,076</u>	<u>487,548,920</u>
PROFIT BEFORE TAXATION		(53,052,612)	19,326,889
Provision for Current Tax (Including FBT & Wealth Tax)		921,100	462,000
Provision for deferred Tax		(3,010,889)	6,980,776
PROFIT FOR THE YEAR		(50,962,823)	11,884,113
Less : Prior period Adjustments (Net)		72,649	(506,492)
Previous years Deferred tax		—	3,750,721
		<u>(51,035,472)</u>	<u>8,639,884</u>
Add : Balance of Profit of earlier Year		55,724,322	47,084,438
		<u>4,688,850</u>	<u>55,724,322</u>
APPROPRIATION			
BALANCE CARRIED TO BALANCE SHEET		4,688,850	55,724,322
		<u>4,688,850</u>	<u>55,724,322</u>

Notes on Accounts & Significant accounting policies 20

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

Trushit Chokshi
Membership No. 40847
Place : AHMEDABAD
Date : 05.09.2009

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

SCHEDULES FORMING PART OF THE BALANCE SHEET

	AS AT 31/03/2009 (Rs.)	AS AT 31/03/2008 (Rs.)
SCHEDULE - 1 : SHARE CAPITAL		
AUTHORISED :		
5,000,000 (Previous Year 5,000,000) Equity Shares of Rs. 10/- each	50,000,000	50,000,000
ISSUED, SUBSCRIBED & PAID UP :		
3,402,850 (Previous Year 3,402,850) Equity Shares of Rs. 10/- each Fully Paid Up	34,028,500	34,028,500
Total	34,028,500	34,028,500
SCHEDULE - 2 : RESERVE & SURPLUS		
GENERAL RESERVE		
Balance as per last Balance Sheet	16,300,297	14,005,500
Add : Transferred from Capital Reserve.	—	2,294,797
	16,300,297	16,300,297
Share Premium Account	10,801,600	10,801,600
Balance of Profit & Loss Account	4,688,850	55,724,322
Total	31,790,747	82,826,219
SCHEDULE - 3 : SECURED LOANS		
WORKING CAPITAL LOANS		
PCFC, EPC & CC A/C	101,852,603	66,229,827
Foreign Bills Purchase A/C	35,768,347	17,522,570
HIRE PURCHASE LOANS		
Car Loan	231,338	562,877
Term Loan	42,472,782	—
	180,325,070	84,315,274

Note :

- 1 Working Capital Loans : Secured by hypothecation of Raw Materials, Finished goods, Stock in Process, and Book Debts; and further secured by First charge over the Fixed Assets of the Company and personal guarantee of three directors of the Company.
- 2 Foreign Bills Purchase A/C with is towards discounting of Exports Invoices against Negotiable Letter of Credits / Non LC Documents.
- 3 Hire purchase loans are against hypothecation of Vehicles.
- 4 Term Loans are secured by Equitable mortgage of Land & Buildings and a first charge by way of hypothecation of the whole of the movable properties of the company including its movable Plant & Machinery, Machinery Stores, Tools & Accessories, present & future and other movables save & except book debts & Current Assets and further secured by personal guarantee of three directors of the Company.

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	AS AT 31/03/2009 (Rs.)	AS AT 31/03/2008 (Rs.)
SCHEDULE - 4 : UNSECURED LOANS :		
1 From Directors	17,500,000	20,000,000
	17,500,000	20,000,000

SCHEDULE - 5 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 1/4/2008 (Rs.)	ADDITI- ONS (Rs.)	DEDUC- TION (Rs.)	AS AT 31/3/2009 (Rs.)	AS AT 1/4/2008 (Rs.)	FOR THE PERIOD (Rs.)	DEDUC- TION (Rs.)	UP TO 31/3/2009 (Rs.)	AS AT 31/3/2009 (Rs.)	AS AT 1/4/2008 (Rs.)
Land	661,013	—	—	661,013	—	—	—	—	661,013	661,013
Buildings	17,773,171	5,664,950	—	23,438,121	3,515,819	578,560	—	4,094,379	19,343,742	14,257,352
Plant & Machinery	143,662,713	14,995,710	—	158,658,423	56,266,372	5,819,827	—	62,086,199	96,572,224	87,396,341
Furniture & Fixture	1,750,123	263,194	—	2,013,317	792,997	120,741	—	913,738	1,099,579	957,126
Office Appliances	4,245,833	82,473	—	4,328,306	3,136,791	135,970	—	3,272,761	1,055,545	1,109,042
Vehicles	8,657,911	2,717,328	352,923	11,022,316	3,078,224	968,291	284,803	3,761,712	7,260,604	5,579,687
Total	176,750,764	23,723,655	352,923	200,121,496	66,790,203	7,623,389	284,803	74,128,789	125,992,707	109,960,561
Previous Year	89,992,569	86,758,195	—	176,750,764	63,648,532	3,528,160	386,489	66,790,203	109,960,561	26,344,037
								AS AT 31/03/2009 (Rs.)	AS AT 31/03/2008 (Rs.)	

SCHEDULE - 6 : INVESTMENTS (AT COST)

INVESTMENTS (QUOTED)

400 (P.Y 400) fully paid Equity Shares of Rs. 10/- each of DCL Finance Ltd.	3,413	3,413
600 (P.Y 600) fully paid Equity Shares of Rs. 10/- each of Ipitata Sponge Iron Ltd.	70,500	70,500
180 (P.Y 90) fully paid equity shares of Rs. 10/- each of Larsen & Toubro Ltd.	10,530	10,530
500 (P.Y. 500) fully paid Equity Shares of Rs.10/- each of Narmada Cement Co. Ltd.	11,500	11,500
150 (P.Y 150) fully paid Equity Shares of Rs.10/- each of Raymond Synthetic Ltd.	3,100	3,100
1,500 (P.Y. 1500) fully paid Equity Shares of Rs.10/- each of Bihar Sponge Iron Ltd.	18,750	18,750
100 (P.Y.100) fully paid Equity Shares of Rs.10/- each of Tata Chemicals Ltd.	10,215	10,215
1500 (P.Y.1500) fully paid Equity Shares of Rs.10/- each of Nath Seeds Ltd.	79,573	79,573
100 (P.Y.100) fully paid Equity Shares of Rs.5/- (P.Y.Rs.5/-)each of Huges Software Ltd.	142,005	142,005
1000 (P.Y.2000) fully paid Equity Shares of Rs.10/- each of Hindustan Lever Ltd.	134,310	134,310
50 (P.Y. 50) fully paid Equity Shares of Rs.10/- each of Moser Bear (I) Ltd.	24,689	24,689
2700 (P.Y.2700) fully paid Equity Shares of Rs.10/- each of Futura Polysters Ltd.	35,183	35,183
1,027,020 (P. Y. 1027020) fully paid Equity shares of Rs.10/- each of Asahi Songwon Colors Ltd.	9,897,920	9,897,920

INVESTMENTS (UNQUOTED)

1000 (Previous Year Nil) fully paid Equity shares of Rs.10/- each of Grey CellSolutions Pvt. Ltd.	10,000	10,000
	10,451,688	10,451,688

NOTE :

- (1) Aggregate value of quoted investments cost Rs. 10,441,688/- (Previous Year Rs. 10,441,688/-) Market value Rs. 17,703,324/- (Previous Year Rs.35,203,040/-)
- (2) Aggregate value of unquoted investment cost Rs. 10,000/- (Prev. year Rs. 10,000/-)

	AS AT 31/03/2009 (Rs.)	AS AT 31/03/2008 (Rs.)
SCHEDULE - 7 : INVENTORIES		
(Finished Goods at cost or Market Value which ever is lower, Raw Materials and Goods in Process at cost & By Products at Market Value)		
Raw Materials	11,296,461	4,530,680
Finished Goods	6,960,535	18,672,205
Stores & Spares, Fuel, Packing Materials etc.	3,489,619	3,053,302
Goods in Transit	255,437	679,419
Goods in Process	7,605,231	3,590,555
Total	29,607,283	30,526,161
SCHEDULE - 8 : SUNDRY DEBTORS		
(Unsecured Considered Good unless Stated otherwise)		
Debts outstanding for a period exceeding six months	4,872,648	530,649
Others	90,740,392	70,594,597
Total	95,613,040	71,125,246
SCHEDULE - 9 : CASH & BANK BALANCES		
Cash & Cheques on Hand	310,979	233,791
Bank Balances with Schedule Banks		
In Current Accounts	2,559,842	132,169
In Fixed Deposit Accounts (Margin Money)	2,500,000	4,173,399
Total	5,370,821	4,539,359
SCHEDULE - 10 : LOANS & ADVANCES		
Advances recoverable in cash or in kind or for value to be received	19,595,030	25,691,347
Deposits	4,257,690	3,861,263
Export Incentives Receivables	31,847,308	27,161,661
Balance with central Excise Depart. (Includes Refund on export Sales Rs. 8,708,588/- Previous Yr. Rs.18,681,639/-)	21,287,068	36,588,389
Advance Tax	16,053,449	14,081,592
Total	93,040,545	107,384,252
SCHEDULE - 11 : CURRENT LIABILITIES		
Sundry Creditors	76,709,676	90,598,125
Other Liabilities	1,611,944	1,282,832
Total	78,321,620	91,880,957
SCHEDULE - 12 : PROVISIONS		
Provision for Gratuity	446,915	392,820
Provision for Income Tax	9,942,625	9,812,000
Total	10,389,540	10,204,820
SCHEDULE - 13 : MISCELLANEOUS EXPENDITURE		
Public Issue Expenses	—	—
Total	—	—

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	Year ended 31/03/2009 (Rs.)	Year ended 31/03/2008 (Rs.)
SCHEDULE TO THE PROFIT & LOSS ACCOUNT		
SCHEDULE - 14 : SALES & INCOME FROM OPERATIONS		
SALES		
Dyes & Intermediates	540,637,987	462,050,471
By Products	5,428,398	4,675,908
	<u>546,066,385</u>	<u>466,726,379</u>
INCOME FROM OPERATIONS		
Export Incentives	31,525,401	26,064,573
Exchange Rate Diff Gain (Loss)	(35,678,971)	1,776,158
Total	<u>541,912,815</u>	<u>494,567,110</u>
SCHEDULE - 15 : OTHER INCOME		
Dividend/ Interest Income	1,233,968	1,028,190
Short term Gain on sale of Investment	—	—
Other Income	354,675	315,206
Total	<u>1,588,643</u>	<u>1,343,396</u>
SCHEDULE - 16 : INCREASE/DECREASE IN STOCK OF FINISHED GOODS & GOODS IN PROCESS		
Stock as on 31/03/2009		
Finished Goods-(Manufactured/Traded goods)	6,960,535	18,672,205
Goods in Process	7,605,231	3,590,555
	<u>14,565,766</u>	<u>22,262,760</u>
Less : Stock as on 01/04/2008		
Finished Goods	18,672,205	7,546,145
Goods in Process	3,590,555	3,751,312
	<u>22,262,760</u>	<u>11,297,457</u>
	<u>(7,696,994)</u>	<u>10,965,303</u>
SCHEDULE - 17 : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus etc.	6,531,317	4,681,980
Contribution to Provident and Other Funds	496,388	374,510
Welfare Expenses	406,860	372,896
Total	<u>7,434,565</u>	<u>5,429,386</u>

	Year ended 31/03/2009 (Rs.)	Year ended 31/03/2008 (Rs.)
SCHEDULE - 18 : MANUFACTURING & OTHER EXPENSES		
Power & Fuel	42,254,946	27,891,285
Stores & Spares	7,066,619	4,532,364
Pollution Expenses	17,750,276	18,152,747
Repairs & Maintenance :		
Machinery	1,830,380	2,348,064
Buildings	2,116,494	619,257
Others	99,234	124,434
	<u>4,046,108</u>	<u>3,091,755</u>
Rent Rates & Taxes	69,504	122,692
Insurance	608,416	651,989
Manufacturing & Labour Charges	6,010,079	3,647,105
Traveling, Conveyance & Vehicles Expenses	4,888,136	1,617,627
Directors Traveling Expenses	4,993,419	2,354,009
Stationery, Printing, Telephones, Postage & Telegrams Expenses	1,068,274	1,054,640
Selling & Distribution Expenses	12,505,364	11,951,390
Auditors Remuneration	60,000	40,000
Legal & Professional Charges	1,765,666	1,123,782
General Charges	1,265,172	509,625
Internal Audit Fee	18,000	18,000
Loss on Sales of Assets/Investment	58,120	—
Cost Audit Fees	—	15,000
Donations	111,500	7,000
Total	<u><u>104,539,599</u></u>	<u><u>76,781,010</u></u>
SCHEDULE - 19 : FINANCIAL CHARGES		
INTEREST		
On Pre Shipment Credits	6,164,880	4,003,336
On Post Shipment Credits	2,433,739	1,917,806
Interest on Term Loans	1,582,966	—
Bank and Other Charges	798,273	1,114,632
Total	<u><u>10,979,858</u></u>	<u><u>7,035,774</u></u>

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SCHEDULE - 20

(A) SIGNIFICANT ACCOUNTING POLICIES.

1. Basis for preparation of accounts:

The accounts have been prepared to comply with all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

2. Revenue Recognition:

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

Interest on investments are booked on a time proportion basis taking into account the amounts invested and the rate of interest, and adjusted against the relevant cost of the source of investment.

Dividend incomes on investments are accounted for when the right to receive the payment is established.

3. Expenditure:

Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.

4. Research – Developments:

Revenue expenditure on research and development is charged against the profit of the year in which it is incurred.

Capital expenditure on research and development is shown as an addition to fixed assets.

5. Fixed Assets:

Fixed assets are stated at cost of acquisition or construction /erection (less accumulated depreciation). Cost of acquisition or construction is inclusive of purchase price, freight, and other incidental expenses related to acquisition and installation. And exclusive of VAT, Excise Duty etc. availed as per prevailing rules thereof. Interest incurred during the period of erection period of Fixed Assets on Borrowing Finance for such fixed assets is capitalised.

Depreciation is provided on the straight-line method and at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

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

6. Borrowing Cost:

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

7. Investments:

Investments are classified into long-term investments and are stated at cost of acquisition.

8. Inventories:

Inventories are valued at the lower of cost, computed on a FIFO basis, and estimated net realisable value, after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

9. Sundry Debtors and Loans and Advances :

Sundry Debtors and Loans and Advances are stated at realisable value.

10. Retirement / Post Retirement Benefits :

Contributions to defined employees benefit schemes such as Provident Fund and Family Pension Fund are charged to the profit and loss account as incurred. Retirement / post-retirement benefits in the form of leave encashment, medical etc. are provided on actual basis. Gratuity liabilities are provided on the basis of Actuarial Valuation as per AS-15 revised issued by the Institute of Chartered Accountants of India.

11. Foreign Currency Translation:

- i) Foreign Currency loans in respect of fixed assets are translated at exchange rate prevalent on the last date of accounting year in which such fixed assets are installed. Any loss or gain arising due to foreign exchange fluctuation of the foreign currency loan of fixed assets outstanding on the last day of the year is charged to profit & loss account for the same year as per AS-11 issued by the Institute of Chartered Accountants of India.
- ii) Current assets and liabilities in foreign currency outstanding at the close of the year are valued at the contracted and / or exchange rate at the close of the year. The loss or gain due to fluctuation of exchange rates is charged to Profit & Loss Account.

12. Current Liabilities and Provisions:

Statutory Liabilities and Provisions for Direct and Indirect Taxes are provided on accrual basis.

(B) NOTES ON ACCOUNTS

	As at 31/03/09 Rs.	As at 31/03/08 Rs.
1. Contingent liabilities :-		
Income Tax: Assessment order passed by Income – Tax office of Ward 1(1) Ahmedabad for A.Y. 2001-02 for which Filed an Appeal with Appellate Tribunal.	1,129,189	1,129,189
Sales Tax : Assessment order passed by Sales tax officer Kadi for the year 1999-2000 for which Appeal filed with Assistant Commissioner of Sales Tax Mehsana GST and CST Respectively	110,145	110,145
Sales Tax: Appellate order passed by Dy. Commissioner of Commercial Taxes, Appeals-3 at Gandhinagar for the year 2004-05, and Subsequently applied for Appeal at Commercial tax Commissioner Ahmedabad .(VAT Tribunal).	1,803,341	—
Income Tax : Assessment order passed by Income – Tax office of Ward 1(1) Ahmedabad for A.Y. 2003-04 for which CIT Appeal Filed on April 2006	4,427,234	4,427,234
a) Estimated amount of contracts remaining to be executed on capital account & not provided for	—	12,733,311
b) Bills discounted against Letter of Credit but not realized and credited to the parties accounts.	24,865,323	—

The Company has called for balance confirmation of Debtors and Creditors. Out of which the Company has received response from some parties, have been reconciled with Company's account. The other balances of Debtors and Creditors are subject to confirmation

2. I) Managerial Remuneration

The Company has not paid any remuneration to any Managerial Person. (Prev. Year Nil)

II) Auditors Remuneration:

	2008-09 Rs.	2007-08 Rs.
(i) Audit Fees	60,000	40,000
(ii) Other Services / Tax Audit	32,750	11,250
Total	92,750	51,250

3. Foreign Exchange rate Difference

The Net Foreign Exchange Rate difference pertaining to Export realisation amounting to Rs. (356.79) Lacs (Previous year Rs. 17.76 Lacs) has been net effect g in export Sales in Profit and Loss Account.

4. Segment Reporting

The Company has only one Business Segment to be reported namely Dye - Intermediates, as per Accounting Standard - 17.

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5. Term Loan

Term Loan outstanding Amount Rs. 42,472,782/- (Prev. Year Nil) included Interest Accrued & Due Rs. 484,782/- (Prev. Year Nil) The installments falling due with in one year, amounts to Rs. 12,000,000/- (Prev. Year Nil)

6. Consumption of Raw Materials

Item	2008-2009		2007-2008	
	Qty. (MT)	(Rs.)	Qty. (MT)	(Rs.)
Acetanilide	1,799,900	137,449,057	1,825,800	122,731,248
Chloro Sulphonic Acid	5,641,900	74,338,505	5,688,322	58,761,403
Ethylene Oxide	903,695	63,105,167	932,350	60,360,957
Others		148,718,189		115,294,323
Total		423,610,918		357,147,931
Of the above	%	(Rs.)	%	(Rs.)
Imported -	0.00	0.00	0.00	0.00
Indigenous -	100.00	423,610,918	100.00	357,147,931
	100.00	423,610,918	100.00	357,147,931

7. Details of capacities, production, stock and turnover

A) Details of Licensed and installed capacities

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

B) DETAILS OF PRODUCTION / PURCHASE ; OPENING / CLOSING STOCKS OF FINISHED GOODS FOR THE YEAR 2008-09 (PREV. YEAR 2007-08)

Manufactured Goods	OPENING STOCK	VALUE	PRODUCTION	SALES	SALES	CLOSING STOCK	VALUE	
	QTY M.T.	RUPEES	QTY M.T.	QTY M.T.	RUPEES	QTY M.T.	RUPEES	
Dyes & Inter Mediates	142.060 (68.672)	18,396,144 (7,472,887)	3,067.064 (3,230.949)	3147.008 (3,157.561)	512,046,835 (435,084,496)	62.116 (142.060)	6,446,264 (18,396,144)	
Bye Products	771.354 (1,158.721)	276,061 (73,259)	25,129.134 (19,815.933)	24,957.385 (20,203.300)	5,428,398 (4,675,908)	943.103 (771.354)	514,271 (276,061)	
TOTAL		18,672,205 (7,546,146)			517,475,233 (439,760,404)		6,960,535 (18,672,205)	
Trading Goods	OPENING STOCK	VALUE	PURCHASE	PUR VALUE	SALES	SALES	CLOSING STOCK	VALUE
	QTY M.T.	RUPEES	QTY M.T.	RUPEES	QTY M.T.	RUPEES	QTY M.T.	RUPEES
PIGMENT GREEN	— (—)	— (—)	73.540 (79.900)	20,881,116 (19,270,300)	73.540 (79.900)	21,087,361 (19,713,378)	— (—)	— (—)
PIGMENT BLUE	— (—)	— (—)	25.960 (29.840)	6,235,080 (7,028,000)	25.960 (29.840)	7,346,612 (7,103,136)	— (—)	— (—)
OTHERS	— (—)	— (—)	3.000 (15.170)	142,500 (131,565)	3.000 (15.170)	157,178 (149,461)	— (—)	— (—)
TOTAL	— (—)	— (—)	102.500 (124.910)	27,258,696 (26,429,866)	102.500 (124.910)	28,591,151 (26,965,975)	— (—)	— (—)

8. Prior Period Adjustments are as under:

	2008-2009 (Rs.)	2007-2008 (Rs.)
INCOME:		
Depreciation Fund Reverse In Office appliances In Previous Year	—	386,489
Unpaid Expenses Provided In Previously but bills are not received so far all entries are reversed	—	193,003
EXPENSES:		
Interest Receivable In Previous year	13,755	—
Wealth Tax for Fin. Year 2004-05	—	12,500
Wealth Tax for Fin. Year 2005-06	—	20,000
Wealth Tax for Fin. Year 2006-07	—	15,500
Cost Audit Fees for Fin Year 2006-07	—	15,000
Professional fees In previous year	—	10,000
ECGC Premium for Fin. Year 2007-08	58,894	—
NET	72,649	506,492
9. Value of Imports (CIF Value)	NIL	NIL
10. Expenditure in Foreign currency	6,383,286	NIL
In respect of Traveling	5,437,350	
In respect of Sales Promotion	795,487	
In respect of Membership fees	150,449	—
11. Earning in Foreign currency (Export of Goods on FOB Basis)	496,891,498	401,726,280
12. There are no Micro, Small & Medium Enterprises to whom the company owes dues, which are outstanding for more than 45 days as at 31st March, 2009. This information as required to be disclosed under the Micro, Small & Medium enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.		
13. Related Parties:		
a) The Parties over which Significant influence is exercised :		
	<u>Name</u>	<u>Relation</u>
	Asahi Songwon Colors Ltd	One or more directors are director
	Sky jet Aviation Pvt. Ltd	One or more directors are director
	Skyways	One or more directors are trustee
	Third Screen Solution Pvt. Ltd	One or more directors are director
	Intercon Finance Pvt.Ltd.	One or more directors are director
	Grey Cell Solution Pvt.Ltd	One or more directors are director
	Flyover Communication Pvt.Ltd	One or more directors are director
b) Key Management Personnel and their Relatives:		
	<u>Name</u>	<u>Relation</u>
	Smt. Paru M. Jaykrishna	Chairperson and Managing Director
	Shri Gokul M. Jaykrishna	Executive Director
	Shri Munjal M. Jaykrishna	Joint Managing Director
	Shri Mrugesh Jaykrishna	Spouse of the CMD and Father of Executive/Joint Managing Director

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Transaction with related parties :

a) The Parties over which Significant influence is exercised :

	Rupees
- Purchase of Goods	21,771,116
- Paid for Services	1,838,963
- Rent Paid	66,684
- Office Maintenance	48,000
- Receivables	—

b) Key Management Personnel and their Relatives:

Consultancy	60,000
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14. Gratuity Liability

Method of Valuation: To calculate Projected Benefit Obligation (PBO) Projected Unit Credit Method has been used which is recommended under Accounting Standard 15.

I. Assumptions	April 08 – March 09
Discount Rate Previous Period	8.00%
Discount Rate Current Period	8.00%
Rate of Return on Plan Assets Previous Period	8.00%
Rate of Return on Plan Assets Current Period	8.00%
Salary Escalation Previous Period	6.00%
Salary Escalation Current Period	6.00%
II. Table Showing Change In Benefit Obligation :	April 08 – March 09
Liability at the beginning of the Period	392,820
Interest Cost	31,426
Current Service Cost	89,071
Benefit Paid	(24,612)
Actuarial (gain)/loss on obligations	(41,790)
Liability at the end of the period	446,915

15 Earning Per Share

Sr.No.	Particulars	Amount In Rs. Year Ended March 2009
1.	Income	543,501,458
2.	Profit After Tax	(51,035,472)
3.	Equity Share Capital (3,402,850* 10)	34,028,500
4.	Reserve & Surplus *	31,790,747
5.	Earning Per Share (of Rs. 10 each)= 5(2/3*10)	(15.00)
6.	Net Worth = 6 (3+4)	65,819,247
7.	Book Value Per Share of Rs. 10 each=7(6/3*10)	19.34

*Net of miscellaneous expenses not written off and revaluation reserves.

16. The Figures of previous year have been regrouped wherever necessary.

17. Cash Flow For The Year Ended 31st March, 2009

	Year ended March 31, 2009	Year ended March 31, 2008
		(Rs. in Lacs)
A. CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit before tax & extraordinary items	(530.53)	193.27
ADJUSTED FOR :		
Depreciation	76.23	31.42
Investment income	(12.34)	(10.28)
Interest charged	109.80	70.36
Profit \ Loss on disposal of assets	0.58	—
Def. Exp.	—	—
Interest Received	(3.55)	(3.15)
Operating Profit before Working Capital Changes	(359.80)	281.61
CHANGES IN :		
Trade & Other receivables	(81.72)	(71.61)
Inventories	9.19	(111.98)
Trade & other payables	(135.05)	513.08
	(207.59)	329.49
Cash generated from operations	(567.38)	611.10
Interest paid	(109.80)	(70.36)
Direct taxes paid	(27.62)	(32.92)
Cash flow before extra-ordinary items	(704.81)	507.82
Extra-ordinary items	(0.73)	5.06
Net cash from Operation Activities	(705.53)	512.89
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(237.24)	(864.14)
Sale of fixed assets	0.10	—
Purchase of investments	—	(0.10)
Other Income	15.89	13.43
Sales of investments	—	1.20
Net Cash used in Investing Activities	(221.25)	(849.60)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital issue	—	—
Proceeds form borrowings	968.53	261.84
Lease repayments	(33.44)	(1.78)
Dividend paid	—	—
Net Cash used in Financing Activities	935.10	260.06
Net changes in Cash & Cash Equivalents (A+B+C)	8.31	(76.65)
Cash & Cash Equivalents - Opening Balance	45.39	122.05
Cash & Cash Equivalents - Closing Balance	53.71	45.39

As per our Report attached of even date

For, Trushit Chokshi & Associates

Chartered Accountants

Trushit Chokshi

Membership No. 40847

Place : AHMEDABAD

Date : 05.09.2009

For and on behalf of the Board

Mrs. Paru M. Jaykrishna

Chairperson & Managing Director

Gokul M. Jaykrishna

Executive Director

Munjal M. Jaykrishna

Joint Managing Director

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

I. REGISTRATION DETAILS

Registration No.	12441	State Code	04
Balance Sheet Date :	31-03-2009		

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

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

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities	279,806	Total Assets	279,806
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SOURCE OF FUNDS

Paid-up Capital	34,029	Reserve and Surplus	31,791
Secured Loans	180,325	Unsecured Loans	17,500
Deferred Tax Liability	16,162		

APPLICATION OF FUNDS :

Net fixed Assets	125,993	Investments	10,452
Net Current Assets	134,921	Miscellaneous Expenditure	---
Deferred Tax Assets	8,441	Accumulated Losses	NIL

IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover	543,501	Total Expenditure	596,554
Profit (Loss) before Tax	(53,053)	Profit After Tax	(51,035)
Earnings per share	(15.00)	Dividend % (Proposed)	---

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

(AS PER MONETARY TERMS)

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

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

Trushit Chokshi
Membership No. 40847

Place : AHMEDABAD
Date : 05.09.2009

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

AKSHARCHEM (INDIA) LIMITED

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

ATTENDANCE SLIP

DP Id* _____ Name & Address of the Registered Shareholders.
Client Id* _____
Regd. Folio No. _____

* Applicable where shares are held in electronic form. _____

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

I hereby record my present at the 20th Annual General Meeting of the Company at 166/169, Indrad Village, Kadi-Kalol Road, Dist. Mehsana, Gujarat - 382727, on 30/09/2009 at 11.30 AM.

Member's/Proxy name in Block Letters Signature of Member / Proxy

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

AKSHARCHEM (INDIA) LIMITED

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

PROXY FORM

I/We _____ of _____

being a member/members of the above named Company, hereby appoint _____

_____ of _____

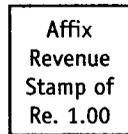
or failing him _____ of _____

or failing him _____ of _____

as my/our Proxy in my/our absence to attend and vote for me/us on my/our behalf at the 20th Annual General Meeting of the Company to be held on 30/09/2009 at 11.30 AM and at any adjournment thereof.

As witness my/our hand (s) this _____ day of _____ 2009.

Signed by the said _____



DP Id* _____ Name & Address of the Registered Shareholders.

Client Id* _____

Regd. Folio No. _____

* Applicable where shares are held in electronic form. _____

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

BOOK-POST

To

If undelivered, please return to :

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