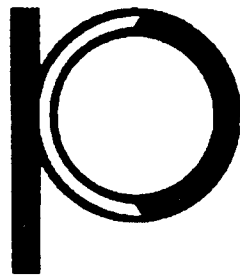


**18<sup>TH</sup>**

***ANNUAL REPORT***  
***2008-2009***



**PRATIKSHA CHEMICALS LIMITED**

**EIGHTEENTH ANNUAL REPORT  
2008-09****BOARD OF DIRECTORS**

Shri H. K. Bhatt	-	Chairman & Whole-time Director
Shri J. K. Patel	-	Director
Shri U. L. Adhvaryu	-	Director
Shri S. Z. Patel	-	Director

**AUDITORS**

**M/s. H. K. Shah & Co.**  
Chartered Accountants  
Ahmedabad.

**BANKERS**

Bank of Baroda  
State Bank of India

**REGISTERED OFFICE**

Pratiksha Chemicals Ltd.  
3rd Floor, H. K. Complex,  
Opp. Dharnidhar Derasar,  
Vasna, Ahmedabad-380007.

**FACTORY**

195/2, Near Natraj Industrial Estate,  
Village Iyawa - Vasna,  
Sanand, Dist. Ahmedabad.

**NOTICE**

NOTICE is hereby given that the Eighteenth Annual General Meeting of the members of the Company will be held on 30th September, 2009 at 10.00 a.m. At Registered Office of the Company at 3rd Floor, H.K. Complex, Opp. Dharnidhar Derasar, Vasna, Ahmedabad - 380007 to transact the following business.

**ORDINARY BUSINESS**

- 1). To receive, consider and adopt the profit and loss account of the Company for the year ended on 31st March, 2009 and Balance Sheet as at that date and Directors' Report and Auditors' Report thereon.
- 2). To Appoint a Director in place of Shri Somabhai Patel, who retires by rotation and is eligible for re-appointment.
- 3). To appoint Auditors and to fix their remuneration.

Place: Ahmedabad

For Pratiksha Chemicals Ltd.

Sd/-

Date: 22/08/2009

**DIRECTOR**

**NOTES: -**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. The members/proxies desirous of attending the meeting are requested to hand over the attendance slip duly filled in and signed at the meeting venue.
2. The Register of Members and share Transfer Books of the Company will remain closed from 23rd Sept. 2009 to 30<sup>th</sup> Sept. 2009 (both days inclusive).
3. As a measure of economy, Annual Reports will not be distributed at the meeting. So, members are requested to bring their copy of Annual Report with them to the annual General Meeting.

**DIRECTORS' REPORT**

To,  
Members,

Your Directors have pleasure in presenting Fifteenth Annual Report of the Company together with the Audited statements of Accounts for the financial year ended on 31<sup>st</sup> March 2009.

**1. FINANCIAL RESULTS**

(Rs. in Lacs)

PARTICULARS	FINANCIAL YEAR 2008-2009	PREVIOUS YEAR 2007-2008
Profit/(Loss) before Depreciation	29.67	(63.25)
Depreciation	34.35	34.42
Profit/(Loss) before Tax	(04.68)	(97.68)
Provision for Tax	—	00.05
Profit/(Loss) after Tax	(04.68)	(97.73)

**2. DIVIDEND**

On account of accumulated losses, your directors did not recommend any dividend.

**3. OPERATIONS**

During the year under review, despite of slack industrial market and liquidity crisis, company has achieved turnover of Rs.415.80 Lacs, which is quite reasonable. Company has made loss during the year, which was overshadowed by huge accumulated losses and unprovided depreciation for previous years.

**4. FUTURE PROSPECTS**

During the year under review, Company has concentrated mainly on exports through merchant exporters. Company has good enquiries on hand, which are quite prospective. Company has put more emphasis on quality control comparable to international standard along with quality measures for pollution control. In the times to come, your Directors are quite hopeful of wiping out of loss through achieving better sales target and cost conservative measures even though not compromising on quality standard of the product.

**5. DIRECTORS**

Shri Somabhai Patel, Director of the company retires by rotation and is eligible for reappointment.

**6. PERSONNEL**

Your director's wish to place on record their appreciation for the contribution to growth of the business made by employees at all levels. Information as required pursuant to section 217(2A) of Companies Act, 1956 has not been given, as it is not applicable.

**7. AUDITORS**

M/s. H.K. Shah & Co; Chartered Accountants, Ahmedabad, auditors of the company holds office up to the conclusion of AGM and being eligible offers themselves for reappointment.

**8. DEPOSITS**

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

**9. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE**

The additional information required to be disclosed in terms of notification No.1029 dated 31<sup>st</sup> December 1998 issued by the Department of Company Affairs, Ministry of finance is appended hereto and form part of this report. During the year under review, there has been an earning and outgo of foreign exchange, details of which is given in item no. 12(G) & (H) to notes to Accounts. The company does not have any imported technology.

**10. AUDITORS QUALIFICATION:-**

As Auditors of the company has qualified their report to the members of the company. In this connection, Board of directors of the company have discussed the same at arms' length on the recommendation of audit committee and have initiated action to take necessary steps so as to show true and fair view of state of affairs of the company in the coming financial year.

**11. REPORT ON CORPORATE GOVERNANCE**

Report of Director on corporate governance is a part of Annual Report and is annexed is annexure -A.

**12. MANAGEMENT DISCUSSIONS AND ANALYSIS**

Report on Management Discussion and Analysis is annexed in Annexure-B.

**13.DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, the Directors Confirm that :

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give true and fair view of the state o affairs of the company at the end of the financial year ended 31<sup>st</sup> March, 2009 and the profit and loss account for the year ended 31<sup>st</sup> March, 2009;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis.

**14. ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation of the whole-hearted co-operation extended to company from various departments of the central and state governments, company's bankers and financial institutions and employees of the company and look forward for the same cordial relation ship in coming years.

PLACE: AHMEDABAD.

ON BEHALF OF BOARD OF DIRECTORS

Sd/-

DATE: 22/08/2009

SHRI H.K. Bhatt

Whole Time Director

**ANNEXURE 'A'****REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE**

The Securities and Exchange Board of India (SEBI) constituted the committee on Corporate Governance to promote and raise the standard of corporate governance of listed companies. The committee made recommendations on the composition of the board of directors, audit committee, board procedure etc.

The Company has taken necessary steps to comply with the newly amended clause 49 of the Listing Agreement. Given below is the report of the Directors on the corporate governance:

**COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

The Company believe in functioning in a transparent manner with the basic philosophy being to enhance the shareholder value, keeping in mind the needs and interest of other share holders. In compliance thereof, the following information is placed before the shareholders.

**(1) BOARD OF DIRECTORS**

Name of Director	Category	Date of Board Meeting						AGM
		30/04/2008	31/07/2008	12/08/2008	31/10/2008	31/01/2009	31/03/2009	30/09/2008
Shri H.K. Bhatt	Whole time Director	P	P	P	P	P	P	P
Shri J.K. Patel	Promoter Director	P	P	P	P	P	P	P
Shri Upendra Adhvaryu	Non-executive independent	P	P	P	P	P	P	P
Shri Somabhai Patel	Non-executive independent	P	P	P	P	P	P	P

P – Present

A – Leave of absence granted

**Details of other Directorships****Name of Director      Other Directorship**

Shri H.K. Bhatt      Nil

Shri J.K. Patel      Nil

Shri Upendra Adhvaryu      Nil

Shri Somabhai Patel      Nil

In line with the requirements of the code of the Corporate Governance, the board of directors comprises four members. The composition of the Board is in conformity with the revised agreement, having one Whole Time Director, One promoter Director and remaining two directors are Non – Executive independent Directors.

Company do not have any system of payment of remuneration to independent Directors.

Further during the year, meeting of Board of Directors was held six times.

A declaration signed by Shri H.K. Bhatt, Whole Time Director of the Company according compliance of sub – Clause (1D) of Clause 49 of Listing Agreement as amended is attached herewith forming part of this Annual Report.

**(2) AUDIT COMMITTEE**

Presently the company has four Directors. The company has independent internal Auditors who submit the report to the management on monthly basis and action is taken on the same by the Managing Director on regular basis.

Pursuant to the revised clause 49 of the listing agreement, the company has appointed Audit Committee consisting of followings:

- |       |                     |   |          |
|-------|---------------------|---|----------|
| (i)   | Mr.Upendra Adhvaryu | – | Chairman |
| (ii)  | Mr.Somabhai patel   | – | Member   |
| (iii) | Mr. J.K. Patel      | – | Member   |

Function of audit committee is as under.

- (a) To review financial reporting process and financial statement.
- (b) To review internal control system and functioning of internal audit process.
- (c) Post Audit review with statutory auditors.

During the year Audit Committee met six times and reviewed performance of the company.

**(3) REMUNERATION COMMITTEE**

Remuneration paid to Directors of the company was Rs. 1027120/-. No sitting fees are payable to any Director.

Remuneration committee consists of Mr Somabhai Patel and Mr. Upendra Adhvaryu.

**(4) SHAREHOLDERS COMMITTEE**

The company has complied the requirements of the Clause 49 of the Listing Agreement. Mr. J.K. Patel, Director heads the committee.

During the year, the company and their Registrar and Share Transfer Agents M/S Pinnacle Share Registry Pvt. Limited received no complaint. It is policy of the company to give reply of shareholders complaint within the time frame prescribed by the SEBI / Stock Exchanges.

The Share received for transfer is approved on 15<sup>th</sup> and 30<sup>th</sup> of the each month and are given effect by the Registrar and Share Transfer Agent.

M/s Pinnacle Share Registry Pvt. Limited was appointed as common Agent for electronic as well as physical share transfer work.

**(5) GENERAL BODY MEETING**

The Company's shares are listed on Bombay Stock Exchange and Ahmedabad Stock Exchange. Annual General Meeting of the Shareholders was held on 30-09-2008 at 9.30 A.M. at Registered office of the Company.

**(6) DISCLOSURES**

- (a) Company has followed all accounting standards diligently.
- (b) Further, Company is in the process of laying down risk assessment systems.
- (c) Further, Company has not received any funds through capital market during the year.
- (d) Management Discussion & Analysis report is attached and forms part of this Report.
- (e) During the year, transaction with related parties has been properly disclosed in Notes to accounts and discussed at arms length by Audit Committee.
- (f) Further, ShriH.K. Bhatt , Whole Time Director of the company has certified to Board of Directors of the company regarding compliance of sub – clause (v) of clause 49 of listing Agreement.

**(7) MEANS OF COMMUNICATION**

The means of communication between the Shareholders and Company are transparent and investor friendly. The quarterly results of the Company are published in English and Gujarati news papers as required by the listing agreement. Steps are being taken to display the same on the corporate website, which is being developed.

**(8) GENERAL SHAREHOLDER INFORMATION**

Date of Annual General Meeting	:	30/09/2009.
Financial Calendar	:	1 <sup>st</sup> April, 2008 to 31 <sup>st</sup> March, 2009
Dividend Payment Date	:	No dividend declared.
Date of Book Closure	:	23 <sup>rd</sup> September 2009 to 30 <sup>th</sup> September 2009.

**(9) LISTING OF STOCK EXCHANGE**

Bombay Stock Exchange Limited 531257

Ahmedabad Stock Exchange Limited

**(10) MARKET PRICE DATA AT BOMBAY STOCK EXCHANGE LIMITED**

MONTH	HIGH (Rs.)	LOW (Rs.)
April, 2008	4.26	3.81
May, 2008	4.61	3.62
June, 2008	4.36	3.60
July, 2008	3.75	3.08
August, 2008	3.79	2.85
September, 2008	3.54	2.69
October, 2008	3.15	2.86
November, 2008	3.15	2.25
December, 2008	2.14	2.14
January, 2009	2.24	2.24
February, 2009	2.15	2.15
March, 2009	1.71	1.71

Performance in Comparison to board based indices such as BSE sensex, CRISIL Index etc. Not applicable.

**(11) REGISTRAR AND SHARE TRANSFER AGENT**

M/S Pinnacle Share Registry Pvt. Ltd.  
Nr. Ashoka Mills, Naroda Road,  
Ahmedabad.

**(12) SHARE TRANSFER SYSTEM**

The share transfer work is handled by registrar and transfer agent for the company.

Share Transfers are registered and dispatched within a period of thirty days from the date of the lodgments if the transfer documents are correct and valid in all respects.



**(13) Distribution of shareholding as on 31<sup>st</sup> March, 2009**

No. of Equity holders	No. of Share holders	% of Share held	No. of Share held	% of Share holding
1 to 500	4130	86.35	553475	9.94
501 to 1000	270	5.64	241263	4.33
1001 to 2000	209	4.37	369136	6.63
2001 to 3000	48	1.00	124032	2.23
3001 to 4000	32	0.67	118033	2.12
4001 to 5000	22	0.46	101689	1.83
5001 to 10000	28	0.59	199410	3.58
10001 to above.	44	0.92	3863302	69.34
<b>Total</b>	<b>4783</b>	<b>100</b>	<b>5570340</b>	<b>100</b>

**(14) DISTRIBUTION PATTERN AS ON 31<sup>st</sup> March, 2008**

CATEGORY	No of Shares	Percentage
Promoters and Relatives	1751989	31.45
Banks / FII / FI	—	—
Public	1912282	34.32
Body Corporate	1286969	23.10
NRI	619100	11.13

**(15) DEMATERIALIZATION OF SHARES AND LIQUIDITY**

Outstanding GDRs / ADRs / Warrants or any Convertibles instruments and conversion date and likely impact on equity

Not Applicable

Address for Correspondence 3<sup>rd</sup> Floor, H.K. Complex, Nr.Dharnidhar Jain Derasar, Vasna, Ahmedabad-380007.

Registrar for electronic connectively as well as physical share transfer dept M/S Pinnacle Share Registry pvt. Ltd. Nr. Ashoka Mills, Naroda Road, Ahmedabad.

4139980 shares out of 5570340 Equity shares of the company have been dematerialized as at 31<sup>st</sup> March, 2009 representing 74.32% of total paid up capital of the company.

Place: Ahmedabad

By order of the Board of Directors

Date : 22/08/2009

For Pratiksha Chemicals Ltd.

Sd/-

(H.K. Bhatt)  
Chairman

**ANNEXURE 'B'****MANAGEMENT DISCUSSION AND ANALYSIS****1. Overall Review**

The overall performance during the financial year 2008–2009 has been satisfactory.

**2. Financial Review**

Total turnover for the year ended 31<sup>st</sup> March, 2009 were Rs. 415.80 Lacs. This increase was mainly on account of improvement in manufacturing process and sales promotion drive. Better working capital management was also one of the emphasis on which proper weightage was laid upon.

**3. Internal Control System and their adequacy**

Considering the size of the company, your company has adequate system of internal control to provide reasonable assurance that assets are safeguarded and protected from unauthorized use or deposition.

**4. Business Environment**

The Performance of the company for the year under review was satisfactory.

**5. Risk and Concern**

The building, plant and machinery, vehicle and stocks of the Company are adequately insured.

**6. Cautionary Statement**

Statements in this report on Management Discussion and Analysis may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand supply conditions, finished goods prices, raw material cost and availability and changes in government regulation and tax structure, economic development within India and the countries with which the company has business contacts and other factors such as *litigation and industrial relations*.

The Company assumes no responsibility in respect of forward looking statements which may be amended or modified in future on the basis of subsequent developments, information of events.

By order of the Board of Directors

**For Pratiksha Chemicals Ltd.**

Place: Ahmedabad

Sd/-

Date: 22/08/2009

(H.K. Bhatt)

## AUDITOR'S REPORT

To  
The Members,  
**Pratiksha Chemicals Limited**  
Ahmedabad.

1. We have audited the attached Balance Sheet of Pratiksha Chemicals Limited as at 31st March, 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both 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 the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said order.
4. **Particular attention is drawn:**
  - (i) *The company has not made provision for doubtful debts amounting to Rs. 22.88 lacs as at year end. This has resulted in under statement of loss and over statement of current assets by Rs.22.88 lacs.*
  - (ii) *The company has not made adjustment in respect of deferred revenue expenditure amounting to Rs. 9.15 lac, which has resulted in under statement of loss and over statement of miscellaneous expenditure by such amount.*
  - (iii) *The company has not carried out impairment test and accordingly the impairment loss if any has not been charged to profit and loss account. The impact of which on the profits of the company could not be ascertained.*
  - (iv) *Adhering to significant accounting policy, the company is accounting for Gratuity & Leave encashment on cash basis. This is not in according with Accounting Standard - 1 on "Disclosure of Accounting Policies and 15 on "Accounting for Retiring Benefits" prescribed by the Institute of Chartered Accounting of India and contrary to provision contained in Section 209(3) of The Companies Act, 1956. The extent of non-compliance in terms of value is not ascertainable.*
  - (v) *AS - 2 relating valuation of Inventories has not been followed. The technical valuation claimed by company is not quantifiable hence; we are not in a position to quantify the effect on the profit and loss account and balance sheet.*
  - (vi) *The company has not disclosed outstanding dues to Small Scale Industrial undertakings and details regarding the same;*
  - (vii) *Balances of Unsecured Loans, Other Liabilities, Creditors, Debtors, Loans and Advances are subject to confirmation by the parties concerned and reconciliation thereof in subsequent years.*

(viii) Without considering item mentioned at para 4(ii),(iv), (v) & (vi) above, the effects of which could not be determined, had the observations made by us in para 4 (i), (iii) above been considered, the loss for the year would have been Rs 36.85 Lacs (as against the reported loss of Rs 4.82 Lacs), the current assets would have been Rs 359.25 Lacs ( as against reported amount of Rs 382.13 Lacs ), miscellaneous expenditure would have been NIL ( as against reported amount of Rs 9.15 Lacs ).

5. Further to our comments in the Annexure refer above, 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, **subject to para – 4 above** , 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, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, **except note no. (iv), (v), (vi)**
- e. On the basis of written representations received from the directors of the company, as at March 31<sup>st</sup>, 2009 and taken on record by the board of directors, we report that none of the directors is disqualified from being appointed as director under 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 **subject to para 4 above** 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:
  - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009
  - b. in the case of the Profit and Loss Account, of the loss for the year ended on that date. and
  - c. in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For, H. K. SHAH & CO.  
Chartered Accountants

Sd/-

H.K SHAH  
Partner  
Mem. No. 42758

Place : Ahmedabad

Date : 22<sup>nd</sup> August, 2009

**ANNEXURE TO THE AUDITOR'S REPORT**

The annexure referred to in the Auditors Report to the members of Pratiksha Chemicals Limited for the year ended 31<sup>st</sup> March 2009, we report that:

1. (a) *The Fixed Asset Register showing particulars including quantitative details and situation of fixed assets is under compilation and updation.*
  - (b) According to the information and explanation furnished to us, the company has not physically verified all of its fixed assets. *Since the fixed assets records are still under compilation no comparison with the book records have yet been made. In the absence of such comparison, opinion as to discrepancies, if any, can not be given.*
  - (c) During the year, the company has not disposed off any substantial part of fixed assets.
2. (a) *The Inventory (excluding stock with third parties) have been physically verified during the year by the management as informed to us. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion the frequency of verification is reasonable.*
  - (b) In our opinion, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) On the basis of our examination of inventories records, in our opinion, the company is maintaining the reasonable records of inventories. The discrepancies noticed on physical verification of inventory as compared to book records have been properly dealt with in the books of accounts, by the company.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained u/s.301 of the Companies Act, 1956. Accordingly the clauses 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the report are not applicable.
  - (b) (i) As per the information and explanations given to us, the Company has not taken interest free unsecured loans from parties covered in the register maintained u/s.301 of the Companies Act, 1956.
  - (ii) In our opinion, the terms and conditions on which loans have been taken from companies, firms or other parties listed in the registered maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the company
  - (iii) The company is regular in repaying the principle amounts as stipulated
4. In our opinion and according to information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and with regard to the sale of goods.

During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control.
5. (a) According to information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the act have been entered in the register required to be maintained under that section.
  - (b) In our opinion and according to the information and explanations given to us, the transactions exceeding Rs. 5 lacs made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the act and the rules framed there under.
7. In our opinion the company does not have internal audit system commensurate with the nature and the size of the business.

8. According to information and explanation given to us, the central government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
9. (a) According to information and explanation given to us, and on the basis of our examination of the books of accounts, the company is *generally irregular* in depositing with appropriate authorities undisputed statutory dues and the company has no arrears of such outstanding dues as at 31<sup>st</sup> March, 2009 for a period more than six months from the date they became payable.  
(b) According to the information and explanation given to us, there are no disputed outstanding dues as at 31<sup>st</sup> March, 2009.
10. The accumulated losses of the company exceeds fifty percent of net worth as at 31st March, 2009 after considering qualifications, as reported in the audit report, the effect of which could be ascertained. It has not incurred cash loss in the financial year ended on that date but it has incurred cash losses in the immediately preceding financial year.
11. According to the records of the company examined by us and the basis of information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
12. The company has not granted any loans and advances on the basis of securities by way pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to Chit fund, Nidhi, Mutual Benefit Funds or a Society are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions during the year.
16. In our opinion and according to the information and explanations given to us, the company has not obtained any term loans. Accordingly clause 4(xvi) of the order is not applicable.
17. As per the information and explanation given to us, the company has not raised any funds on short-term basis, which have been used for long-term investments and vice-versa.
18. The company has not issued any preferential allotment of shares to parties and companies covered under register maintained under section 301 of The Companies Act, 1956.
19. During the year covered by audit report, the company has not issued any debentures.
20. The company has not raised any money by public issues during the year under review.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For, H. K. SHAH & CO.**  
*Chartered Accountants*

Sd/-

**H.K SHAH**  
*Partner*  
Mem. No. 42758

Place : Ahmedabad

Date : 22<sup>nd</sup> August, 2009

<b>BALANCE SHEET AS AT 31ST MARCH, 2009</b>				
<b>Particulars</b>	<b>Schedule</b>	<b>As at 31st March, 2009</b>		<b>As at</b>
		<b>Amount (Rs.)</b>	<b>Amount (Rs.)</b>	<b>31/03/2008</b>
<b>SOURCES OF FUNDS</b>				
<u>Shareholders' Funds :</u>				
Share Capital	1	5 57 03 400		5 57 03 400
Reserves and Surplus	2	43 14 444		43 14 444
			6 00 17 844	6 00 17 844
<u>Loan Funds :</u>				
Secured Loans	3	1 55 00 328		1 56 10 064
Unsecured Loans		1 77 92 368		1 77 92 368
			3 32 92 696	3 34 02 432
<b>Total :</b>			<b>9 33 10 540</b>	<b>9 34 20 276</b>
<b>APPLICATION OF FUNDS</b>				
<u>Fixed Assets :</u>				
Gross Block	4	7 55 89 084		7 51 98 071
Less : Depreciation		4 25 37 097		3 91 01 412
<b>Net Block :</b>			3 30 51 987	3 60 96 659
Add : Capital Work in Progress			12 67 533	12 67 533
<b>Total</b>			<b>3 43 19 520</b>	<b>3 73 64 192</b>
Investment	5		31 100	3 100
<u>Current Assets, Loans &amp; Advances :</u>				
Inventories	6	3 20 11 156		2 57 61 454
Sundry Debtors	7	1 19 20 798		1 49 15 134
Cash and Bank Balances	8	( 76 75 960)		( 63 58 603)
Loans and Advances	9	19 57 012		29 41 083
Defferd tax asset		3 23 512		
<b>Total Current Assets</b>	<b>A</b>	<b>3 85 36 518</b>		<b>3 72 59 068</b>
Less : <u>Current Liabilities and Provisions</u>	10			
Current Liabilities		1 69 87 145		1 81 48 612
Provisions		19 401		5 470
<b>Total Current Liabilities</b>	<b>B</b>	<b>1 70 06 546</b>		<b>1 81 54 082</b>
<b>Net Current Assets :</b>	<b>(A - B)</b>		<b>2 15 29 972</b>	<b>1 91 04 986</b>
Deffered Revenue Expenditure			9 15 233	9 15 233
Profit & Loss Account			3 65 14 715	3 60 32 765
<b>Total :</b>			<b>9 33 10 540</b>	<b>9 34 20 276</b>
Significant Accounting Policies	15			
Notes forming part of the Accounts	16			
As per our attached Report of even date.				
<b>FOR H.K.Shah &amp; CO.</b>		<b>FOR PRATIKSHA CHEMICALS LIMITED</b>		
Chartered Accountants				
Sd/-		Sd/-		
<b>H.K.Shah</b>		<b>HARISH K. BHATT</b>	<b>JAYESH K. PATEL</b>	
Partner		Chairman	Director	
<b>M. No : 42758</b>				
Place: Ahmedabad		Place : Ahmedabad		
Date : 22nd august 2009		Date : 22nd august 2009		

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009				
	Schedule	As at 31st March, 2009 Amount (Rs.)	As at 31/03/2008 Amount (Rs.)	Particulars 31/03/2008 Amount (Rs.)
<b>Incomes</b>				
<u>Sale of Finished goods :</u>				
		40,969,244		23,418,905
Less : Excise Duty & Cess		-611,016		3,739,122
Value Added Tax		0		0
		-611,016	41,580,260	19,679,783
Other Income	11		402,312	1,132,653
				0
<b>Total Income</b>	<b>A</b>		<b>41,982,572</b>	<b>20,812,436</b>
<b>Expenditure</b>				
Manufacturing and other Exp	12	33,994,167		16,233,154
Personnel Cost	13	1,928,738		1,928,658
Financial Charges	14	3,415,513		2,420,939
Prior Period Depreciation				6,555,256
Depreciation		3,435,685		3,442,943
<b>Total Expenditure</b>	<b>B</b>		<b>42,774,103</b>	<b>30,580,950</b>
Profit (loss) before tax	(A-B)		-791,531	-9,768,514
Provision for Tax			†	
Current Tax				
Deferred Tax Credit			323,512	
Fringe Benefit Tax			13,931	5,470
Profit / Loss for the Year			-481,950	-9,773,984
Add: Balance Brought Forward			-36,032,765	-26,258,781
Balance Carried to Balance sheet			<b>-36,514,715</b>	<b>-36,032,765</b>
<b>Basic and Diluted earnings per Equity Share</b>			0	-2
Refer note No of Schedule '16'				
Significant Accounting Policies	15			
Notes forming part of the Accounts	16			
<b>FOR H.K.Shah &amp; CO.</b> Chartered Accountants Sd/- H.K.Shah Partner M. No : 42758 Place: Ahmedabad Date : 22nd august 2009		<b>FOR PRATIKSHA CHEMICALS LIMITED</b> Sd/- HARISH K. BHATT Chairman Sd/- JAYESH K. PATEL Director Place : Ahmedabad Date : 22nd august 2009		



Cash Flow Statement for the year ended 31st March, 2009		
Particulars	For the year ended 31/3/2009 Amount (Rs.)	For the year ended 31/03/08 Amount (Rs.)
<b>A. Cash flow from operating activities:</b>		
Net profit / Loss for the year	(481950.00)	( 97 73 984)
Adjustments for :		
Add		
Deffered Revenue Exp		51
Fringe Benefit Tax	13931.00	5 470
Interest Expenses	3388611.00	23 91 026
Depreciation	3435685.00	34 42 943
Prior Period Exp		65 55 256
Interest on TDS	0.00	1 23 94 746
Kasar Vatav	0.00	
Less :		
Sundry credit balance Written back		
Deffered tax income	323512.00	
Dividend Received	450	
Interest Income	856	
<b>Operating profit before working capital charges</b>	<b>6031459.00</b>	<b>18 73 170</b>
Adjustments for :		
Trade Receivables	2994336.00	7 24 097
Other Receivables	984071.00	8 86 451
Inventories	(6249702.00)	( 1 19 35 164)
Trade payables Including others	(4536147.00)	22 64 868
	(6807442.00)	
<b>Cash generated from operations</b>	<b>(775983.00)</b>	<b>( 61 86 578)</b>
Less: Tax Paid	13931.00	17 250
<b>Net cash from operating activities (a)</b>	<b>(789914.00)</b>	<b>( 62 03 828)</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of fixed assets	(391013.00)	( 1 85 978)
Sale of Fixed Assets	0.00	0
Purchase of fixed assets of investment	(28000.00)	
Increase in Capital WIP	0.00	( 9 13 680)
Dividend Received	450.00	720
Interest Income	856.00	
<b>Net cash used in investing activities (b)</b>	<b>(417707.00)</b>	<b>( 10 98 938)</b>
<b>C. Cash flow from financing activities:</b>		
Procurement/(Repayment) of long term borrowings	(109736.00)	73 88 024
Unsecured Loan	0.00	( 51 00 000)
Interest Paid	0.00	( 23 91 026)
<b>Net cash flow from financial activities (c)</b>	<b>(109736.00)</b>	<b>( 1 03 002)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents (a)+(b)+(c)</b>	<b>(1317357.00)</b>	<b>( 74 05 768)</b>
Cash and cash equivalents opening	(6358603.00)	10 47 166
Cash and cash equivalents closing	(7675960.00)	( 63 58 602)
Explanatory Notes to Cash Flow Statement	<b>(7675960.00)</b>	
	<b>0.00</b>	
1	The Cash Flow Statement is prepared in accordance with the format prescribed by Securities and Exchange Board of India & as Accounting Standard 3 as Prescribed by the Institute of Chartered Accountants of India.	
2	In Part A of the Cash Flow Statements, figures in brackets indicates deductions made from the net profit for deriving the cash flow from operating activities. In part B & part C, figures in brackets indicates cash outflows.	
3	Figures of the previous year have been regrouped wherever necessary, to confirm to current years presentation.	
	As per our attached report of even date.	
<b>FOR H.K.Shah &amp; CO.</b> Chartered Accountants Sd/- <b>H.K.Shah</b> Partner M. No : 42758 Place: Ahmedabad Date : 22nd august 2009	<b>FOR PRATIKSHA CHEMICALS LIMITED</b>  Sd/- <b>HARISH K. BHATT</b> Chairman  Sd/- <b>JAYESH K. PATEL</b> Director  Place : Ahmedabad Date : 22nd august 2009	

SCHEDULE FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009		
Particulars	As at 31st March, 2009	
	Amount (Rs.)	Amount (Rs.)
	As at 31/03/2008 Amount (Rs.)	
<b>Schedule - '1' : Share Capital</b>		
<b>Authorised Capital :</b>		
75,00,000 Equity Shares of Rs.10 each	7 50 00 000	7 50 00 000
	<u>7 50 00 000</u>	<u>7 50 00 000</u>
<b>Issued, Subscribed and Paid up :</b>		
55,70,340 Equity Shares of Rs.10 eachfully paid up	5 57 03 400	5 57 03 400
<b>Total :</b>	<u><b>5 57 03 400</b></u>	<u><b>5 57 03 400</b></u>
<b>Schedule - '2' : Reserve and Surplus</b>		
Share Premium	43 14 444	43 14 444
Depreciation reserve	0	
<b>Total :</b>	<u><b>43 14 444</b></u>	<u><b>43 14 444</b></u>
<b>Schedule - '3' : Loan Funds</b>		
<b>Secured Loans :</b>		
<i>From Financial Institution :</i>		
Maruti Countrywide Auto Finance Services Ltd. [The above loans are secured against hypothecation of vehicles]	23 281	1 33 017
<i>From Banks :</i>		
Bank of Baroda - Cash Credit Account	1 54 77 047	1 54 77 047
[Secured by Hypothecation of Raw Materials, Stock in Process, Finished Goods, Book Debts and further Secured by personal gurantee of the directors of the company and corporate gurantee of Associate/Group Company]	1 55 00 328	1 56 10 064
<b>Unsecured Loans :</b>		
Intercorporate Deposits	1 71 62 750	1 71 62 750
From Directors	6 29 618	6 29 618
	<u>1 77 92 368</u>	<u>1 77 92 368</u>
<b>Total :</b>	<u><b>3 32 92 696</b></u>	<u><b>3 34 02 432</b></u>

**PRATIKSHA CHEMICALS LIMITED, AHMEDABAD**

**SCHEDULE - IV FIXED ASSETS**

RATE		GROSS BLOCK				DEPRICIATION				NET BLOCK		
Sr. No.	Name of the Assets	As at 01.04.08	Addition	Deduct.	As at 31.03.09	Up to the 31.03.08	For the Yr. 2007-08	Deduction Adjustment	Up to the 31.03.09	As at 31.03.09	As at 31.03.08	
1	Land	1,530,268	0	0	1,530,268					1,530,268	1,530,267	
2	Buldings	3.34	12,840,351	0	0	12,840,351	4,975,503	428,868	0	5,404,371	7,435,980	7,864,849
3	Plant and Machinery	4.75	58,761,609	373,763	0	59,135,372	32,300,870	2,797,369	0	35,098,239	24,037,133	26,460,739
4	Furniture & Fixture	6.33	80,334	0	0	80,334	59,677	5,085	0	64,762	15,572	20,657
5	Office Equipments	16.21	443,370	17,250	0	460,620	354,665	72,921	0	427,586	33,034	88,705
6	Vehicles	9.5	1,542,139	0	0	1,542,139	1,410,697	131,442	0	1,542,139	0	131,442
	<b>Total</b>		<b>75,198,071</b>	<b>391,013</b>	<b>0</b>	<b>75,589,084</b>	<b>39,101,412</b>	<b>3,435,685</b>	<b>0</b>	<b>42,537,097</b>	<b>33,051,987</b>	<b>36,096,659</b>
	<b>Previous year</b>		<b>75,012,093</b>	<b>185,978</b>	<b>0</b>	<b>75,198,071</b>	<b>35,658,469</b>	<b>3,442,943</b>	<b>0</b>	<b>39,101,412</b>	<b>36,098,228</b>	<b>39,353,624</b>
7	Capital Work in Progress									1,267,533	1,267,533	

SCHEDULE FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009		
Particulars	As at 31st March, 2009	
	Amount (Rs.)	Amount (Rs.)
		As at 31/03/2008 Amount (Rs.)
<b>Schedule - '5' : Investments (At cost)</b>		
Particulars		
<i>Unquoted :</i>		
30 Shares in The Union Co-op. Bank Ltd. of Rs. 100 each	3 000	3 000
4 Shares of Co-op Bank of Ahmedabad Ltd. of Rs. 25 each	100	100
F.D.R	28 000	0
<b>Total :</b>	<b>31 100</b>	<b>3 100</b>
<b>Schedule - '6' : Inventories (As taken valued &amp; Certified by the Management)</b>		
Fuel	33 544	33 544
Stock in Process	1 29 96 270	2 33 13 813
Raw Materials	22 66 927	6 83 188
Packing Materials	81 275	81 275
Stores, Spares and Consumables	0	16 49 634
Finished Goods	1 66 33 140	0
<b>Total :</b>	<b>3 20 11 156</b>	<b>2 57 61 454</b>
<b>Schedule - '7' : Sundry Debtors</b>		
Unsecured :		
<i>Outstanding for more than six months :</i>		
Considered Good	1 19 20 798	52 50 511
Considered Doubtful	0	74 08 802
	<u>1 19 20 798</u>	<u>1 26 59 313</u>
Less than six months - Considered Good		22 55 821
<b>Total :</b>	<b>1 19 20 798</b>	<b>1 49 15 134</b>
<b>Schedule - '8' : Cash and Bank Balances</b>		
Cash on Hand	2 99 498	69 140
<i>Balances with Schedule Banks :</i>		
In Current Accounts	( 79 75 458)	( 64 22 363)
<i>With a Co-operative Bank :</i>		
<i>Sabarmati Co-op. Bank</i>		( 6 330)
In Current Accounts		950
	( 79 75 458)	( 64 27 743)
	<u>( 76 75 960)</u>	<u>( 63 58 603)</u>

SCHEDULE FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009		
Particulars	As at 31st March, 2009	
	Amount (Rs.)	Amount (Rs.)
	As at 31/03/2008 Amount (Rs.)	
<b>Schedule - '9' : Loans and Advances</b>		
Particulars		
Advance recoverable in cash or in kind or for value to be received	2 07 900	2 94 157
Balances with Excise Authorities	( 5 51 436)	4 31 391
Advance Payment of Tax	21 95 465	21 95 465
Other Deposits	1 05 083	20 070
<b>Total :</b>	<b>19 57 012</b>	<b>29 41 083</b>
<b>Schedule - '10' : Current Liabilities and Provisions</b>		
<u>Current Liabilities :</u>		
Sundry Creditors	1 55 80 808	1 72 59 289
Other Liabilities	14 06 337	8 89 323
	<b>1 69 87 145</b>	<b>1 81 48 612</b>
<u>Provisions :</u>		
Provisions for Bonus	0	0
Fringe benefit Tax	19 401	5 470
	<b>19 401</b>	<b>5 470</b>
<b>Total :</b>	<b>1 70 06 546</b>	<b>1 81 54 082</b>
<b>Schedule-11 Other Income</b>		
Particulars	Current Year	Previous Year
	Ended on 31.03.09	Ended on 31.03.08
Job work Income	380,000	366,755
Sundry Balances Written Back	-	746,321
By-Product Sales	21,006	18,857
Dividend Income	450	720
Kasar-Vatav		
Interest Income	856	
<b>Total</b>	<b>402,312</b>	<b>1,132,653</b>

## SCHEDULE FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

## Schedule-12 Manufacturing and other Expenses

Particulars	Current Year		Previous Year	
	Ended on 31.03.09		Ended on 31.03.08	
Raw Material Consumed		29,391,938		23,409,641
Packing Material Consumed		456,274		233,938
<b>Adjustment For Stock</b>				
<b>Opening Stock:</b>				
Finished Goods		0		0
Stock In Process	23313813			<u>10,711,769</u>
				10,711,769
<b>Less: Closing Stock :</b>				
Finished Goods	16633140			0
Stock In Process	12996270			23,313,813
		(-6,315,597)		(-12,602,044)
Freight and Octroi		152,726		47,730
Jobwork charges		246,150		227,144
Stores & Spares		2,226,509		98,150
Power & Fuel		2,062,714		2,186,622
factory Expense		223,235		78,347
Laboratory Exp		600		15,936
Efluent treatment Expenses				0
Labour Charges		1,269,113		208,005
Rent Rates And Taxes				72,874
Insurance		45,356		110,826
Annual custody fee		12,472		
		<u>6,238,875</u>		<u>3,045,634</u>
<b>Repairs and Maintainance</b>				
Plant and Machinery		449,678		253,948
Bulding and Others		399,899		213,202
		<u>849,577</u>		<u>467,150</u>
Legal And Professional Fees and Charges		156,172		191,841
Auditor Remuneration		53,708		33,708
Travelling Exp (Director)		0		9,980
Vehicle Exp				20,633
Other Exp		3,138,170		1,247,863
Sales and Distribution Expenses		25,050		174,810
Sundry Balance Written off				0
		<u>3,373,100</u>		<u>1,678,835</u>
<b>Total</b>		<b><u>33,994,167</u></b>		<b><u>16,233,154</u></b>
<b>Other Exp</b>				
Electrical Exp		53,969		107,690
Pollution control Exp		70,908		438,944
Office Exp		17,721		4,190
Stationary & Printing		34,721		21,097
Computer Exp				20,562

SCHEDULE FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009		
Particulars	Current Year	Previous Year
	Ended on 31.03.09	Ended on 31.03.08
Telephone Exp	45,221	39,623
Electric Exp	1,838,299	7,800
Conveyance	2,165	2,576
Postage		1,503
Angania & Courier	38,164	33,573
Membership & Subscription	63,000	3,000
Books & Periodicals		4,400
Advertisement Exp		3,120
Share Transfer Charges		86,717
Kasar And Vatav	3,013	-551
Listing Fees	170,226	15,750
Stamping Fees		215,261
Travelling Exp	5,627	6,330
Hamali & Majuri		9,770
Sales Tax Exp		226,508
Environmental Exp.	99,042	0
Inspection Charges	6,802	0
Interest on Late Listing Fees	26,000	0
Interest on T.D.S	18,197	0
Professional Fees	54,323	0
Professional Tax	6,500	0
Service Tax	8,121	0
Transportation Charges	515,838	0
<b>Total</b>	<b>3,077,857</b>	<b>1,247,863</b>
<b>Salaries, Wages, Bonus &amp; other Related Expenses</b>		
Salary Factory	628,578	548,916
Salary Office	130,600	92,781
Overtime Factory	73,894	40,272
Paid leave		1,262
Gratuity		92,561
<b>Schedule-13 Personnel Cost</b>		
Salaries, Wages, Bonus & other Related Expenses	833,072	775,792
Director's Salary	1,027,120	1,080,000
Supervision Charges		0
Companies contribution to P.F. & other Funds	46,660	58,653
Staff welfare	21,886	14,213
<b>Total</b>	<b>1,928,738</b>	<b>1,928,658</b>
<b>Schedule-14 Finance Chages</b>		
Bank interest CC A/c	3,388,611	2,391,026
Bank Charges	26,902	29,913
	<b>3,415,513</b>	<b>2,420,939</b>

**Schedule - '15' : Significant Accounting Policies :****(a) Basis of preparation of financial statements:**

These financial statements have been prepared on the accrual basis of accounting, under the historical cost convention, and in accordance with the Companies Act, 1956 and the applicable accounting standard issued by The Institute of Chartered Accountants of India.

**(b) Use of estimates**

The presentation of financial statements requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reported period. Differences between the actual result and estimates are recognised in the period in which the results are known/ determined.

**(c) Fixed Assets:**

(i) Fixed Assets are stated at their original cost including incidental expenses related to acquisition and installation, less accumulated depreciation. Cost comprises of the purchase price and any other attributable cost of bringing the assets to its working condition for its intended use.

(ii) Capital Work in Progress is stated at cost.

**(d) Impairment of Assets**

An asset is treated as impaired when its carrying cost exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**(e) Borrowing Costs:**

Borrowing Costs that are directly attributable to acquisition of qualifying assets are capitalized for the period until the asset is ready for intended use. A qualifying assets is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognize as an expense in the period in which they are incurred. No borrowing costs are eligible for capitalization during the year.

**(f) Depreciation:**

Depreciation on assets is provided on the straight line method at rates and in the manner prescribed in schedule XIV to the Companies Act, 1956.

**(g) Investments:**

Investments are valued at cost. Provision for diminution in the value of Long Term investment is made only if, such decline is not temporary in nature in the opinion of the management.

**(h) Inventories:**

(i) Stock in trade comprising of raw materials (including goods in transit), packing material, stock in process and finished goods are valued at the lower of cost and net realizable value after making such provisions as required on account of damage, unserviceable and obsolete stocks

(ii) Stocks of stores, spares and consumable are valued at cost.

(iii) Value of raw material and packing material does not include excise duty, counter valid duty paid to the extent of which CENVAT credit is available.

(iv) Excise duty on goods manufactured by the company and remaining in inventory is included as a part of valuation of finished goods.



(i) Retirement Benefits:

- (i) Contributions to provident fund are made at predetermined rates to Government Authority and charged to profit and loss account.
- (ii) The Company is accounting for gratuity and leave encashment on cash basis.

(j) Revenue Recognition:

- (i) Sales are recognized when the seller has transferred to the buyer, the property in the goods, for a price, or all significant risks and rewards of ownership have been transferred to the buyer without the seller retaining any effective control over the goods. Sales are stated at contractual realizable values, net of excise duty, sales tax and trade discounts.
- (ii) Commission income is recognized as per contracts/receipt of credit note.
- (iii) Job work Income is recognized when the goods are transferred to buyer and where no uncertainty exists regarding realization of revenue.

(k) Foreign Currency Transactions:

- (i) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.
- (ii) In respect of monetary items denominated in foreign currencies, exchange differences arising out of settlement or on conversion at the closing rate are recognized in the Profit and Loss Account, other than exchange differences on acquisition of fixed assets, which are adjusted in the carrying amount of fixed assets.

(l) Stores and Spares:

Items of stores and spares are charged to the revenue at the stage of purchase and stocks of such items as at the end of the year is accounted at cost.

(m) Research and Development Expenditure:

Revenue Expenditure in respect of Research and Development is charged to the Profit and Loss Account and Capital Expenditure is added to the cost of Fixed Assets in the year in which it is incurred.

(n) Taxation:

Provision for income-tax is based on the taxable income computed in accordance with the provision of the Income-tax Act, 1961. Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets are recognized on unabsorbed depreciation and carry forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(o) Provisions, Contingent Liabilities and Contingent Assets

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

(p) Amortization of Deferred Revenue Expenditure:

The Company is amortizing 1/5<sup>th</sup> of Deferred Revenue Expenditure every year.

**Schedule - '16': Notes forming part of accounts**

1. Contingent Liabilities and Capital Commitments Rs. NIL (P.Y. NIL)
2. The company has not made any provisions for Doubtful debts though considered doubtful for recovery amounting to Rs. 22,88,424/- as the management is still putting persuasive efforts for recovery.
3. No provision for income tax is considered necessary in view of carry forward losses and unabsorbed depreciation under the Income Tax Act 1961.
4. The company operates within a solitary business segment i.e. manufacturing of pigments, the disclosure requirements of Accounting Standard – 17 "Segment Reporting", issued by the Institute of Chartered Accountants of India is not applicable.
5. In current year company has not amortized 1/5<sup>th</sup> of deferred revenue expenditure.

**6. Related Party Disclosures:**

- (a) *List of related parties with whom transactions have taken place during the year:*

As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

- (a) *List of related parties with whom transactions have taken place during the year and relationship:*

Sr. No.	Name of related party	Relationship
1	Jayesh K. Patel	Key Management Personnel
2	Harish K. Bhatt	
3	Harshad K. Patel	
4	Minor Asthu H. Patel	Relatives of key Management personnel
5	Minor Dwijen H. Bhatt	
6	Ratnakala ben H Patel	
7	Surbhi ben H Bhatt	
8	Harshad K Patel (HUF)	
9	Harish K Bhatt ( HUF)	
10	Dhara Organisers Pvt. Ltd.	Concerns in which Directors are interested
11	H. K. Builders	
12	J. K. Patel & Co.	

- (b) Transactions with related parties

[Amount in Rs.]

Sr. No.	Nature of transaction	2008-2009	2007-2008
(i)	Intercorporate Deposit/Loans		
	- Concerns in which Directors are interested	17162750	17162750
	- Key Management Personnel and Relatives	629618	629618
(ii)	Expenditure on other service		
	- Concerns in which Directors are interested	NIL	542243
	- Key Management Personal and Relatives	NIL	20000
(iii)	Managerial Remuneration	1027120	1080000
(iv)	Outstanding Balances:		
	<i>Due to company</i>		
	Concerns in which Directors are interested	Nil	Nil
	Key Management Personal and Relatives	200000	200000
	<i>Payable by company</i>		
	- Concerns in which Directors are interested	17162750	17162750
	- Key Management Personnel and Relatives	629618	629618

## 8. Particulars of Earning per Share:

	2008-2009 Amount (Rs.)	2007-2008 Amount (Rs.)
Net Profit/(Loss) for the year	(481950)	(9773984)
Number of equity shares	5570340	5570340
Nominal value of the share	10	10
Earning per Share	(0.09)	(1.75)
Diluted EPS	(0.09)	(1.75)

There is no change in the number of equity shares during the period.

9. The company is entitled to setoff of carried forwarded losses and unabsorbed depreciation against the future taxable income under the Income-tax Act. However, as a matter of prudence, company is not recognizing the differed tax assets as provided by Accounting Standard 22 – accounting for taxes on income.

10. Auditors' Remuneration is made up of :

Particulars	2008-2009 Amount (Rs.)	2007-2008 Amount (Rs.)
Audit Fees	22472	22472
Tax Audit Fees	11236	11236
Total :	33708	33708

11. (a) The Company has been advised that the computation of net profits for the purpose of Directors' remuneration under section 349 of the Companies Act, 1956 need not be enumerated since no commission has been paid to the Directors. In view of the losses, fixed monthly remuneration has been paid to the Directors as per Schedule-XIII to the Companies Act, 1956.

- (b) Directors Remuneration is made up of:

	2008-2009 Amount (Rs.)	2007-2008 Amount (Rs.)
Salary	1027120	1080000
Total :	1027120	1080000

12. Additional information pursuant to provision of para 3, 4C and 4D of Part-II of Schedule-VI of the Companies Act, 1956:

- (A) Raw Material Consumption

Particulars	2008-2009		2007-2008	
	Qty. (Kgs.)	Value Amount	Qty. (Kgs.)	Value Amount
(a) C.P.C. Blue	88040	12765800	61160	10598416
(b) Aluminum Chloride	286320	6470832	206555	6616440
(c) Others		10155306		6194785
Total:		29391938		23409641

- (B) Composition of Raw Materials Consumption

Raw Material consumption	2008-2009		2007-2008	
	Value Amount	Percentage (%)	Value Amount	Percentage (%)
Imported	—	—	—	—
Indigenous	29391938	100	23409641	100
Total :	29391938	100	23409641	100(C)

## Turnover:

		2008-2009		2007-2008	
		Qty. (Kgs./Nos.)	Value Amount	Qty. (Kgs./Nos.)	Value Amount
I.	SALES				
(a)	Finished Good	144944	40969244	72105	21955003
(b)	Traded Goods	—	—	14663	1463903
(c)	Raw Material	—	—	—	—
	Total [a + b + c] :	144944	40969244	86768	23418906
II.	Purchase of Traded Goods	—	—	—	—

## (D) Stock of Finished Goods:

		2008-2009		2007-2008	
Particulars		Qty. (Kgs.)	Value	Qty. (Kgs.)	Value
Opening Stock		NIL	NIL	NIL	NIL
Closing Stock		NIL	NIL	NIL	NIL

## (E) Licensed and Installed Capacity and Production as certified by the management.

Particulars	2008-2009 (Kgs.)	2007-2008 (Kgs.)
(a) Licensed Capacity	Not Applicable	Not Applicable
(b) Installed Capacity	480000	480000
(c) Production - Dyes & Pigment	144944	72105

Current Year Production included jobwork production of 25 KG. (P.Y. Nil K.G)

## (F) Value of Imports on CIF Basis Rs. NIL (P.Y. NIL)

## (G) Earning in Foreign Currency:

Particulars	2008-2009 Amount (Rs.)	2007-2008 Amount (Rs.)
F.O.B. Value of Export	NIL	NIL

## (H) Expenditure in Foreign Currency (on payment basis):

Particulars	2008-2009 Amount (Rs.)	2007-2008 Amount (Rs.)
Traveling	Nil	NIL

- 13 The Previous year figures have been re-grouped, rearrange and reworked wherever necessary so as to make them comparable with those of the current year.

As per our attached report of even date.

**FOR H.K. SHAH & CO.**  
Chartered Accountants

Sd/-

**H.K. SHAH**  
Partner

Mem. No. 42758.

Place : Ahmedabad.

Date : 22nd august 2009

**FOR AND ON BEHALF OF THE BOARD**

Sd/-

**HARISH K. BHATT**  
Chairman

Place : Ahmedabad.

Date : 22nd august 2009

Sd/-

**JAYESH K. PATEL**  
Director

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (Additional Information pursuant to the provision of paragraphs 3 & 4 in Part II of Schedule VI to the Companies' Act, 1956)**

(Rs. In 000's)

**1) Registration Details:-**

Registration No.-	015507	State Code	4
Balance Sheet Date	31/03/09		

**2) Capital Raised During the year:-**

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

**3) Position of Mobilization a Development of Funds:**

Total Liability	93310.54	Total Assets	93310.54
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**SOURCES OF FUNDS**

Paid up capital	55703.40	Reserve and Surplus	4314.45
Secured Loans	15500.33	Unsecured Loans	17792.37

**APPLICATION OF FUNDS**

Net Fixed Assets	34319.52	Investments	31.1
Net Current Assets	21530.03	Misc. Exp.	915.18
P&L	36514.72		

**4) Performance of the Company:-**

Turnover of the Company	41580.26	Total Expenditure	42774.10
Profit Before Tax	(791.53)	Profit After tax	(481.95)
Earning Per Share(in Rs.)	(0.09)	Dividend	-

**5) General Names of Principal Products:**

Product/ Service Description	Item Code
Phthalocynine Pigment Green-7	74260

FOR H.K. SHAH & CO.  
Chartered Accountants

Sd/-

**H.K. SHAH**  
Partner

Mem. No. 42758.

Place : Ahmedabad.

Date : 22nd august 2009

FOR AND ON BEHALF OF THE BOARD

Sd/-

**HARISH K. BHATT**  
Chairman

Sd/-

**JAYESH K. PATEL**  
Director

Place : Ahmedabad.

Date : 22nd august 2009

# PRATIKSHA CHEMICALS LIMITED, AHMEDABAD

3rd Floor, H. K. Complex, Opp. Dharnidhar Derasar, Vasna, Ahmedabad-380007.

## PROXY FORM

Reg. Folio No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_ We \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_ being a  
Member / Members of PRATIKSHA CHEMICALS LTD. hereby appoint \_\_\_\_\_  
in the District of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ in the District of \_\_\_\_\_ as my/  
our Proxy to attend and vote for me/us and on my/our behalf at the Seventeenth Annual General  
Meeting of the Company to be held on the 30th September, 2009 and at any adjournment thereof.  
As witness my hand/our hands this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Signed said

- NOTE : (a) The form should be signed across the stamp as per specimen signatures registered with the Company.  
(b) The Proxy Form duly completed must be the Company not less than 48 hours before time fixed for holding the aforesaid meeting.

----- TEAR OFF -----

# PRATIKSHA CHEMICALS LIMITED, AHMEDABAD

3rd Floor, H. K. Complex, Opp. Dharnidhar Derasar, Vasna, Ahmedabad-380007.

## ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)  
EIGHTEENTH ANNUAL GENERAL MEETING

I/We hereby record me/our presence at the 18th Annual General Meeting held at 3rd Floor, H. K. Complex, Opp. Dharnidhar Derasar, Vasna, Ahmedabad on 30th September, 2009.

Full Name of the Member (in BLOCK LETTERS) \_\_\_\_\_

Reg. Folion No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_ Full Name of the Proxy (in  
BLOCK LETTERS) \_\_\_\_\_ SIGNATURE OF THE MEMBER(S) OR PROXY /  
PROXIES PRESENT \_\_\_\_\_ Please complete and sign this Attendance Slip and thanover

at the enterence of the Meeting Hall. Only Member(s) or their Proxies with this Attendance Slip will be allowed entry to Meeting.

Book Post

If undelivered Please return to :

**PRATIKSHA CHEMICALS LIMITED**

3rd Floor, H.K.Complex,

Opp. Dharnidhar Derasar,

Vasna, Ahmedabad - 380007