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**PRATIKSHA CHEMICALS LIMITED**

**19<sup>TH</sup>**

**ANNUAL REPORT**

**2009-2010**

**NINETEENTH ANNUAL REPORT  
2009-10**

**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 Nineteenth Annual General Meeting of the members of the Company will be held on 30th September, 2010 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, 2010 and Balance Sheet as at that date and Directors' Report and Auditors' Report thereon.
- 2). To Appoint a Director in place of Shri Upendra Adhvaryu, who retires by rotation and is eligible for re-appointment.
- 3). To appoint Auditors and to fix their remuneration.

For Pratiksha Chemicals Ltd.

Place : Ahmedabad

Date : 22/08/2010

Sd/-  
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 24<sup>th</sup> Sept. 2010 to 30<sup>th</sup> Sept. 2010 (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 Sixteenth Annual Report of the Company together with the Audited statements of Accounts for the financial year ended on 31<sup>st</sup> March 2010.

**1. FINANCIAL RESULTS :***(Rs. in Lacs)*

PARTICULARS	FINANCIAL YEAR 2009-2010	PREVIOUS YEAR 2008-2009
Profit/(Loss) before Depreciation	37.43	26.44
Depreciation	33.00	34.35
Profit/(Loss) before Tax	4.43	(7.91)
Provision for Tax	—	—
Profit/(Loss) after Tax	4.63	(4.81)

**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.595.83 Lacs, which is quite reasonable. Company has made nominal profit during the year, which was overshadowed by huge accumulated losses.

**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 Upendra Adhvaryu, 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 31st 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, 2010 and the profit and loss account for the year ended 31<sup>st</sup> March, 2010;
- 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.

ON BEHALF OF BOARD OF DIRECTORS

Sd/-

SHRI H. K. BHATT  
Whole Time Director

PLACE : AHMEDABAD  
DATE : 22/08/2010

## 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
		30/04/2009	31/07/2009	22/08/2009	31/10/2009	31/01/2010	31/03/2010	30/09/2010
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. 664300/-. 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 Sharepro services 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 30-09-2009 at 10.00 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, Shri H.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 : 30/09/2010.  
 Financial Calendar : 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2010  
 Dividend Payment Date : No dividend declared.  
 Date of Book Closure : 24<sup>th</sup> September 2010 to 30<sup>th</sup> September 2010.

**(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, 2009	1.58	1.15
May, 2009	1.72	1.50
June, 2009	3.14	1.80
July, 2009	3.26	2.70
August, 2009	3.55	2.84
September, 2009	3.50	3.05
October, 2009	3.50	3.15
November, 2009	4.72	3.62
December, 2009	3.92	2.47
January, 2010	3.15	2.73
February, 2010	3.00	3.00
March, 2010	3.30	2.49

Performance in Comparison to board based indices such as BSE sensex, CRISIL Index etc.

Not applicable

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

M/S Sharepro Share Registry Pvt. Ltd.  
 Ashram 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 PATTERN AS ON 31<sup>st</sup> March, 2010 :**

	No. of Shares	Percentage
Promoters and Relatives	1693550	30.40
Banks / FII / FI	—	—
Public	1961632	35.23
Body Corporate	1296058	23.26
NRI	619100	11.11



**(14) DEMATERIALIZATION OF SHARES AND LIQUIDITY :**

Outstanding GDRs/ADRs/Warrants or any Convertibles instruments and conversion date and likely impact on equity	Not Applicable
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Address for Correspondence	3 <sup>rd</sup> Floor, H.K. Complex, Nr.Dharnidhar Jain Derasar, Vasna, Ahmedabad-380007.
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Registrar for electronic connectivity as well as physical share transfer dept	M/S Sharepro Share Registry pvt. Ltd. Ashram Road, Ahmedabad.
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4144580 shares out of 5570340 Equity shares of the company have been dematerialized as at 31<sup>st</sup> March, 2010 representing 74.40% of total paid up capital of the company.

BY ORDER OF THE BOARD OF DIRECTORS

PLACE : AHMEDABAD  
DATE : 31/07/2010

Sd/-  
SHRI H. K. BHATT  
Whole Time Director

**ANNEXURE 'B'**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

1. **Overall Review :**  
The overall performance during the financial year 2009–2010 has been satisfactory.
2. **Financial Review :**  
Total turnover for the year ended 31<sup>st</sup> March, 2010 was Rs.595.83 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

Sd/-

SHRI H. K. BHATT  
Whole Time Director

PLACE : AHMEDABAD  
DATE : 22/08/2010

**CERTIFICATION BY WHOLE TIME DIRECTOR TO THE BOARD**

I, Mr.H.K.Bhatt, Whole time Director of Pratiksha Chemicals Limited, certify that:

1. I have reviewed the financial statements for the year and that to the best of my knowledge and belief:
  - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - b. These statements give a true and fair view of the state of affairs of the company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.
2. These are, to the best of our 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.
3. I accept overall responsibility for the company's internal control system and financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all the levels of management and statutory auditors, and reports significant issues to the Audit Committee of the Board. The auditors and audit committee are appraised of any corrective action taken with regard to significant deficiencies and material weakness.
4. I indicate to the auditors and to the audit committee :
  - a. Significant changes in internal control over financial reporting during the year.
  - b. Significant changes in accounting policies during the year;
  - c. Instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the company's internal control system over financial reporting.

However, during the year there were no such changes or instances.

Date : 22/08/2010

Place : AHMEDABAD

Whole Time Director

**DECLARATION BY THE CHAIRMAN & WHOLE TIME DIRECTOR ABOUT CORPORATE GOVERNANCE**

I, Mr.H.K.Bhatt, Chairman & Whole Time Director of Pratiksha Chemicals Ltd hereby confirm pursuant to clause 49(1) (d) of the listing agreement that :

1. The board of directors of Pratiksha Chemicals Ltd has laid down a code of conduct for all board members and senior management of company. The said code of conduct has been placed on the company's website.
2. All the members of the board as well as senior management personal have complied with the said code of conduct for the year ended 31<sup>st</sup> March 2010.

Place : Ahmedabad

Date : 22/08/2010

H. K. Bhatt

Chairman & Whole Time Director

**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, 2010, 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.

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. (iii), (iv), (v)
  - e. On the basis of written representations received from the directors of the company, as at March 31<sup>st</sup>, 2010 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 31st March, 2010
    - b. in the case of the Profit and Loss Account, of the profit 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  
FRN : 109583w

H. K SHAH  
Partner  
Mem. No.: 42758  
Place : Ahmedabad  
Date : 22<sup>nd</sup> August, 2010

**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 2010, 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 have been physically verified during the year by the management as informed to us  
(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 regular 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, 2010 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, 2010.
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 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  
FRN : 109583w

H. K SHAH  
Partner  
Mem. No.: 42758  
Place : Ahmedabad  
Date : 22<sup>nd</sup> August, 2010

**BALANCE SHEET AS AT 31ST MARCH, 2010**

Particulars	Schedule	As on 31-03-2010	As on 31-03-2009
<b>SOURCES OF FUND :</b>			
<b>Shareholders Funds :</b>			
Authorised Capital		<b>75,000,000</b>	<b>75,000,000</b>
a. Share Capital	A	<b>55,703,400</b>	55,703,400
b. Share application Money		-	-
		<b>55,703,400</b>	<b>55,703,400</b>
<b>Reserve &amp; Surplus :</b>			
a. Share Premium	B	<b>4,314,444</b>	4,314,444
		<b>4,314,444</b>	4,314,444
<b>Loan Funds :</b>			
a. Secured Loan	C	<b>15,477,047</b>	15,500,328
b. Unsecured Loan	D	<b>17,792,368</b>	17,792,368
Total		<b>93,287,259</b>	93,310,540
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets :</b>			
a. Gross Block	E	<b>76,010,061</b>	75,589,084
b. Less : Depreciation Fund		<b>45,837,624</b>	42,537,097
c. Net Block		<b>30,172,437</b>	33,051,987
d. Capital work in progress		<b>1,267,533</b>	1,267,533
<b>Investment :</b>	F	<b>3,100</b>	31,100
<b>Current Assets, Loans, Advances &amp; Deposits :</b>			
a. Inventories (verified & certified by the management)	G	<b>27,137,117</b>	32,011,156
b. Sundry Debtors	H	<b>23,759,492</b>	11,920,798
c. Cash & Bank Balances	I	<b>(5,177,102)</b>	(7,675,960)
d. Loans, Advance, Deposits & Other Current Assets	J	<b>3,732,239</b>	1,957,012
e. Deferred Tax Asset		<b>343,972</b>	323,512
		<b>49,795,718</b>	38,536,518
<b>Less : Current Liabilities</b>			
a. Current Liabilities	K	<b>24,711,924</b>	16,987,145
b. Provisions	L	<b>205,747</b>	19,401
		<b>24,917,671</b>	17,006,546
Net current Assets		<b>24,878,047</b>	21,529,972
Deffered Revenue Expenditure		<b>915,233</b>	915,233
Misc. Expenses ( to the extent not written off)	M	-	-
Profit/Loss brought down		<b>36,050,909</b>	36,514,715
<b>Total</b>		<b>93,287,259</b>	<b>93,310,540</b>
Notes forming parts of Account	P		
As per our attached report of even date			

For, H.K. SHAH & CO.,  
Chartered Accountants  
FRN:109583w

H. K. SHAH. (FCA, DISA(ICA))  
Partner  
M.No.42758

Place : Ahmedabad

Date : 22/08/2010

For, PRATIKSHA CHEMICALS LTD.

(Director)

(Director)

Place : Ahmedabad

Date : 22/08/2010



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

Particulars	Schedule	For the year ended on 31-03-2010	For the year ended 31-03-2009
<b>INCOME :</b>			
Sales (Gross)		58,877,672	40,969,244
Less : Excise Duty & Cess		(705,620)	(611,016)
Sales (Net)		59,583,292	41,580,260
Misc. Income		3,995,912	402,312
Adjustment of stock Increase/(decrease)		(19,413,164)	6,315,597
<b>Total</b>		<b>44,166,040</b>	<b>48,298,169</b>
<b>EXPENDITURE :</b>			
Raw material Consumed		27,844,813	29,391,938
Manufacturing Exps	N	3,027,889	7,397,621
Administrative Exps.	O	9,549,515	8,864,456
Depreciation		3,300,527	3,435,685
<b>Total</b>		<b>43,722,744</b>	<b>49,089,700</b>
<b>Net Profit / Loss before Taxation</b>		<b>443,296</b>	<b>(791,531)</b>
FBT		-	(13,931)
Defferd Tax Income		20,510	323,512
<b>Net Profit / Loss after Taxation</b>		<b>463,806</b>	<b>(481,950)</b>
Earlier year balance b/d.		(36,514,715)	(36,032,765)
<b>Balance carried to the Balance Sheet</b>		<b>(36,050,909)</b>	<b>(36,514,715)</b>
<b>EPS</b>		<b>0.83</b>	<b>(0.86)</b>
Notes forming parts of Account As per our attached report of even date	P		

For, H.K. SHAH & CO.,  
Chartered Accountants  
FRN:109583w

H. K. SHAH. (FCA, DISA(ICA))  
Partner  
M.No.42758

Place : Ahmedabad

Date : 22/08/2010

For, PRATIKSHA CHEMICALS LTD.

(Director)

(Director)

Place : Ahmedabad

Date : 22/08/2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

Particulars	For the year ended 31-03-2010 Amount (Rs.)	For the year ended 31-03-2009 Amount (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit / Loss for the year	463806	(481950)
Adjustments for :		
Add : Fringe Benefit Tax	0	13931
Interest Expenses	0	3388611
Depreciation	3300527	3435685
Preliminary Exps w/off	51	0
Interest on TDS	0	0
Kasar Vatav	0	0
Other on cash Addition	28000	0
	(23281)	0
Less : Sundry credit balance Written back	(20510)	323512
Deferred tax income	0	1306
Interest Income	0	0
<b>Operating profit before working cap. charges</b>	<b>3789613</b>	<b>6031459</b>
Adjustments for :		
Trade Receivables	(11838694)	2994336
Other Receivables	(1775227)	984071
Inventories	4874039	(6249702)
Others	145326	0
Trade payables Including others	7724779	(4536147)
	(869777)	(6807442)
<b>Cash generated from operating activities</b>	<b>2919836</b>	<b>(775983)</b>
Less: Tax Paid	0	13931
<b>Net cash from operating activities (a)</b>	<b>2919836</b>	<b>(789914)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets	(420977)	(391013)
Sale of Fixed Assets	0	0
Purchase of fixed assets of investment	0	(28000)
Increase in Capital WIP	0	0
Dividend Received	0	450
Interest Income	0	856
<b>Net cash used in investing activities (b)</b>	<b>(420977)</b>	<b>(417707)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Procurement/(Repayment) of long term borrowings	0	(109736)
Unsecured Loan	0	0
Interest Paid	0	0
<b>Net cash flow from financial activities (c)</b>	<b>0</b>	<b>(109736)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents (a)+(b)+(c)</b>	<b>2498859</b>	<b>(1317357)</b>
Cash and cash equivalents opening	(7675960)	(6358603)
Cash and cash equivalents closing	(5177101)	(7675960)

## Explanatory Notes to Cash Flow Statement

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 flow.
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

For, H.K. SHAH & CO.,  
Chartered Accountants  
FRN:109583w

H. K. SHAH. (FCA, DISA(ICA))  
Partner  
M.No.42758

Place : Ahmedabad  
Date : 22/08/2010

For, PRATIKSHA CHEMICALS LTD.

(Director) (Director)

Place : Ahmedabad  
Date : 22/08/2010

**SCHEDULE FORMING PART OF BALANCE SHEET**

Particulars	As on 31-03-2010	As on 31-03-2009
<b>SCHEDULE : A - SHARE CAPITAL A/C. :</b>		
Authorised 750000 Equity Sahres of of Rs.10 each	75,000,000	75,000,000
Issued, Subscribed & Paid up Share Capital share application: 55,77,340 Equity Shares of Rs. 10 each	55,703,400	55,703,400
<b>Total</b>	<b>55,703,400</b>	<b>55,703,400</b>
<b>SCHEDULE : B - RESERVES &amp; SURPLUS :</b>		
Share Premium	4,314,444	4,314,444
<b>Total</b>	<b>4,314,444</b>	<b>4,314,444</b>
<b>SCHEDULE : C - SECURED LOAN :</b>		
From Financial institution		
- Maruti Countrywide Auto Finance Services Ltd (The above loans are secured against hypothecation of vehicles)	-	23,281
From Banks		
- Bank of Baroda - Cash Credit Account (Secured by hypothecation of Raw Materials, Stock in process, Finished Goods, Book debts and further secured by personal guarantee of the drectors of the company and corporate guarantee of Associate/ Group company)	15,477,047	15,477,047
<b>Total</b>	<b>15,477,047</b>	<b>15,500,328</b>
<b>SCHEDULE : D - UNSECURED LOAN :</b>		
Intercorporate Deposits	13,562,750	17,162,750
From Directors	4,229,618	629,618
<b>Total</b>	<b>17,792,368</b>	<b>17,792,368</b>

**SCHEDULE : E - FIXED ASSETS :**

S. N.	Name of Assets	Rate	GROSS BLOCK				Depreciation				Net Block	
			Op. Bal. 01-04-09	Add. during the year	Del. during the year	Closing Bal. 31-3-10	Bal. as on 1-4-09	Add. during the year	Del. during the year	Total Dep.	As on 31-3-2010	As on 31-3-2009
1	Building	3.34%	12840351	-	-	12,840,351	5,404,371	428,868	-	5,833,239	7,007,112	7,435,980
2	Furniture & Fixtures	6.33%	80334	-	-	80,334	64,762	5,085	-	69,847	10,487	15,572
3	Plant & Machinery	4.75%	59135372	376,977	-	59,512,349	35,098,239	2,831,932	-	37,930,171	21,582,178	24,037,133
4	Land	0%	1530268	-	-	1,530,268	-	-	-	-	1,530,268	1,530,267
5	Office Equipment	16.21%	460620	-	-	460,620	427,586	33,034	-	460,620	0	33,034
6	Vehicle	9.50%	1542139	44,000	-	1,586,139	1,542,139	1,609	-	1,543,748	42,391	0
<b>TOTAL</b>			<b>75589084</b>	<b>420,977</b>	<b>0</b>	<b>76,010,061</b>	<b>42,537,097</b>	<b>3,300,527</b>	<b>-</b>	<b>45,837,624</b>	<b>30,172,437</b>	<b>33,051,966</b>

Particulars	As on 31-03-2010	As on 31-03-2009
<b>SCHEDULE : F - INVESTMENT :</b>		
<b>Unquoted :</b>		
30 shares of The Union Co. Op. Bank 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
<b>Total</b>	<b>3,100</b>	<b>31,100</b>
<b>SCHEDULE : G - INVENTORIES :</b>		
Fuel	144,986	33,544
Stock in trade	125,719	12,996,270
Raw material	2,003,885	2,266,927
Packing Material	14,772,000	81,275
Finished goods	10,090,527	16,633,140
<b>Total</b>	<b>27,137,117</b>	<b>32,011,156</b>
<b>SCHEDULE : H - SUNDRY DEBTORS :</b>		
<b>Unsecured :</b>		
Outstanding for more than 6 months-Considered good	23,759,492	11,920,798
Considered doubtful	-	-
Less than six months-	-	-
<b>Total</b>	<b>23,759,492</b>	<b>11,920,798</b>
<b>SCHEDULE : I - CASH &amp; BANK BALANCES :</b>		
Cash in Hand	674,472	299,498
Cash at Bank		
Balances with Schedule Banks :		
- In Current Account	(5,846,194)	(7,970,078)
With Co-operative Bank :		
- In Current Account	(5,380)	(5,380)
<b>Total</b>	<b>(5,177,102)</b>	<b>(7,675,960)</b>
<b>SCHEDULE : J - OTHER CURRENT ASSETS, LOANS, ADVANCES &amp; DEPOSITS :</b>		
Advance recoverable in cash or in kind or for value to be received	330,676	207,900
Balances with Excise Authorities	3,385,644	(551,436)
Advances Payment of Tax	-	2,195,465
Other Current assets	15,919	105,083
<b>Total</b>	<b>3,732,239</b>	<b>1,957,012</b>

Particulars	As on 31-03-2010	As on 31-03-2009
<b>SCHEDULE : K - CURRENT LIABILITIES :</b>		
<b>Current Liabilities :</b>	<b>24,603,108</b>	<b>15,580,808</b>
Sundry Creditors	108,816	1,406,337
Other Liabilities	<u>24,711,924</u>	<u>16,987,145</u>
<b>SCHEDULE : L - PROVISIONS :</b>		
<b>PROVISIONS :</b>	<b>205,747</b>	<b>-</b>
Provision for Expenses	-	19,401
Fringe Benefit Tax	<u>205,747</u>	<u>19,401</u>
<b>Total</b>		
<b>SCHEDULE : M - MISCELLANEOUS EXP.:</b>		
Preliminary expenses	-	-
Less. Write off	-	-
<b>Total</b>		
<b>SCHEDULES FORMING PART OF PROFIT &amp; LOSS A/C</b>		
Particulars	As on 31-03-2010	As on 31-03-2009
<b>SCHEDULE : N - MANUFACTURING EXPENSES :</b>		
Factory Salary	817,620	628,578
Freight and Octroi	157,208	152,726
Overtime Factory	94,487	73,894
Jobwork Charges	-	246,150
Stores and Spares	-	2,226,509
Power & Fuel	457,856	2,062,714
Factory Expense	136,456	223,235
Laboratory Expense	4,352	600
Effluent Treatment	-	-
Labour Charges	1,286,822	1,269,113
Rent Rates and Taxes	-	-
Insurance	55,401	45,356
Annual custody Fees	17,687	12,472
Packing Exp	-	456,274
<b>Total</b>	<u>3,027,889</u>	<u>7,397,621</u>

Particulars	As on 31-03-2010	As on 31-03-2009
<b>SCHEDULE : O - ADMINISTRATIVE EXPENSES :</b>		
Account Salary	5,000	-
Annual Membership Fees	42,000	-
Auditor's Remmuration	30,000	53,708
Bank Charges	42,656	26,902
Bank Interest	2,913,544	3,388,611
Carting Exps	4,000	-
Companies contribution to PF	213,091	46,660
Computer Service Charges	1,850	-
Conveyance Expense	5,608	2,165
Courier exp	22,519	38,164
Director's Remmuration	664,300	1,027,120
Domain Name renewal	5,250	-
Electrical Exp.	4,018	53,969
Electric Exp.	2,181,126	1,838,299
Environmental Exp.	87,621	99,042
Interest on late listing fees	-	26,000
Interest on TDS	5,139	18,197
Inspection Charges	-	6,802
Irrecoverable FD of GPCB	28,000	-
Kasar and Vatav	-	3,013
Legal and Professional Fees	187,879	156,172
Listing Fees	16,545	170,226
Membership and subscription	-	63,000
Miscellaneous Exps	28,235	-
Office Exp & Other Expenses	19,917	78,034
Office Rent Exps	20,000	-
Paid Leave Exps	9,951	-
Pollution control Exp	446,614	70,908
Prior Period Exps	14,876	-
Professional Fees	35,000	54,323
Professional Tax	7,500	6,500
Repair and main.	1,260,941	849,577
Salary Office	288,744	130,600
Sales and distribution exp	-	25,050
Service Tax	-	8,121
Staff welfare	52,495	21,886
Stationary & Printing Exp	34,793	34,721
Telephone bill	55,353	45,221
Transportation Charges	789,098	515,838
Travelling Exps	9,450	5,627
Water Charges	7,875	-
Website hosting Charges	5,899	-
Xerox Exps	2,628	-
<b>Total</b>	<b>9,549,515</b>	<b>8,864,456</b>

Particulars	As on 31-03-2010	As on 31-03-2009
<b>MISC. INCOME :</b>		
Job work income	-	380,000
Excess payment to countrywide w/off	23,281	-
By Product Sale	-	21,006
Central Excise Refund	494,765	-
Dividend Income	-	450
Excise Payable w/back	1,803,902	-
Godown Rent Income	30,000	-
Interest Income	-	856
Kasar Vatav	2,509	-
Prior period Exp. (Income) 2007-08	338,271	-
Prior period Exp. (Income) 2008-09	602,502	-
Sales tax payable w/back	676,174	-
Vat Refund 2003-04	24,508	-
<b>Total</b>	<b>3,995,912</b>	<b>402,312</b>

**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 : P - 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	
2	Harish K. Bhatt	
3	Harshad K. Patel	Key Management Personnel
4	Minor Asthu H. Patel	
5	Minor Dwijen H. Bhatt	
6	Ratnakala ben H Patel	Relatives of key Management personnel
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	2009-10	2008-2009
(i)	Intercorporate Deposit/Loans - Concerns in which Directors are interested - Key Management Personnel and Relatives	13562750 4229618	17162750 629618
(ii)	Expenditure on other service - Concerns in which Directors are interested - Key Management Personal and Relatives	NIL NIL	NIL NIL
(iii)	Managerial Remuneration	664300	1027120
(iv)	Outstanding Balances : Due to company Concerns in which Directors are interested Key Management Personal and Relatives Payable by company : - Concerns in which Directors are interested - Key Management Personnel and Relatives	NIL 200000 13562750 4229618	Nil 200000 17162750 629618

## 8. Particulars of Earning per Share :

Particulars	2009-10 Amount (Rs.)	2008-2009 Amount (Rs.)
Net Profit/(Loss) for the year	463806	(481950)
Number of equity shares	5570340	5570340
Nominal value of the share	10	10
Earning per Share	0.08	(0.09)
Diluted EPS	0.08	(0.09)

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

9. The company is entitled to setoff of carried forward 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 :

	2009-10 Amount (Rs.)	2008-2009 Amount (Rs.)
Audit Fees	20010	22472
Tax Audit Fees	11030	11236
<b>Total :</b>	<b>31040</b>	<b>33708</b>

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 :

	2009-10 Amount (Rs.)	2008-2009 Amount (Rs.)
Salary	640300	1027120
<b>Total :</b>	<b>640300</b>	<b>1027120</b>

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	2009-2010		2008-2009	
	Qty. (Kgs.)	Value Amount	Qty. (Kgs.)	Value Amount
(a) C.P.C. Blue	113440		88040	12765800
(b) Aluminum Chloride	286320		286320	6470832
(c) Others				10155306
<b>Total:</b>				<b>29391938</b>

**(B) Composition of Raw Materials Consumption :**

Raw Material consumption	2009-2010		2008-2009	
	Value Amount	Percentage (%)	Value Amount	Percentage (%)
Imported	—	—	—	—
Indigenous	27844813	100	29391938	100
<b>Total :</b>	<b>27844813</b>	<b>100</b>	<b>29391938</b>	<b>100</b>

**(C) Turnover :**

Particulars	2009-2010		2008-2009	
	Qty. (Kgs.)	Value Amount	Qty. (Kgs.)	Value Amount
I. SALES				
(a) Finished Good	....	58877672	144944	40969244
(b) Traded Goods	—	—	—	—
(c) Raw Materials	—	—	—	—
<b>Total [a + b + c] :</b>			<b>144944</b>	<b>40969244</b>
II. Purchase of Traded Goods	—	—	—	—

**(D) Stock of Finished Goods :**

Particulars	2009-2010		2008-2009	
	Qty. (Kgs.)	Value	Qty. (Kgs.)	Value
Opening Stock	NIL	16633140		NIL
Closing Stock	NIL	10090527		16633140

**(E) Licensed and Installed Capacity and Production as certified by the management :**

Particulars	2009-2010 (Kgs.)	2008-2009 (Kgs.)
(a) Licensed Capacity	Not Applicable	Not Applicable
(b) Installed Capacity	480000	480000
(c) Production - Dyes & Pigment		144944

Current Year Production included job work 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 over attached report of even date.

For, H.K. SHAH & CO.,  
Chartered Accountants  
FRN.109583

H. K. SHAH (FCA, DISA(ICA))  
Partner  
M.No.42758

Place : Ahmedabad  
Date : 22/08/2010

For, PRATIKSHA CHEMICALS LTD.

(Director) (Director)

Place : Ahmedabad  
Date : 22/08/2010

**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 ..... 31/03/10

**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 ..... 93287.26                      Total Assets ..... 93287.26

**SOURCES OF FUNDS :**

Paid up capital ..... 55703.40                      Reserve and Surplus ..... 4314.45  
Secured Loans ..... 15477.05                      Unsecured Loans ..... 17792.37

**APPLICATION OF FUNDS :**

Net Fixed Assets ..... 31439.53                      Investments ..... 3.1  
Net Current Assets ..... 24878.05                      Misc. Exp. .... 915.23  
P & L ..... 36050.91

**4) PERFORMANCE OF THE COMPANY :-**

Turnover of the Company ..... 59583.29                      Total Expenditure ..... 58369.03  
Profit Before Tax ..... 443.30                      Profit After tax ..... 463.81  
Earning Per Share(in Rs.) ..... 0.08                      Dividend ..... -

**5) GENERAL NAMES OF PRINCIPAL PRODUCTS :**

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

# 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 Nineteenth Annual General  
Meeting of the Company to be held on the 30th September, 2010 and at any adjournment thereof.  
As witness my hand/our hands this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

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)

NINETEENTH ANNUAL GENERAL MEETING

I/We hereby record me/our presence at the 19th Annual General Meeting held at 3rd Floor, H.K. Complex, Opp. Dharnidhar Derasar, Vasna, Ahmedabad - 380007 on 30th September, 2010.

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.