

# **AksharChem**

**AksharChem (India) Ltd.**

[Formally Known as Audichem (India) Ltd.]



**A N N U A L  
R E P O R T  
2 0 0 2 - 2 0 0 3**

**ANNUAL REPORT 2002-2003**

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**BOARD OF DIRECTORS**

Mrs. PARU M. JAYKRISHNA

*CHAIRPERSON & MANAGING DIRECTOR*

Mrs. ALPANA S. CHINAI

Prof. PRADEEP JHA

Mr. RAMU P. IYER

Mr. PRAFULCHANDRA V. PATEL

Mr. KIRAN J. MEHTA

Mr. GOKUL M. JAYKRISHNA

*EXECUTIVE DIRECTOR*

Mr. MUNJAL M. JAYKRISHNA

**CFO & COMPANY SECRETARY**

Mr. P. K. GUPTA

**AUDITORS**

M/s. TRUSHIT CHOKSHI &amp; ASSOCIATES

**REGISTRAR & SHARE TRANSFER AGENTS**

PINNACLE SHARES REGISTRY PVT. LTD

**BANKERS**

STATE BANK OF INDIA

**REGISTERED OFFICE & WORKS**

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

**CORPORATE OFFICE**

30, AMBICA SOCIETY  
USMANPURA  
AHMEDABAD - 380013  
GUJARAT (INDIA)

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**NOTICE**

Notice is hereby given that the 14th Annual General Meeting of the Members of AKSHARCHEM (INDIA) LIMITED will be held on 13th September, 2003 at the Registered Office situated at 166/169, Indrad Village, Kadi - Kalol Road, Dist: Mehsana, Gujarat, at 11 A.M. to transact the following business.

- 01 To receive, consider, approve and adopt the Audited Profit & Loss Account for the year ended 31st March, 2003 and the Audited Balance Sheet as at that date and the Director's and Auditor's report thereon.
- 02 To appoint a Director in place of Mrs. Alpna Chinai who retires by rotation and is eligible for re-appointment.
- 03 To appoint a Director in place of Mr. Munjai M. Jaykrishna who retires by rotation and is eligible for re-appointment.
- 04 To appoint auditors of the Company and fix their remuneration. Retiring auditors are eligible for re-appointment.
- 05 To appoint Mr. Kiran J. Menta as Director of the Company, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 29.06.2003, and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, but who is eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a member proposing his candidature for the office of Director.
- 06 To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION: "RESOLVED THAT the Equity Shares of the Company be delisted from The Stock Exchange Ahmedabad, in accordance with the relevant Laws, Rules, Regulations and Guidelines (including any Statutory modification(s) or enactments thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions as may be necessary and in compliance with such conditions and modifications as may be necessary for this purpose".

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred by the Board), be and is hereby authorised to seek voluntary delisting at such time, to take all necessary steps in this regard and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to delisting of the Equity Shares from the said Stock Exchange and to execute all such deeds, documents, writings as may be necessary, desirable or expedient or as may be deemed fit and for this purpose to delegate the authority and the duty vested in it by virtue hereof to any other person whom the Board may consider suitable, to do the various acts, deeds and things required to be done in this behalf".

By the Order of the Board of Directors

Place : Ahmedabad  
Date : 29.06.2003

**Gokul M Jaykrishna**  
Executive Director

**NOTES FOR MEMBERS ATTENTION**

- 01 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HER SELF AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED WITH THE COMPANY AT LEAST 48 HOURS PRIOR TO THE COMMENCEMENT OF THE MEETING.
- 02 The relative explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of items of Special Business is annexed herewith.
- 03 The Register of Members and share Transfer Books of the Company will remain closed from 08.09.2003 to 13.09.2003 (both days inclusive).
- 04 Members are requested to inform the Company or to the Registrar and Transfer Agents or Depository Participants (in case of shares held in electronic mode) any change in their addresses immediately so as to enable the company to despatch any future communication at their correct addresses.
- 05 In case mailing address mentioned in this Annual Report is without the PINCODE, then Members are requested to kindly inform their PINCODE immediately.
- 06 Members/Proxies should bring the attendance slip duly filled in for attending the meeting.

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- 07 Members who are holding in identical order of names in more than one folio are requested to send to the company the details of such folios together with the share certificate for consolidating their shares in one folio. The share certificates will be returned to the members after making requisite change thereon.
- 08 As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the Meeting.
- 09 For the convenience of members and for proper conduct of the meeting, entry to the place of meeting will be regulated by an Attendance Slip, which is annexed to the Proxy Form. Members are requested to append their signatures at the place provided on the Attendance Slip and hand it over at the entrance.
- 10 The members can also avail facility of nomination in terms of extant legal provisions in this regard. On request, the necessary form will be supplied by the Registrar and Share Transfer Agents.
- 11 Members are requested to send their queries if any, at least ten days in advance to the Registered Office, so that the information can be made available at the meeting.

**12 Depository System**

The Company, consequent to introduction of the Depository System (DS), entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Members, therefore, now have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL. Effective 28th May, 2001 trading in shares of the Company is permitted only in dematerialised form.

The Depository System envisages the elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, fake certificates, theft in postal transit, delay in transfers, mutilation of share certificates, etc. Simultaneously, DS offers several advantage like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc.

**13 Share Transfer Agent**

Company has appointed **M/s. Pinnacle Shares Registry Pvt. Ltd., Naroda Road, Ahmedabad - 380 025** as Registrar and Share Transfer Agent of the Company.

**ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT 1956****ITEM NO. 5**

Mr. Kiran J. Mehta was appointed Additional Director by the Board with effect from 29th June, 2003. In terms of Section 260 of the Act and Company's Articles of Association hold office as Director only till the date of the forthcoming Annual General Meeting, but is eligible for re-appointment. Notices have been received from members as required by Section 257 of the Act, signifying their intention to propose the candidature of Mr. Kiran J. Mehta for the office of Director.

Mr. Kiran J. Mehta is a Senior Cost and Management Accountant and renowned Finance Consultant. He is a renowned academician and educationalist. The Board of Directors considers that having regard to Mr. Mehta's professional experience, it is in the interest of the company to appoint him a Director and, therefore recommend his appointment.

Mr. Kiran J. Mehta is interested in the resolution, as it deals with his appointment.

**ITEM NO. 6**

Presently the Equity shares of the Company are listed on the Stock Exchanges at Mumbai and Ahmedabad Stock Exchange. Consequent to the technological developments, the shares of the Company are traded all over India through on-line terminals provided by The Stock Exchange, Mumbai (BSE). There is minuscule trading of Company's shares on Ahmedabad Stock Exchange. In view of this, it is proposed to delist the Company's shares from the Stock Exchange at Ahmedabad as stated in the resolution. No inconvenience will be caused to those shareholders residing in the respective regions, since on-line terminals are provided by BSE at these regions. Further listing of the Company's shares in many Stock Exchanges, apart from not adding any value to the Shareholders, results in avoidance cost, administrative work, delay and inconvenience. The directors recommend the Resolution for approval of the shareholders. None of the Directors is concerned or interested in the Resolution.

By the Order of the Board of Directors

Place : Ahmedabad  
Date : 29.06.2003

**Gokul M Jaykrishna**  
Executive Director

**DIRECTORS' REPORT**

Dear Members,

The Directors have pleasure to present **FOURTEENTH** Annual Report and Audited Accounts for the financial year ended on 31st March, 2003.

**FINANCIAL RESULTS**

Your Company's performance during the Financial Year 2002-2003 is summarised below:-

	(Rs. in Millions)
	For the year ended March 31, 2003
	For the year ended March 31, 2002
Gross Income	297.719
Exports	269.246
Gross Profit	19.810
Depreciation	6.116
Provision for Taxation	3.300
Net Profit	10.394
Transfer to General Reserves	2.000
Balance Carried to Balance Sheet	48.558

**BUSINESS PERFORMANCE**

The Dyes & Pigment market during 2002-03 was characterised by intense competition and price cutting. Notwithstanding these developments **Aksharchem** posted impressive financial results. Total income of the Company grew by 26% from Rs. 236.60 million in 2001-02 to Rs. 297.70 million in 2002-03. Pre-tax profits (PBT) increased by 11 per cent from Rs. 12.40 million in 2001-02 to Rs. 13.70 million in 2002-03 and post-tax profit (PAT) are maintained at Rs. 10.40 million against Rs. 11.10 million of the year 2001-02.

Good sales growth was accompanied by improvement in cost rationalisation, better working capital management and efficiency in manufacturing and higher productivity.

**EXPORTS**

Your Company continued to excel on export front and exports jumped by 36% to Rs. 269 millions compared to Rs. 198 millions of the previous year despite the substantial fall in average realisations.

**DIVIDEND**

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

**FUTURE OUTLOOK**

The year began on a not too encouraging note mainly because of the transporters strike, SARS scare, War Tensions, confusion over implementation of VAT etc. However with good monsoon and bright economic outlook during the year, and the problems faced at the beginning of the year having largely receded, your Company hopes to more than makeup in the coming months aided by some encouraging developments in Company's major export markets segments and some strategic initiatives.

**FIXED DEPOSITS**

The Company has not accepted any fixed deposit from the public during the period. No deposits are outstanding as on 31st March, 2003.

**COST AUDITOR**

The Board has re-appointed M/s. Kiran J. Mehta Cost Accountants, Ahmedabad, as the Cost Auditors of the Company under Section 233 B of the Companies Act, 1956 for the financial year 2002-03. The Cost Auditors' Report for 2002-03 will be forwarded to the Central Government in pursuance of the provisions of the Companies Act, 1956.

**PERSONNEL**

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, is annexed as per Annexure - 2.

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Your Directors place on record their appreciation for the significant contribution made by all the employees, who through their competence, hard work, solidarity, cooperation and support, have enabled the Company to cross new milestones. Industrial relations remained cordial throughout the year.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The accounting policies selected and applied are consistent and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the said Act 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.

**BOARD OF DIRECTORS**

Mrs. Alpna Chinai and Mr. Munjal M. Jaykrishna retire by rotation and being eligible offer themselves for re-appointment.

Mr. Kiran J. Mehta joined as Additional Director of the Company w.e.f. 29.06.2003. The Directors welcome Mr. Mehta to the Board and wish him success for a fruitful association in future.

**AUDITORS**

M/s. Trushit Chokshi & Associates, Chartered Accountants, Auditors' of the Company will retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a certificate from the auditors to the effect that their re-appointment, if made, would be in accordance with Section 224 (1B) of the Companies Act, 1956. The Board recommends their re-appointment.

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

The statement pursuant to section 217 (1) (e) of the Companies Act, 1956 read with the companies (disclosure particulars in the report of the Board of Directors) Rules 1988 is given in the Annexure - 1 forming part of this report.

**LISTING OF SHARES**

The shares of your Company are listed in Mumbai and Ahmedabad Stock Exchanges. Given the abysmally low trading volumes on Ahmedabad Stock Exchange, the Company proposes to delist its shares from Ahmedabad Stock Exchange, subject to your approval.

**ENVIRONMENT AND RESOURCE MANAGEMENT**

The integration of environment friendly measures and cleaner production methods in its business processes and practices has resulted in better efficiency and thus improved environmental performance.

**ACKNOWLEDGEMENT**

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

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

Your Directors express their sincere thanks to the Central & State Governments, Semi Government Institutions and Commercial Banks for their continued support and confidence in the Company.

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

For and on behalf of the Board of the Directors

Place : Ahmedabad  
Date : 29.06.2003

**MRS. PARU M. JAYKRISHNA**  
Chairperson & Managing Director

(India) Ltd.

**ANNEXURE 1 TO THE DIRECTORS' REPORT****INFORMATION IN PURSUANCE TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES: 1988****A: Conservation of Energy**

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

- Replacement of motors with energy efficient and appropriate size capacity.
- Replacement of pumps with appropriate and efficient pumps.

**FORM 'A'**

(Rs. in Millions)

**A) POWER & FUEL CONSUMPTION**

	Current Year	Previous Year
1) Electricity		
a) Purchased units (in millions)	2.169	1.693
Total amount (Rs. in millions)	9.976	7.769
Rate/unit (Rs)	4.60	4.59
b) Own generation	N.A.	N.A.
Units generated	N.A.	N.A.
Unit per Ltr of diesel	N.A.	N.A.
Cost/Unit	N.A.	N.A.
2) Diesel/Furnace Oil (in thousand Ltrs)	563.108	593.441
Cost (Rs. in millions)	8.867	9.308
Rs. Per Ltr	15.75	15.89

**B) CONSUMPTION PER UNIT OF PRODUCTION (DYE INTERMEDIATE)**

Electricity (Units/Ton)	998	894
Diesel/furnace oil (Ltrs./Ton.)	299	310

**B: TECHNOLOGY ABSORPTION "B"****1) Research & Development**

Company is carrying out R & D activities for improvement in the quality of the products, develop new range of products and optimise operations.

**2) Receipts for R & D**

- High quality products and process rationalisation.
- Improved products for better customer satisfaction.
- Offering optimum product choice for diverse applications.
- With installation of Quality System and Total Quality Management, we have been able to get ISO 9001:2000 accreditation and this is in turn, has enabled us to plan, manufacture and supply material of International Standards. This activity has resulted in upgradation of all the documentation of the products to specify complete manufacturing and quality assurance needs.
- ISO 14001 - initiative is on.

**3) Future plan of actions**

It is proposed to accelerate R&D activities to improve quality, develop product variants and improve productivity.

**4) Expenditure on R&D**

(Rs. in Millions)

	Current Year	Previous Year
Capital	-	-
Revenue/Recurring	0.170	0.170
Total	0.170	0.170
Total Expenditure as % of turnover	0.06%	0.07%

**5) Technology Absorption and Innovation**

Company's present technology is fully absorbed and efforts in this regard have resulted in better process control, increased productivity at lower cost and better environmental protection.

**C: FOREIGN EXCHANGE EARNINGS AND OUT GO**

(Rs. in Millions)

	Current Period	Previous Period
Out go	2.468	1.383
Earnings	269.246	199.679

**Anexure 2 to the Directors' Report**

Information under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and Forming part of the Directors' Report for the period ended 31st day of March, 2003:

Name	Designation/ Nature of Duties	Remuneration (Rs.)	Net take home pay after tax & P.F. Deduction.	Qualifi- cations	Experie- nce (Years)	Date of Commencement of employment	Age in years	Last employment, before joining the Company
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Mrs. Paru M Jaykrishna	Chairperson & M.D.	Rs.1,536,622/-	744,582/-	M.A. L.L.B.	33	Since Inception	60	-

1. Gross remuneration comprise salary, allowances, monetary value of perquisites and the Company's contribution to Provident and Superannuation Funds and excludes contribution to Gratuity Fund on the basis of actuarial valuation.
2. The nature of employment is contractual
3. The employment is subject to rules and regulations of the Company in force from time to time

Place : Ahmedabad

Date : 29.06.2003

For and on behalf of the Board of the Directors

**MRS. PARU M. JAYKRISHNA**  
Chairperson & Managing Director

**ANNUAL REPORT 2002-2003****CORPORATE GOVERNANCE REPORT 2002-2003**

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the company submits the report on the matters mentioned in the said clause and practices followed by the company.

**1. Company's Philosophy on Code of Governance**

Aksharchem has since its inception followed the path of being a good corporate citizen dedicated to creating wealth and adding value for all its primary stakeholders, viz. customers, employees and owners, in a socially responsible way.

The Company considers itself a trustee of its owners and aims to maximise its long term value for its shareholders through achieving business excellence. To ensure the success of its customers, the Company offers products of International standard backed by expert technical advice and services. It provides a challenging working environment for all its employees backed by an adequate compensation package.

The Company maintains the highest business ethics, complies with all statutory / regulatory / requirements and is committed to transparency in all its business dealings. It upholds the rights of each of the stakeholder groups for information on the business and the financial performance of the Company and strives to meet these needs in a consistent and regular manner.

**2. Board of Directors**

As on date of this report, the Board of Directors of your Company consists of 8 (eight) members comprising of 3 (three) Executive Directors and 5 (five) Non-executive Directors. Three of the Directors are Promoters Group while 5 (five) are independent Directors. No Director is member of more than 10 committees or Chairman of more than 5 committees across all companies in which they are Directors. The details are as under :

During the Financial Year 2002-2003, Four Board Meetings were held on 28th May, 2002, 30th July, 2002, 29th October, 2002 and 30th January, 2003.

Details of composition of the Board, category attendance of Directors at Board Meeting and last Annual General Meeting and Extra-Ordinary General Meeting on 27th February, 2003 and other Committee Memberships are given below:

Sr. No.	Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of other Committees	
					Memberships	Chairmanships
1	Mrs. Paru M. Jaykrishna	ED (P)	4	Yes	-	1
2	Mrs. Alpana Chinai	NED(P)	1	No	-	-
3	Prof. Pradeep Jha	NED(I)	4	Yes	1	1
4	Mr. Ramu R. Iyer	NED(I)	0	No	-	-
5	Mr. Prafulchandra V. Patel	NED(I)	1	No	1	-
6	Mr. Gokul M. Jaykrishna	ED(P)	4	Yes	1	-
7	Mr. Munjal M. Jaykrishna	NED(P)	4	Yes	1	-
8	Mr. Kiran J. Mehta	NED(I)	NA	No	-	-

Legend :-

ED- Executive Director, ED(P)- Executive Director-Promoter, NED(P) - Non Executive Director Promoter, NED(I)- Non Executive Director-Independent, NED(P)- Non Executive Director- Promoter,

**Details of Directors re-appointment.**

Information relating to Directors seeking re-appointment as required under clause 49 (VI) (A) of the Listing Agreement is given in the Notice of the Annual General Meeting.