

AksharChem

AksharChem (India) Ltd.

[Formerly Known as Audichem (India) Ltd.]

A N N U A L
R E P O R T
2 0 0 9 - 2 0 1 0

BOARD OF DIRECTORS

Mrs. PARU M. JAYKRISHNA	<i>CHAIRPERSON & MANAGING DIRECTOR</i>
Prof. PRADEEP JHA	
Mr. KIRAN J. MEHTA	
Mr. PARAM J. SHAH	ADDITIONAL DIRECTOR
Mr. GOKUL M. JAYKRISHNA	<i>JOINT MANAGING DIRECTOR</i>
Mr. MUNJAL M. JAYKRISHNA	<i>JOINT MANAGING DIRECTOR</i>

AUDITORS

M/s. TRUSHIT CHOKSHI & ASSOCIATES

REGISTRAR & SHARE TRANSFER AGENTS

LINK INTIME INDIA PRIVATE LIMITED

BANKERS

STATE BANK OF INDIA

REGISTERED OFFICE & WORKS

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

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NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the Members of AKSHARCHEM (INDIA) LIMITED will be held on Saturday the 25th September, 2010 at 11.00 A. M. at the Registered Office of the Company situated at 166-169, Village Indrad, Kadi - Kalol Road, Dist: Mehsana, Gujarat, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Profit & Loss Account for the year ended 31st March, 2010 and the Audited Balance Sheet as at that date and the Director's and Auditor's report thereon.
2. To appoint a Director in place of Prof. Pradeep Jha, who retires by rotation and being eligible offer himself for re-appointment.
3. To appoint a Director in place of Mr. Kiran J. Mehta, who retires by rotation and being eligible offer himself for re-appointment.
4. To appoint Statutory Auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Param J. Shah, who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. 13th August, 2010 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 together with a deposit of Rs. 500/- in cash proposing his candidature for the office of the Director of the Company, be and is hereby appointed as an Director of the Company liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956 consent of members of the Company, be and is hereby given to change in designation of Mr. Gokul M. Jaykrishna, from Executive Director to Joint Managing Director of the Company w.e.f. 13th August, 2010 for the remaining period of his appointment as whole time/executive director on the existing terms and conditions."

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

"RESOLVED THAT in partial modification of the earlier resolution passed by the members at the 17th Annual General Meeting of the Company held on 26th September, 2006 and pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, (including any statutory modification(s) or re-enactment thereof, for the time being in force) such other approvals, permissions and sanctions from Central Government, if required and as recommended by the Remuneration Committee, consent of the Company be and is hereby granted for variation in the terms of remuneration payable to Mr. Gokul M. Jaykrishna, Joint Managing Director of the Company as set out in the Explanatory Statement."

"RESOLVED FURTHER THAT other terms and conditions of appointment of Mr. Gokul M. Jaykrishna, Joint Managing Director of the Company shall remain unchanged as approved by the members in the 17th Annual General Meeting of the Company held on 26th September, 2006."

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“RESOLVED FURTHER THAT in the event of absence of profits or inadequate profits in any financial year during the tenure of the Joint Managing Director of the Company be paid the above salary and perquisites as minimum remuneration.”

“RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to further alter, vary and/or amend the terms and conditions of appointment including the revised remuneration so as not to exceed the limit set out in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956 or any amendments thereto.”

“RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby severally authorised to do all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to this resolution.”

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

“RESOLVED THAT in partial modification of the earlier resolution passed by the members at the 20th Annual General Meeting of the Company held on 30th September, 2009 and pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, (including any statutory modification(s) or re-enactment thereof, for the time being in force) such other approvals, permissions and sanctions from Central Government, if required and as recommended by the Remuneration Committee, consent of the Company be and is hereby granted for variation in the terms of remuneration payable to Mr. Munjal M. Jaykrishna, Joint Managing Director of the Company as set out in the Explanatory Statement annexed hereto.”

“RESOLVED FURTHER THAT other terms and conditions of appointment of Mr. Munjal M. Jaykrishna, Joint Managing Director of the Company shall remain unchanged as approved by the members in the 20th Annual General Meeting of the Company held on 30th September, 2009.”

“RESOLVED FURTHER THAT in the event of absence of profits or inadequate profits in any financial year during the tenure of the Joint Managing Director of the Company be paid the above salary and perquisites as minimum remuneration.”

“RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to further alter, vary and/or amend the terms and conditions of appointment including the revised remuneration so as not to exceed the limit set out in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956 or any amendments thereto.”

“RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby severally authorised to do all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to this resolution.”

By order of the Board of Directors

Place : Indrad, Mehsana
Date : 28/08/2010

Mrs. Paru M. Jaykrishna
Chairperson and Managing Director

Registered Office :
166-169, Village Indrad
Kadi – Kalol Road, Dist : Mehsana
Gujarat – 382 727 (India)

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER.

PROXIES IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED WITH THE COMPANY ATLEAST 48 HOURS PRIOR TO THE COMMENCEMENT OF THE MEETING.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 17th September, 2010 to Saturday, 25th September, 2010 (both days inclusive).
3. The relative explanatory statement pursuant to section 173(2) of the Companies Act, 1956 and Clause 49 of the Listing Agreement in respect of item no. 5 to 8 is annexed herewith.
4. (a) Members are requested to notify immediately any change of address:
 - i) to their Depository Participants (DPs) in respect of their electronic share accounts; and
 - ii) to the Company or to its Share Transfer Agents in respect of their physical share folios, if any.(b) In case the mailing address on this Annual Report is without the PINCODE, Members are requested to kindly inform their PINCODE immediately.
5. 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.
6. Member who hold shares in dematerialized forms are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
7. 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.
8. Members desirous of obtaining any information or clarification concerning to accounts and operations of the Company are requested to write to the Company at least 10 days in advance of the meeting at the Registered Office, so as to enable the Company to keep the information ready.
9. Appointment /Re-appointment of Directors (Pursuant to Clause 49 of the Listing Agreement)

At the ensuring Annual General Meeting Prof Pradeep Jha and Mr. Kiran J. Mehta retires by rotation and being eligible offers themselves for reappointment.

Mr. Param J. Shah was appointed as Additional Director of the Company and Mr. Gokul M. Jaykrishna was appointed as Joint Managing Director of the Company.

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The information or details to be provided for the aforesaid directors under the corporate governance code are as under:

Name of Director	Prof Pradeep Jha	Mr. Kiran J. Mehta	Mr. Param J. Shah	Mr. Gokul M. Jaykrishna
Date of Birth	28/11/1945	30/09/1953	30/12/1980	24/10/1968
Date of Appointment	28/05/2002	27/07/2003	13/08/2010	01/01/1994
Expertise in specific functional areas	Academician with over 34 year experience in teaching.	Senior Cost Accountant having	Academician with over 10 year experience. He has wide knowledge in Finance and Law.	More than 20 years experience in Finance and Marketing.
Qualification	M.Sc (Maths) C. C. P, C. M. E. (UK)	Mcom, LLB, FICWA, FIISA	MBA, M.Com., LLB	Major in Finance and Marketing
No of Equity Shares held	Nil	Nil	Nil	431843
List of outside Company Directorships held	Asahi Songwon Colors Ltd	Nil	Nil	1. Asahi Songwon Colors Limited 2. Skyjet Aviation Private Limtied. 3. Asahi Energy Pvt Ltd 4. Grey cell Solution Pvt Ltd 5. Flyover Communication Pvt Ltd
Chairman / Member of the Committees of the Board of Directors of the Company	- Audit committee. - Remuneration committee. - Shareholders / Investors Committee.	- Audit committee. - Remuneration committee. - Shareholders / Investors Committee.	Nil	Nil
Chairman / Member of the Committee of Directors of Companies in which he/she is Director	Asahi Songwon Colors Ltd. - Audit committee - Remuneration committee. - Shareholders / Investors Committee.	Nil	Nil	Nil
a) Audit Committee	- Shareholders / Investors Committee.			
b) Remuneration Committee				
c) Shareholders/ Investors Grievances Committee.				

ANNEXURE TO THE NOTICE

Explanatory statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956

Item No. 5

The Board of Directors of the Company at their meeting held on 13th August, 2010, appointed Mr. Param J. Shah as Additional Director on the Board of the Company. As per the provisions of Section 260 of the Companies Act, 1956, he hold office up to the date of ensuing Annual General Meeting and is eligible for the appointment as Director of the Company, liable to retire by rotation.

Details regarding the person proposed to be appointed as Director and his brief resume are given in the Annexure to the Notice.

The Company has received a notice from the member proposing his candidature for his appointment as Director liable to retire by rotation along with deposit of Rs. 500/- in cash.

Keeping in view the experience, expertise and knowledge of Mr. Param J. Shah, the Board recommends his appointment as Director of the Company.

None of the Directors, except Mr. Param J. Shah is interested or concerned in the aforesaid resolution.

Item No. 6 & 7

At the 17th Annual General Meeting held on 26th September, 2006, the members had approved the reappointment of Mr. Gokul M. Jaykrishna as Executive Director of the Company with effect from 1st April, 2006.

The Board of Directors of the Company at its meeting held on 13th August, 2010 has changed the designation of Mr. Gokul M. Jaykrishna from Executive Director to Joint Managing Director of the Company.

Mr. Gokul M. Jaykrishna was not taking any remuneration from the Company and with improved performance of the Company, the Board of Directors at its meeting held on 30th December, 2009, pursuant to the approval of the remuneration committee and subject to approval of members approved the revision in remuneration payable to Mr. Gokul M. Jaykrishna, Joint Managing Director of the Company w. e. f. 1st December, 2009, the other terms and conditions of the remuneration remaining the same as approved in the 17th Annual General meeting held on 26th September, 2006. The major terms and conditions of the appointment are as under:

1. Remuneration:

a. Basic Salary :

Rs. 50,000/- per month with effect from 1st December, 2009 with such increments each year as considered by the Board.

b. Commission :

In addition to the salary, perquisites and allowances payable, a commission, as may be decided by the Board of Directors at the end of each financial year calculated with reference to the net profits of the Company. Commission should not exceed 2.5% of the Company's Net Profit for each Financial Year subject to the overall ceiling stipulated in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956.

2. Perquisites:

In addition to the salary and commission as outlined above, the Joint Managing Director shall be entitled to perquisites/allowances as under:

Category "A"

a. Housing :

- i) The expenditure incurred by the Company on hiring furnished accommodation for the Joint Managing Director, subject to a ceiling of 60% of the salary, over and above 10% payable by the Joint Managing Director.
- ii) In case the accommodation is owned by the Company, 10% of the salary of Joint Managing Director shall be deducted by the Company.

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iii) In case no accommodation is provided by the Company, Joint Managing Director shall be entitled to House Rent Allowance not exceeding 60% of his Salary.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to a ceiling of 10% of salary.

b. Medical Reimbursement :

The Company shall reimburse expenses incurred for the Joint Managing Director for himself and his family subject to a ceiling of one-month salary in a year or three months salary over a period of three years.

c. Leave Travel Concession :

For the Joint Managing Director and his family once in a year incurred in accordance with the rules of the Company.

d. Insurance :

Insurance policy to cover personal effects, personal accident and medical expenses.

e. Club Fees :

Fees of clubs subject to maximum two clubs. This will include admission or entrance fees and monthly and annual subscriptions.

f. Entertainment Expenses :

The Company shall reimburse entertainment expense actually incurred in the course of business of the Company subject to such annual limits as may be fixed by the Board of Directors of the Company.

Explanation: For the purposes of Category "A" family means the spouse, the dependent children and dependent parents of the Joint Managing Director.

Category "B" :

Contribution to Provident Fund and Superannuation fund will not be included in the computation of the ceiling on remuneration to the extent they are, either singly or put together not taxable under the Income-tax Act, 1961. Gratuity not exceeding half month salary for each completed year of service. Gratuity and encashment of leave shall not be included in the computation of the ceiling on the remuneration.

Category "C" :

The Company shall provide a car with driver and telephone at residence. Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Joint Managing Director.

3. Overall Remuneration:

The aggregate of salary, perquisites, allowances and commission in any one financial year shall not exceed the limits prescribed under Section 198, 309 and other applicable provisions read with Schedule XIII of the Companies Act, 1956 or any statutory modifications or re-enactments thereof.

4. Minimum Remuneration:

In the event of absence or inadequacy of profits in any financial year during the currency of tenure of the Joint Managing Director, the payment of salary, allowances, perquisites and all other payments shall be governed by the limits stipulated under Schedule XIII read with Section 269 and 309 of the Companies Act, 1956.

5. Other Terms and Conditions:

Other terms and conditions of appointment of Mr. Gokul M. Jaykrishna as Joint Managing Director of the Company shall remain unchanged as approved by the members in 17th Annual General Meeting of the Company held on 26th September, 2006.

In terms of the provisions of the Companies Act, 1956, consent of the members is required for variation of remuneration of Mr. Gokul M. Jaykrishna, Joint Managing Director of the Company. The Board hereby recommends the passing of the proposed resolutions.

Copy of draft supplementary agreement to be entered between Mr. Gokul M. Jaykrishna, Joint Managing Director and the Company are available for inspection at the Registered Office of the Company on any working days during usual business hours up to the Annual General Meeting.

This may be treated as the abstract and memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

None of the Directors, except Mrs. Paru M. Jaykrishna, Mr. Gokul M. Jaykrishna, Mr. Munjal M. Jaykrishna are interested or concerned in the aforesaid resolution.

Item No. 8

At the 20th Annual General Meeting held on 30th September, 2009, Mr. Munjal M. Jaykrishna was appointed as Joint Managing Director of the Company for period of five years.

Mr. Munjal M. Jaykrishna, aged around 40 years, Bachelors of Science in Business and Economics from Lehigh University, Bethlehem. He is looking after complete operations including Production, Marketing and Quality Control of the Company. He was not taking any remuneration from the Company. Looking to the improved performance of the Company, the Board of Directors on the recommendation of the remuneration committee has revised the remuneration of Mr. Munjal M. Jaykrishna, w.e.f. 1st December, 2009, the other terms and conditions of the appointment remaining the same as approved in the 20th Annual General Meeting held on 30th September, 2009. The major terms and conditions of the appointment are as under:

1. Remuneration :

a. Basic Salary :

Rs. 50,000/- per month with effect from 1st December, 2009 with such increments each year as considered by the Board.

b. Commission :

In addition to the salary, perquisites and allowances payable, a commission, as may be decided by the Board of Directors at the end of each financial year calculated with reference to the net profits of the Company. Commission should not exceed 2.5% of the Company's Net Profit for each Financial Year subject to the overall ceiling stipulated in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956.

2. Perquisites:

In addition to the salary and commission as outlined above, the Joint Managing Director shall be entitled to perquisites/allowances as under:

Category "A"

a. Housing :

- i) The expenditure incurred by the Company on hiring furnished accommodation for the Joint Managing Director, subject to a ceiling of 60% of the salary, over and above 10% payable by the Joint Managing Director.
- ii) In case the accommodation is owned by the Company, 10% of the salary of Joint Managing Director shall be deducted by the Company.
- iii) In case no accommodation is provided by the Company, Joint Managing Director shall be entitled to House Rent Allowance not exceeding 60% of his Salary.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to a ceiling of 10% of salary.

b. Medical Reimbursement :

The Company shall reimburse expenses incurred for the Joint Managing Director for himself and his family subject to a ceiling of one-month salary in a year or three months salary over a period of three years.

c. Leave Travel Concession :

For the Joint Managing Director and his family once in a year incurred in accordance with the rules of the Company.

d. Insurance :

Insurance policy to cover personal effects, personal accident and medical expenses.

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e. Club Fees :

Fees of clubs subject to maximum two clubs. This will include admission or entrance fees and monthly and annual subscriptions.

f. Entertainment Expenses :

The Company shall reimburse entertainment expense actually incurred in the course of business of the Company subject to such annual limits as may be fixed by the Board of Directors of the Company.

Explanation: For the purposes of Category "A" family means the spouse, the dependent children and dependent parents of the Joint Managing Director.

Category "B" :

Contribution to Provident Fund and Superannuation fund will not be included in the computation of the ceiling on remuneration to the extent they are, either singly or put together not taxable under the Income-tax Act, 1961. Gratuity not exceeding half month salary for each completed year of service. Gratuity and encashment of leave shall not be included in the computation of the ceiling on the remuneration.

Category "C" :

The Company shall provide a car with driver and telephone at residence. Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Joint Managing Director.

3. Overall Remuneration:

The aggregate of salary, perquisites, allowances and commission in any one financial year shall not exceed the limits prescribed under Section 198, 309 and other applicable provisions read with Schedule XIII of the Companies Act, 1956 or any statutory modifications or re-enactments thereof.

4. Minimum Remuneration:

In the event of absence or inadequacy of profits in any financial year during the currency of tenure of the Joint Managing Director, the payment of salary, allowances, perquisites and all other payments shall be governed by the limits stipulated under Schedule XIII read with Section 269 and 309 of the Companies Act, 1956.

5. Other Terms and Conditions:

Other terms and conditions of appointment of Mr. Munjal M. Jaykrishna as Joint Managing Director of the Company shall remain unchanged as approved by the members in 20th Annual General Meeting held on 30th September, 2009."

In terms of the provisions of the Companies Act, 1956, consent of the members is required for variation of remuneration of Mr. Munjal M. Jaykrishna, the Joint Managing Director of the Company. The Board hereby recommends the passing of the proposed resolutions.

Copy of draft supplementary agreement to be entered between Mr. Munjal M. Jaykrishna, Joint Managing Director and the Company are available for inspection at the Registered Office of the Company on any working days during usual business hours up to the Annual General Meeting.

This may be treated as the abstract and memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

None of the Directors, except Mrs. Paru M. Jaykrishna, Mr. Gokul M. Jaykrishna, Mr. Munjal M. Jaykrishna are interested or concerned in the aforesaid resolution.

By order of the Board of Directors

Place : Indrad, Mehsana

Date : 28/08/2010

Registered Office :

166-169, Village Indrad

Kadi - Kalol Road, Dist : Mehsana

Gujarat - 382 727 (India)

Mrs. Paru M. Jaykrishna

Chairperson and Managing Director