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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