



***SAPAN CHEMICALS LIMITED***  
***18<sup>TH</sup> ANNUAL REPORT***  
**2012 - 2013**



**BOARD OF DIRECTORS**

CHAIRMAN : Mr. Jagdish R Jani  
MANAGING DIRECTOR : Mr. Mahesh Ramanlal Shah  
DIRECTOR : Mr. Janak B Raja

**AUDITORS**

: Mehul & Associates  
47, 2<sup>nd</sup> Floor, Annapurna Indl. Estate,  
Tilak Road, Ghatkopar (E),  
Mumbai 400 077

**BANKERS**

: AXIS BANK

**REGISTERED OFFICE**

: 206, Shivam Flats  
Nr. Ayappa temple  
Gotri Road , Vadodara – 390 021.  
Tel : 0265 2226095.

**REGISTRAR SHARE  
TRANSFER AGENT**

: M/S. Purva Share Registry India Pvt. Ltd  
9. Shiv Shakti Ind. Estate,  
J.R. Boricha Marg,  
Opp. Kasturba Hosp. Lower Parel (E),  
Mumbai - 400011

**ANNUAL GENERAL MEETING**

: 06-09-2013 at 11:00 AM

**BOOK CLOSURE**

: 02-09-2013 to 06-09-2013

**NOTICE**

NOTICE is hereby given that 18TH Annual General Meeting of the members of **SAPAN CHEMICALS LIMITED** will be held on Friday, 06TH Sept. 2013 at 11.00 a.m. at the Registered Office of the Company situated at 206, Shivam, Flats, NR Ayappa Temple Gotri Road, Vadodara, 390021 to transact the following business.

**ORDINARY BUSINESS:**

01. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2013 and Profit and Loss Accounts for the year ended on 31<sup>st</sup> March, 2013 and Directors' and Auditors' Report thereon.
02. To appoint a Director in place of Mr. JAGDISH JANI, Director who retires by rotation at this Annual General Meeting and being eligible offers himself for the re-appointment.
03. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**NOTES:**

01. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY 48 HOURS BEFORE THE DATE OF MEETING.
02. The Register of members and share transfer book of the Company will remain closed from 02-09-2013 to 06-09-2013 (both days inclusive).
03. Members are requested to go for Demat of their shares immediately.
04. Members are requested to bring their copies of Annual Report to the meeting.
05. Members are requested to inform about the change of address, if any to the Company immediately.
06. Members desirous of making nomination in terms of Section 109A of the Companies Act, 1956 in respect of their shareholding may approach the company for obtaining prescribed form and return the same duly filled in and signed for registration with the company.

**PLACE: BARODA**  
**DATE : 01/08/2013**

**BY ORDER OF THE BOARD OF DIRECTORS  
FOR SAPAN CHEMICALS LTD.**

**Sd/-**  
**JAGDISH R. JANI**  
**CHAIRMAN**

**DIRECTORS' REPORT**

To,  
The Members,

Your Directors have pleasure in presenting the 18<sup>TH</sup> Annual Report together with audited statement of accounts of the Company for the year ended on 31<sup>st</sup> March 2013.

**01. OPERATIONS DURING THE YEAR:**

During the year under review the Company's earning has decreased due to competition and reverse market trends. The Company hopes to achieve good results in the current year.

**02. FINANCIAL RESULTS:**

<b>PARTICULARS</b>	<b>2012-13 (RS.)</b>	<b>2011-12 (RS.)</b>
Total Income	993240	927472
Profit before Tax	19594	-101818
Provision for Taxation	6200	0
Net Profit / Loss	13394	-101818

**03. PROJECT AND PROSPECTS:**

The company has resorted to development and marketing of software and consultation in Portfolio Management and other areas.

**04. AUDITORS:**

The members are requested to appoint auditors for the current year and to fix their remuneration. M/s. Mehul & Associates, Chartered Accountants have consented for continuation to act as the auditors of the Company, if re-appointed.

**05. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

- (i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) Appropriate accounting policies have been selected and applied consistently, and have made judgment and estimates that are responsible and prudent so as to give true and fair view of the state of affairs of the company for said period.
- (iii) 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 of the assets of the company and for preventing and detecting frauds and other irregularities.

(iv) The annual accounts have been prepared on a going concern basis.

**06. PARTICULARS OF EMPLOYEES:**

No employee of the Company qualifies for disclosure pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

**07. CONSERVATION OF ENERGY:**

The information required Under Section 271(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is not applicable looking to the nature of business of the Company.

**08. CORPORATE GOVERNANCE:**

The Company has implemented various processes in furtherance of Corporate Governance. Pursuant to Clause 49 of the Stock Exchange Listing Agreement, report on Corporate Governance is given in the Annexure – A forming part of the report.

**09. PUBLIC DEPOSITS:**

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

**10. AUDIT COMMITTEE:**

The Company has formed an Audit Committee comprising of three Directors. The terms of reference of the committee are in line with the requirements as stipulated u/s. 292A of the Company Act, 1956 and Corporate Governance as stated in Clause 49 of the Listing Agreement.

**11. DIRECTORS:**

Mr. Jagdish Jani, Director will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

**12. ACKNOWLEDGEMENT:**

The Board placed on record its deep appreciation for the continued support from Government agencies, Suppliers, Customers, Banks, all the Staff members and workmen for their co-operation in the operation of the Company during the year.

**PLACE: BARODA**  
**DATE : 01/08/2013**

**BY ORDER OF THE BOARD OF DIRECTORS**  
**FOR SAPAN CHEMICALS LTD.**

**Sd/-**  
**JAGDISH R. JANI**  
**CHAIRMAN**

**Annexure – A to the Directors’ Report for the year ended 31<sup>st</sup> March, 2013****Report on Corporate Governance****1. Corporate Governance Philosophy:**

The Company believes in good Corporate Governance and is putting into practice the prevailing guidelines. The Company believes in providing detailed information to the shareholders in respect of Company’s business and financial performance. The objective of the Company is to achieve business excellence and thereby enhance the value of long-term interest of all the shareholders.

**2. Board of Directors:**

- (i) Composition, Category of Directors and their other Directorship and Membership / Chairmanship of Committees during 2012-13.

SR.NO	CATEGORY	NAME OF THE DIRECTORS
I.	Non-Executive Chairman	Jagdish R. Jani
II.	Managing Director	Mahesh R. Shah
III.	Non-Exe. Independent Director	Janak B. Raja

**(ii) Board Meetings held and attendance of Directors.**

During the year under review, Six Board Meetings were held on 15/05/2012, 14/08/2012, 31/08/2012, 12/11/2012, 17/01/2013 & 13/02/2013. The attendance of each Director at these meetings was as follows:

Name of Directors	Category of Directors	No of Board Meeting attend	Attendance at AGM	No. of other Directorships	Committee Membership Member/ chairman	
Jagdish R. Jani	Non-Exe. Chairman	6	Yes	7	2	1
Mahesh R. Shah	Managing Director	6	Yes	3	2	1
Janak B. Raja	Ind. Director	6	Yes	-	2	1

**3. Audit Committee:**

The Board reconstituted an Audit Committee in its meeting held on 26<sup>th</sup> June, 2012 consisting of following three Directors who met 5 times during the year. All members of audit committee are financially literate and 2 Directors has financial management expertise as required for member of Audit Committee as per Clause 49 of the Listing Agreement.

Sr. No.	Name of the Director	Category	No. of Meeting	
			Held	Attended
1	Mahesh R. Shah	MEMBER	5	5
2	Janak B Raja	Ind. Non-Exe. Dir.- CHAIRMAN OF AUDIT COMMITTEE	5	5
3	JAGDISH JANI	MEMBER	5	5

**Terms of Reference:-**

The terms of reference for the audit committee as laid down by the Board include the following:-

- a) Overseeing the Company's Financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Recommending the appointment and removal of statutory auditor, fixation of audit fee and also approval for payment for any other services.
- c) Reviewing with management, the quarterly, half yearly and annual financial statements before submission to the Board, focusing primarily on any changes in accounting policies and practices; major accounting entries based on exercise of judgement by management; qualifications in draft audit report; significant adjustments arising out of audit; the going concern assumption; compliance with accounting standards; compliance with stock exchange and legal requirements concerning financial statements; any related party transaction i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of Company at large.
- d) Reviewing with the management, statutory and internal auditors, the adequacy of internal control system and ensuring compliance therewith.
- e) Discussions with statutory auditors before the commencement of the audit about the nature and scope of audit as well as have post-audit discussion to ascertain any areas of concern.
- f) Reviewing the Company's financial and risk management policies.
- g) To review the functioning of the Whistle Blower Policy adopted by the Company.
- h) To review report on Management Discussion & Analysis of Financial Condition and Results of operation, to be included in the Company's Annual Report to its Shareholders.

**4. REMUNERATION COMMITTEE**

This is a non-mandatory requirement. The company has constituted a Remuneration Committee to decide and fix payment of remuneration and sitting fees to the Directors of the Company.

The Remuneration Committee consists of Mr. Jagdish Jani, Director & Chairman of the Remuneration Committee, Mr. Janak Bhogilal Raja, Director & Mr. Mahesh R Shah, M.D. Two meeting of the committee held during the year under review.

**5 SHARE HOLDER'S GRIEVANCE AND SHARE TRANSFER COMMITTEE****Composition:-**

The said committee comprises of Mr. Janak B. Raja and Mr. Jagdish R. Jani as member and Mr. Mahesh R Shah, M.D. and Chairman of the said committee. There are 4 meetings during the year.

The Committee has delegated the authority to an officer of the Company who attends to share transfer formalities at least once in a fortnight.

**Terms of reference:-**

To look into the redressal of the share holders and their complaints in respect of any matter including transfer of shares, non- receipt of annual report, dividend etc.

**Compliance Officers :-**

The company has designated Mr. Mahesh R Shah as Compliance Officer.

**Summary of Investors' Complaints:-**

During the year 5 letters / complaints were received from the share holders, out of which 5 letters/ complaints were replied / resolved to the satisfaction of the shareholders.

As on date, there are no complaints pending.

**6. General Body Meetings:**

The Annual General Meeting (AGMs) of the Company has been held at the following places in the last three years:

Year	Date	Time	Venue
2009-2010	30-9-2010	11.00 a.m.	206, Helix Complex, Sayajigunj, Baroda - 390 005
2010-2011	30-9-2011	11.00 a.m.	206, Helix Complex, Sayajigunj, Baroda - 390 005
2011-2012	28-9-2012	11.00 a.m.	206, Helix Complex, Sayajigunj, Baroda - 390 005

No special resolution required to be put through postal ballot last year.

No special resolutions on matters requiring postal ballot are placed for shareholders approval at this meeting.

**7. Disclosures:**

During the year there were no transactions of material nature with the Directors or the management or their subsidiaries or relatives that had potential conflict with the interest of the Company. There are no instances of non compliance on any matter relating to the capital market.

**8. Means of Communication:**

1. The quarterly unaudited financial results are published in Business Standard (English) and Vadodara Samachar (Gujarati).
2. The Management Discussion and Analysis Report prepared by the management and forming part of the Annual Report is separately attached

**9. General Shareholders Information:**

- (i) **Annual General Meeting** 06TH Sept., 2013 at 11.00 a.m. the Registered Office of the Company at 206, Shivam Flats, Nr. Ayappa Temple, Gotri Road, Vadodara, 390021.



<b>(ii)</b>	<b>Financial Calendar (tentative)</b>	
	Financial reporting of the quarter ended June.30	Mid August
	Financial reporting of the quarter ended Sept.30	Mid November
	Financial reporting of the quarter ended Dec.31	Mid February
	Financial reporting of the quarter ended Mar.31	Mid May

**(iii) Date of Book Closure:** 02-09-2013 to 06-09-2013

**[iv] Dividend payment date:** Not applicable

**[v] Listing of Stock Exchanges.**  
Vadodara Stock Exchange Limited  
Ahmedabad Stock Exchange Limited  
Bombay Stock Exchange Limited

The Company has paid Listing Fees for the year ended April 2013 to March 2014 to all the three Stock Exchanges listed above.

**(vi) Market Price data**  
During the financial year ended on 31-03-2013, the Equity Shares were traded at Mumbai Stock Exchange from the month of April, 2012 to March, 2013 and high and low prices are available at BSE site.

**(vii) Share Transfer System**  
The Company has appointed Purva Share Registry India Pvt.Ltd., Mumbai as share transfer Agent. All the share physical as well as Demat is being handled by said Registrar.

**(viii) Distribution of Shareholding pattern as on 31-03-2013 :**

Category	No. of Shares	%
Promoters /	54515	0.68
Public	5788118	72.36
NRIs / OCBs	1000	0.01
Bodies Corporate	2156367	26.95
Total	80,00,000	100.00

**(ix) Dematerialisation of Shares**

The Company has already offered the dematerialisation facility through Purva Share Registry India Pvt.Ltd., Mumbai to the shareholders during the year. There are no investor's complaints pending. All complaints are cleared within 15 days of the receipt of the complaint.

**(x) Address for Correspondence by Shareholders:** 206, Shivam Flats, Nr. Ayappa Temple, Gotri Road, Vadodara, 390021.

**9. CERTIFICATION WITH RESPECT TO FINANCIAL STATEMENT**

The Managing director of the Company has furnished a certificate to the Board of Directors of the Company with respect to accuracy of financial statements and adequacy of internal controls and also compliance of Corporate Governance as required under clause 49 of the listing agreement.

**10. WHISTLE BLOWER POLICY**

Recently, the Security & Exchange Board of India has also prescribed the adoption by all listed companies, of a Whistle Blower Policy as a non-mandatory requirement. The company has adopted a Whistle Blower Policy, which affords protection and confidentiality to Whistle blowers. The Audit Committee Chairman is authorized to receive Protected Disclosures under this Policy. The Audit Committee is also authorized to supervise the conduct of investigations of any disclosures made whistle blowers in accordance with policy.

No personnel have been denied access to the Audit Committee. As of March 31, 2013, no Protected Disclosures have been received under this policy.

**11. CODE OF CONDUCT**

The Company's Board of Directors has adopted the code of conduct which govern the conduct of all directors /employees. All Directors and senior management personnel have affirmed compliance with respective codes for the year ended on 31<sup>st</sup> March 2013.

**12. IMPLEMENTATION OF NON-MANDATORY CORPORATE GOVERNANCE REQUIREMENTS**

The company has implemented the following non-mandatory requirements as stated in clause 49 of the listing agreement with respect to Corporate Governance:-

- (i) Remuneration Committee:- Already details have been given earlier.
- (ii) Whistler Blower policy:- Under this policy employees of the Company can report to the management about unethical behavior, actual or suspected fraud or violation of code of conduct or ethics policy. It is the company's policy to insure that the Whistler Blower are not victimized or denied direct access to the chairman of the Audit Committee. The existence of said policy mechanism has been communicated to all employees.

**MANAGEMENT DISCUSSION AND ANALYSIS**

The key issues of the Management Discussion and Analysis are given below.

**(a) Industry Structure And Developments**

The Company is in the business of development and marketing of software along with consultation for portfolio management and along with this, already engaged in trading business of salt.

**(b) Strength**

The strength of a company is known from the profit it earns due to maintaining the quality in providing the consultation and software business. It also depends on the Government policies of taxation.

**( c ) Comment on Current year's performance**

Receipts	: The Receipt has been phenomenal since the first year of its operations.
Operating Expenses	: The operating Expenses are well under control.
Operating Profits	: The Operating Profits are up to industry mark.
Indirect Expenses	: The Indirect Expenses are under control.
Depreciation	: Reasonable amount of Depreciation is provided.
Profit before tax	: Profit before tax has decreased due to lesser turnover As compared to previous year.
Taxation	: Taxation is Provided as per Income Tax Act.
Debtor/Sales	: Debtors are reasonable.
Creditors/Purchase	: The Company has an established credit.

**d) Opportunities and threats**

The Company has ample opportunities in software industry as well as in consultation business. The only threats are from competition and government future policies.

**(e) Segment wise performance**

The business of the Company falls under segment i.e. Trading & Consultation.

**(f) Outlook**

The continual growth in the Finance sector is expected to give the necessary support to the Software industry. The Company is making all efforts to accelerate growth of its business. It expects to improve its position in the market by focusing on technologically advanced and more profitable products/market segments and working aggressively in the areas of productivity, efficiency and cost reductions.

**(g) Risk and concerns**

The Company perceives no risk in its business presently except government policy which may affect adversely in future.

**(h) Internal control system**

Internal audit and other controls have been found to be adequate. These are reviewed periodically by the Audit Committee and found the performance satisfactory.

**(i) Developments in human resources and industrial relations**

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975 is not required to be given as no employee falls under it. The Company continued to have cordial relations with all the employees.

PLACE: BARODA  
DATE : 01/08/2013

BY ORDER OF THE BOARD OF DIRECTORS  
FOR SAPAN CHEMICALS LTD.

Sd/-  
JAGDISH R. JANI  
CHAIRMAN

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

The Board of Directors,  
Sapan Chemicals Limited,  
Baroda.

We have reviewed the implementation of Corporate Governance procedure by the Company during the year ended 31-3-2013 with the relevant records and documents maintained by the Company, furnished to us for our review and the report of Corporate Governance as provided by the Board of Directors.

The compliance of conditions of corporate governance is the responsibility of the management. Our examinations is neither an audit not as expression of opinion on the financial statements of the Company.

On the basis of the above and in accordance to the information and explanations given to us, in our opinion, the company has complied in all material respects with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement with the Stock Exchange.

We further state that our examination is such, compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**Mehul & Associates.**  
**Chartered Accountants**

**Date : 01/08/2013**  
**Place :MUMBAI**

**Sd/-**  
**(Mehul Doshi)**  
**Proprietor**  
**M.No.103311**

**AUDITOR'S REPORT**

To,  
The Members,  
Sapan Chemicals Limited, Baroda

We have audited the attached Balance Sheet of **M/S. SAPAN CHEMICALS LIMITED** as at 31<sup>st</sup> March, 2013 and also the Profit and Loss account of the year ended on the date annexed thereto and cash flow statement for the year ended on that date. 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.

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 misstatement. 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;

As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i.) 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;
- (ii.) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii.) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv.) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (v.) On the basis of the written representations received from the directors, as on March 31, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (vi.) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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;
  - in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
  - in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
  - in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Place :MUMBAI  
Date : 01/08/2013

**Mehul & Associates.**  
**Chartered Accountants**  
Sd/  
(Mehul Doshi)  
Proprietor  
M. No.103311

**ANNUEURE TO THE AUDITRORS REPORT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2013**

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the management according to the regular program which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) As explained to us, physical verification of inventory has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of the business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory.
- (iii) The Company has not granted nor taken any loans - secured or unsecured to / from companies, firm or other parties as listed in the register maintained under section 301 of the Companies Act 1956.
- (iv) In our opinion and according to the information and explanations 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 inventory and fixed assets and for the sale of goods. Further on the basis of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepting in India, we have not observed any continuing failure to correct major weaknesses in the foresaid internal control procedure.
- (v) (a) According to the information and explanations given to us we are of the opinion that the transaction that need to be entered into the register maintained u/s. 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, no transactions of purchase and sale of goods materials and services, made in pursuance of contracts or arrangements to be entered into the register maintained under section 301 of the Companies Act, 1956, aggregating during the year to Rs. 5 lacs in respect of any party.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposit within the provision of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules 1975.
- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.

- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the order made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, and we are of the opinion that prima facia the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records of the Company, and as explained to us, the company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Custom Duty, Excise Duty, Cess, and other statutory dues to the extent applicable to it.  
(b) According to the information and explanations given to us there are no undisputed amounts payable in respect of income tax, wealth tax, custom duty, excise duty and cess were outstanding as at 31<sup>st</sup> march, 2013 for a period of more than six months from the date they become payable.
- (x) The company has not incurred any loss during the year but it has accumulated loss as at 31-03-2013.
- (xi) The company never took any loan from any financial institution and bank since the date of its inception. The company has also not incurred any cash loan in the any of the year since its inception.
- (xii) Based on our examination of documents and records maintained by the company, we are of the opinion that since the company has not granted any loan and advance on the basis of security by way of pledge of shares, debenture and other securities, it is not required to maintain records in respect thereof.
- (xiii) In our opinion, the company is neither a chit fund nor nidhi/ mutual benefit fund/ society and hence clause 4 (xiii) of the Order is not applicable.
- (xiv) Based on our examination of the records, we are of the opinion that the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xv) The Company has not taken any term loan from anybody.
- (xvi) According to the information and explanations given to us and on an over all examination of the balance sheet of the company we report that the funds raised on short term basis have not been used for long term investment.
- (xvii) During the year the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xviii) During the year the company has not issued any debenture.
- (xix) During the year under review no money was raised by public issue.
- (xx) During the course of examination of the books and records of the company, carried out in accordance with auditing standards generally accepted in India, we have neither come across any instance of fraud by the Company, noticed or reported during the year nor have been informed of such case by the management.

**Place :MUMBAI**  
**Date : 01/08/2013**

**Mehul & Associates.**  
**Chartered Accountants**  
**Sd/**  
**(Mehul Doshi)**  
**Proprietor**  
**M.No.103311**

**Balance Sheet as at 31st March, 2013**

Particulars	Note No	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>		<b>8,00,58,060</b>	<b>8,00,44,666</b>
(a) Share Capital	1	8,00,00,000	8,00,00,000
(b) Reserves and Surplus	2	58,060	44,666
(c) Money received against share warrants			
<b>(2) Share application money pending allotment</b>			
<b>(3) Non-Current Liabilities</b>		-	-
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)			
(c) Other Long term liabilities			
(d) Long term provisions			
<b>(4) Current Liabilities</b>		<b>2,64,36,784</b>	<b>2,85,90,584</b>
(a) Short-term borrowings		-	-
(b) Trade payables	3	1,14,35,000	96,10,000
(c) Other current liabilities	4	1,49,71,447	1,89,71,447
(d) Short-term provisions	5	30,337	9,137
<b>Total</b>		<b><u>10,64,94,844</u></b>	<b><u>10,86,35,250</u></b>
<b>II.Assets</b>			
<b>(1) Non-current assets</b>		<b>9,36,31,384</b>	<b>9,72,14,772</b>
(a) <i>Fixed assets</i>			
(i) Tangible assets	6	4,95,524	5,70,962
(ii) Intangible assets			
(iii) Capital work-in-progress			
(iv) Intangible assets under development			
(b) Non-current investments	8	7,92,83,148	8,32,83,148
(c) Deferred tax assets (net)	7	49,718	49,718
(d) Long term loans and advances	7	1,22,39,525	1,12,67,125
(e) Miscellaneous Expenditure	15	15,63,469	20,43,819
<b>(2) Current assets</b>		<b>1,28,63,460</b>	<b>1,14,20,478</b>
(a) Current investments			
(b) Inventories			
(c) Trade receivables	9	93,71,890	82,53,372
(d) Cash and cash equivalents	10	34,91,570	31,67,106
(e) Short-term loans and advances			
(f) Other current assets			
<b>Total</b>		<b>10,64,94,844</b>	<b>10,86,35,250</b>
<b>As per our report of even date attached</b>			
<b>For Mehul &amp; Associates</b>		<b>On or behalf of Board</b>	
<b>CHARTERED ACCOUNTANTS</b>		<b>For SAPAN CHEMICALS LTD.</b>	
Sd/-	Sd/-	Sd/-	
<b>(Mehul Doshi)</b>	<b>Mahesh Shah</b>	<b>Jagdish Jani</b>	
<b>Proprietor</b>	<b>(M.D)</b>	<b>(DIRECTOR)</b>	
<b>M.ship No. 103311</b>			
<b>PLACE : MUMBAI</b>			
<b>DATE : 01-08-2013</b>			



**Profit and Loss statement for the year ended 31st March, 2013**

Particulars	Note No	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
<b>I. Revenue from operations</b>			
<b>II. Other Income</b>	<b>11</b>	9,93,240	9,27,472
<b>III. Total Revenue (I + II)</b>		9,93,240	9,27,472
<b>IV. Expenses:</b>			
Cost of materials consumed			
Purchase of Stock-in-Trade			
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade			
Employee benefit expense	<b>12</b>	2,60,000	2,51,000
Financial costs			
Depreciation and amortization expense	<b>6</b>	75,438	75,438
Other expenses	<b>13</b>	1,57,858	2,22,502
Preliminary Expenses written off	<b>15</b>	4,80,350	4,80,350
<b>Total Expenses</b>		9,73,646	10,29,290
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		19,594	(1,01,818)
<b>VI. Exceptional Items</b>			
<b>VII. Profit before extraordinary items and tax (V - VI)</b>			
<b>VIII. Extraordinary Items</b>			
<b>IX. Profit before tax (VII - VIII)</b>		19,594	(1,01,818)
<b>X. Tax expense:</b>			
(1) Current tax		6200	
(2) Deferred tax			
<b>XI. Profit(Loss) from the period from continuing operations</b>		13,394	(1,01,818)
<b>XII. Profit/(Loss) from discontinuing operations</b>			
<b>XIII. Tax expense of discounting operations</b>			
<b>XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)</b>		-	-
<b>XV. Profit/(Loss) for the period (XI + XIV)</b>		13,394	(1,01,818)
<b>XVI. Earning per equity share:</b>			
(1) Basic			
(2) Diluted			

As per our report of even date attached

For Mehul & Associates

CHARTERED ACCOUNTANTS

Sd/-

(Mehul Doshi)

Proprietor

M.ship No. 103311

PLACE : MUMBAI

DATE : 01-08-2013

On or behalf of Board

For SAPAN CHEMICALS LTD.

Sd/-

Mahesh Shah

(M.D)

Sd/-

Jagdish Jani

(DIRECTOR)

NOTES TO ACCOUNTS

PARTICULARS	AMOUNT CURRENT PERIOD	AMOUNT PRVIOUS PERIOD
<b>NOTE NO.1 SHARE CAPITAL</b>		
<b>A) AUTHORISED CAPITAL</b> <u>Equity shares</u> 9000000 shares at par value of Rs.10/- each	<b>90000000</b>	<b>90000000</b>
<b>B) ISSUED, SUBSCRIBED AND FULLY PAID, OR SUBSCRIBED BUT NOT FULLY PAID SHARES.</b> <u>Equity shares</u> 80,00,000 shares at par value of Rs.10/- each	<b>8,00,00,000</b>	<b>8,00,00,000</b>
<b>C) SHARES HELD MORE THAN 5%</b> Name and number of shares Gainda Mal Chiranji Lal Ltd 400000/- shares Viral V Mevadia 430000/- shares		
<b>D) ISSUE OF FULLY PAID SHARES FOR OTHER THAN CASH (for last 5 years)</b>		
<b>NOTE NO. 2 RESERVES AND SURPLUS</b>		
H) <u>Surplus - Profit/(Loss)</u>	13,394	(1,01,818)
Add:	44,666	1,46,484
Less:		
<b>TOTAL</b>	<b>58,060</b>	<b>44,666</b>
<b>NOTE NO.3 OTHER LONG TERM LIABILITIES</b>		
(A) Trade payables	1,14,35,000	96,10,000.00
(B) Others		
<b>TOTAL</b>	<b>1,14,35,000</b>	<b>96,10,000.00</b>
<b>NOTE NO.4 OTHER CURRENT LIABILITIES</b>		
Current maturities of long term debt.		
Other Liabilities	1,49,71,447	1,89,71,447
Other payables		
<b>TOTAL</b>	<b>1,49,71,447</b>	<b>1,89,71,447</b>
<b>NOTE NO. 5 SHORT TERM PROVISIONS</b>		
(A) Provisions for taxation	7,837	7,500
(B) Others	22,500	1,637
<b>TOTAL</b>	<b>30,337</b>	<b>9,137</b>

<b>NOTE NO. 6 FIXED ASSETS</b>		
<b>(A) TANGIBLE ASSETS</b>		
<b>(A) OFFICE BUILDING</b>		
Opening balance	4,53,589	4,69,333
<b>add</b> Addition/ Deletion	-	-
<b>less</b> Depreciation	15,744	15,744
	<b>4,37,845</b>	<b>4,53,589</b>
<b>OFFICE EQUIPMENT</b>		
Opening balance	46,211	56,186
<b>add</b> Addition/ Deletion	-	-
<b>less</b> Depreciation	9,975	9,975
	<b>36,236</b>	<b>46,211</b>

	Furniture & Fixture		
	Opening balance	71,162	1,20,881
<b>add</b>	Addition/ Deletion	-	-
<b>less</b>	Depreciation	49,719	49,719
		<b>21,443</b>	<b>71,162</b>
		<b>4,95,524</b>	<b>5,70,962</b>

**NOTE NO. 7 LONG TERM LOANS AND ADVANCES**

(A)	Capital Advances		
(B)	Security Deposits		
(C)	Loans and Advances to related parties		
(D)	Other loans and Advances	1,22,39,525	1,12,67,125
(E)	<b>TDS</b> (Secured, considered good, unsecured, considered good, Doubtful) (Due by directors or Officers)	49,718	49,718
	<b>TOTAL</b>	<b>1,22,89,243</b>	<b>1,13,16,843</b>

**NOTE NO. 8 CURRENT INVESTMENTS**

(A)	Investments in Equity Instruments	-	4,05,00,000
(B)	Investment in Preference Shares		
(C)	Investments in government or trust securities		
(D)	Investments in debentures or bonds		
(E)	Investments in Mutual Funds		
(F)	Investments in partnership firms		
(G)	Other investments (specify nature).	7,92,83,148	4,27,83,148
	<b>TOTAL</b>	<b>7,92,83,148</b>	<b>8,32,83,148</b>

**NOTE NO. 9 TRADE RECEIVABLES**

(A)	Outstanding more than 6 months		
(B)	<u>Classification</u> Secured, considered good	93,71,890	82,53,372
	Unsecured, considered good		
	Doubtful		
	(Due by directors or Officers)		
	<b>TOTAL</b>	<b>93,71,890</b>	<b>82,53,372</b>

**NOTE NO. 10 CASH AND CASH EQUIVALENTS**

(A)	Balance with banks	2,747	3,90,171
(B)	Cheques, drafts on hand		
(C)	Cash on hand	34,88,823	27,76,934
(D)	Others		
	(Banks deposits with more than 12 months)		
	<b>TOTAL</b>	<b>34,91,570</b>	<b>31,67,105</b>

**NOTE NO. 11 OTHER INCOME**

(A)	Interest Income	4,90,000	11,20,472
(B)	Commission	2,00,000	
(C)	Net gain/loss on sale of Investment		
(D)	Other non operating Income	303,240	(1,93,000)
<b>Less:</b>	Expenses directly attributed to above income		
	<b>TOTAL</b>	<b>9,93,240</b>	<b>9,27,472</b>

**NOTE NO. 12 EMPLOYEES BENEFIT EXPENSES**

(A)	Salaries and wages	2,60,000	2,51,000
(B)	Contribution to provident and other funds		
(C)	Expenses on ESOP		
(D)	Staff welfare expenses		
	<b>TOTAL</b>	<b>2,60,000</b>	<b>2,51,000</b>

<b>NOTE NO. 13 OTHER EXPENSES</b>		
(A)	taxes	61,000
(B)	legal & professional charges	
(C)	printing & stationary	8,950
	Depositary & Share Transfer Exp.	16,854
	Postage & Telephone & Internet Expenses	20,754
	Travelling Exp.	4,522
	Bank Charges	8,910
	Advt Exp	9,580
	Computer Exp	7,890
	Other General Expenses	15,460
	Electricity Expenses	21,848
	Listing Fees	28,090
	<b>TOTAL</b>	<b>1,42,858</b>
		<b>2,07,502</b>
<b>NOTE NO. 14 PAYMENT TO AUDITOR</b>		
(A)	As Auditor	15,000
(B)	For Taxation matter	
(C)	For Company Law matters	
(D)	For management services	
(E)	For Other Service	
(F)	For reimbursement of expenses	
	<b>TOTAL</b>	<b>15,000</b>
		<b>15,000</b>
<b>NOTE NO. 15 MISCELLANEOUS EXPENDITURE</b>		
	(To the extent not written off or adjusted)	
	Preliminary & Pre-Operative Expenses	20,43,819
	Balance of Profit & Loss Account	-
	Less : Written off during year	4,80,350
		<b>15,63,469</b>
		<b>20,43,819</b>
<b>NOTE NO. 16 ANY ITEM MORE THAN RS.1 LAC OR 1% OF TOTAL REVENUE</b>		
(A)	Salaries and wages	2,60,000
(B)	taxes	
(C)	Depositary & Share Transfer Exp.	
(D)	Postage & Telephone & Internet Expenses	
	Other General Expenses	
	Listing Fees	
	Legal & Professional charges	
	Printing & Stationary	-
	Travelling Expense	-
	<b>TOTAL</b>	<b>2,60,000</b>
		<b>4,17,395.00</b>

**SAPAN CHEMICALS LIMITED**

<b>Cash Flow Statement for the Year ended on 31st March 2013</b>			
<b>PARTICULARS</b>		<b>2012-13</b>	<b>2011-12</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>			
Net Profit / (loss) before tax and ex.ordinary items		19594.28	-101818.29
<b>Adjustment for :</b>			
Depriciation		75438	75438
Pre. & Pre. Op. Exps. Written off		480350	480350
Less : Deferred taxation		0	0
Less : Prov. For Taxation		0	0
Sub Total		555788	555788
Operating Profit before working Capital Changes		575382.28	453969.71
<b>Adjustment For:</b>			
Trade and other receivables		-1118518	-2384999.5
Inventories		0	0
Loans & Advances		-972400	7698000
Liabilities & Porvisions		-2153800	9610000
Miscellaneous Expenses		0	0
Sub -Total		-4244718	14923000.5
<b>CASH GENERATION FROM OPERATION</b>		-3669336	15376970.21
Deferred taxation		0	0
Direct Taxes Paid		-6200	0
Sub - Total		-6200	0
<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>		-3675536	15376970.21
<b>BALANCE CARRIED FORWARD</b>	<b>(A)</b>	-3675536	15376970.21
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets		0	0
Sales of Fixed Assets		0	0
Purchase of Investment		4000000	-14158148.03
Sales of Investments		0	0
Interest Received		0	0
Dividend Received		0	0
Sub - Total		4000000	-14158148.03
<b>BALANCE CARRIED FORWARD</b>	<b>(B)</b>	324464	1218822.18
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
Proceeds from issue of share capital		0	0
Repayment of Finance & Lease Liabilities		0	0
Sub - Total		0	0
Net Increase (Decrease) in cash & cash equivalent	<b>(C)</b>	324464	1218822.18
Opening Cash & Cash equivalents		3167105	1948283
Closing Cash & Cash equivalents		3491570	3167105.15

<b>As per our report of even date attached</b>		<b>On or behalf of Board</b>	
<b>For Mehul &amp; Associates</b>		<b>For Sapan Chemicals Limited</b>	
<b>CHARTERED ACCOUNTANTS</b>			
Sd/-		Sd/-	Sd/-
<b>(Mehul Doshi)</b>		<b>Mahesh Shah</b>	<b>Jagdish Jani</b>
<b>Proprietor</b>		<b>(M.D)</b>	<b>(DIRECTOR)</b>
<b>M.ship No. 103311</b>			
<b>PLACE : MUMBAI</b>			
<b>DATE : 01-08-2013</b>			

**SCHEDULE -17****SIGNIFICANT ACCOUNTING POLICIES****[1] BASIS OF ACCOUNTING:**

The financial statement are prepared under historical cost convention on accrual method of accounting and are in accordance with the requirements of the Companies Act, 1956 except some of the government and statutory benefits, expenses like Provident Fund, Employee state Insurance, Professional Tax which are recorded on cash basis.

**[2] FIXED ASSETS:**

To state Fixed Assets at cost of acquisition inclusive of inward freight duties and taxes and incidental expenses related to acquisition. Expenditure incurred in purchase of Fixed Assets which are yet to be erected, installed and Commissioned along with other expenditure incurred are treated Capital Work-in-progress.

**[3] VALUATION OF INVENTORY:**

Stock of Raw Material have been valued at fixed cost, Stock of Work-in-Process have been valued at cost + estimated cost of production. Finished Goods have been valued at Selling Price + estimated profit; Stores & Spares has been valued at of cost.

**[4] DEPRICIATION:**

Depreciation has been provided on straight line method at the rate prescribed under the Schedule XIV of the Companies Act, 1956.

**[5] EXPENDITURE DURING CONSTRUCTION PERIOD:**

Expenditure during Construction period inclusive of depreciation on Assets used Construction Period and interest on loans net after deducting interest earned on temporary deposits has been allocated proportionately on the respective Fixed Assets.

**[6] CENTRAL EXCISE:**

The refund of excise in form of Modvat credit available on input of material as per excise law are deducted from the landed cost of the materials.

**[7] RECOGNITION OF INCOME AND EXPENDITURE:**

Revenues/Incomes and Costs/Expenditures are generally accounted as they are earned and incurred. However no provision has been made for Bonus and gratuity liability. The Company has the practice of accounting it at the time of making actual payment of the same.

**[8] FOREIGN CURRENCY TRANSECTIONS:**

Foreign Currency Transactions are accounted on the basis of Rate of Exchange charged by the Custom authority while preparing the Bills of lading.

**[9] EMPLOYEE BENEFITS:**

The liability towards provident Fund is not yet applicable to the Company.

**[10] CONTINGENT LIABILITY:**

Contingent Liability is provided on the basis demand made upon the Company.

**[11] INVESTMENTS :**

Investments are valued at the acquisition cost.

**[12] DEFERRED TAX:**

Deferred Tax is the Timing differences between taxable income & accounting income for a period that originated in one period and are capable of reversal in one or more subsequent period.

During the year under review there is no Deferred Tax liabilities but there is differed Tax Asset.

**[13] RELATED PARTY DISCLOSURES:**

There is no related party transactions as per Accounting Standard 18 as issued by ICAI.

**NOTES OF ACCOUNTS:**

- (1) In the Opinion of the Board of Directors, Current Assets, Loans and Advances are realisable.
- (2) No further information pursuant 4c and 4d of the part II of Schedule VI of the Companies Act, 1956 is given, as the same is not applicable to the company.
- (3) Balance in respect of debtors, bank, creditors, Loans and Advances including Banks are subject to reconciliation and Confirmation.
- (4) There is no contingent liability in the Company.
- (5) There is no employee drawing remuneration exceeding 12,00,000/- per annum or 1,00,000/- per month as the case may be.
- (6) The company has not made any payment to any related party as required by AS-18 of ICAI.
- (7) The Company has not made any provision relating to the AS-15, Retirement Benefits. They shall be dealt on cash basis.
- (8) The provision of Income Tax has been made considering current profit and any shortfall of earlier years.





**AUDITORS' CERTIFICATE**

To,

The Board of Directors  
**SAPAN CHEMICALS LTD.,**  
**BARODA**

We have examined the attached Cash Flow Statement of **M/S. SAPAN CHEMICALS LTD.** for the year ended on 31-3-2013 The Statement has been prepared by the Company in accordance with the requirement of Listing Agreement Clause 32 with Mumbai Stock Exchange limited and is based on in agreement with corresponding Profit & Loss Account and Balance Sheet of the Company for 2012-13.

**Place :MUMBAI**  
**Date : 01/08/2013**

**Mehul & Associates.**  
**Chartered Accountants**  
Sd/  
**(Mehul Doshi)**  
**Proprietor**  
**M.No.103311**

**SAPAN CHEMICALS LIMITED****(i) Regd. Office:** 206, Shivam Flats, Nr. Ayappa Temple, Gotri Road, Vadodara, 390021.**PROXY FORM**

I/We \_\_\_\_\_  
 Of \_\_\_\_\_ Be  
 ing a member/members of above named Company hereby appoint of  
 \_\_\_\_\_ or failing him / her  
 of \_\_\_\_\_  
 as may / our proxy to attend and vote on my / our behalf at Annual General Meeting of the  
 Company to be held on 06TH Sept. 2013 or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Affix Rupee One Revenue Stamp  Here
--

Note : This instrument of proxy shall be deposited at the Registered Office of the Company.

**SAPAN CHEMICALS LIMITED****(i) Regd. Office:** 206, Shivam Flats, Nr. Ayappa Temple, Gotri Road, Vadodara, 390021.**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDENCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

1. Name of the attending Member \_\_\_\_\_
2. Member's Folio Number \_\_\_\_\_
3. Name of the Proxy (In Block Letters) \_\_\_\_\_  
 (To be filled in if the Proxy attends instead of the Member)  
 (No. of Shares held: \_\_\_\_\_).

**(i)** I hereby record my presence at the Annual General Meeting at the registered Office 206, Shivam Flats, Nr. Ayappa Temple, Gotri Road, Vadodara, 390021. on 06TH Sept. 2013 or at any adjournment thereof.

Member's / Proxy Signature