



***SAPAN CHEMICALS LIMITED***  
***19<sup>TH</sup> ANNUAL REPORT***  
**2013 - 2014**



**BOARD OF DIRECTORS**

MANAGING DIRECTOR & CHAIRMAN : Mr. Mahesh Ramanlal Shah  
DIRECTOR : Mr. Janak B Raja  
IND. DIRECTOR : Smt. Kalpana Hemant Shah

**AUDITORS** : Mukesh M Chokshi & Co  
Mumbai

**BANKERS** : AXIS BANK  
HDFC 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** : 29-09-2014 at 11:00 AM

**BOOK CLOSURE** : 25-09-2014 to 29-09-2014

**NOTICE**

NOTICE is hereby given that 19<sup>TH</sup> Annual General Meeting of the members of **SAPAN CHEMICALS LIMITED** will be held on Tuesday, 30<sup>th</sup> Sept. 2014 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, 2014 and Profit and Loss Accounts for the year ended on 31<sup>st</sup> March, 2014 and Directors' and Auditors' Report thereon.
02. To appoint a Director in place of Mr. Janak Bhogilal Raja, Director who retires by rotation at this Annual General Meeting and being eligible offers himself for the re-appointment.
03. To re-appoint Auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the next AGM and to fix their remuneration, and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendations of the Audit Committee, M/s. Mukesh M Chokshi & Co., Chartered Accountants of Mumbai (Mem. 31751), be and are hereby appointed as the Auditors of the Company in place of retiring auditors; to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next AGM on such remuneration as may be mutually agreed upon between the auditors and Chairman of the Company and in addition the said auditors be entitled to out of pocket, traveling and living expenses to be incurred in connection with audit work of the Company."

**SPECIAL BUSINESS**

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Kalpana H Shah (Din : 06951880), and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (three) consecutive years for a term up to March 31, 2019, not liable to retire by rotation."

## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Proxies should be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
3. A person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other shareholder.
4. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Members desirous of getting any information about the accounts and operations of the company are requested to send their query addressed to the Compliance Officer at the Registered Office at least 7 days before the date of the meeting to enable the Management to keep the information readily available at the meeting.
6. As per the requirement of the clause 54 of the Listing Agreement the Company is updating information on its website [sapanchem.com](http://sapanchem.com) . This portal contains along with business information, quarterly unaudited results, Annual Report containing Notice, Directors Report, Auditors Report, Balance sheet and Profit & Loss Account, quarterly shareholding pattern, contact detail of the Compliance Officer for communicating investor grievances.
7. Member are requested to :
  - a) Notify immediately any change in their residential address.
  - b) Quote the Registered Folio Number in every correspondence with the Company.
  - c) Bring their copies of the Annual Reports along with the duly filled in attendance slip at the meeting.
6. The Register of Members and share transfer books of the Company will remain closed from 25/09/2014 TO 29/09/2014 (both days inclusive) for the purpose of the Annual General Meeting.
8. As per the Circular of the Ministry of Corporate Affairs of "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21-04-2011 and Circular No. 18/2011 dated 29/04/2011) allowing paperless compliances by Companies through electronic mode, companies are now permitted to send various notices/ documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. Members are requested to register their email id with the Company.
9. The Company has appointed M/s. Purva Sharegistry (India) Pvt.Ltd., MUMBAI as its Registrar and Share Transfer Agent for rendering the entire range of services to the Shareholders of the Company. Accordingly, all documents related to transfers, demat requests, change of address intimations and other communications in relation thereto with respect to shares in electronic and physical form should be addressed to the Registrars directly at their following address quoting folio no., full name and name of the Company as Unit: : SAPAN CHEMICALS LTD.,

Purva Sharegistry (India) Pvt.Ltd  
9, Shivshakti Ind. Estate, J.R.Boricha Marg,  
Opp. Kasturba Hospital, Lower Parel(E),  
Mumbai-400011

Phone : 022 –23010771, 23016761  
Email : busicomp@vsnl.com

10. **Voting through electronic means**

The Company is pleased to provide e-Voting facility to enable the Members to cast their votes electronically, in compliance with the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014. Necessary arrangements have been made by the Company with NSDL to facilitate e-Voting. The instructions and manner for availing e-Voting facility are as under.

**The instructions for members for voting electronically are as under:-**

- A. In case a member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the company/depositories):
- (i) Open the e-mail and also open PDF file with your client ID or Folio No. As password. The said PDF file contains your user ID and password for e-voting. Please note that the password is in initial password.
  - (ii) Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>
  - (iii) Click on Shareholder – Login.
  - (iv) If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
  - (v) If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
  - (vi) The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
  - (vii) Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
  - (viii) Select “EVEN” (E-Voting Event Number) of Sapan Chemicals Limited. Now you are ready for e-voting as Cast Vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
  - (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
  - (xi) Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter etc., together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e-mail to [cachinmaymehta@gmail.com](mailto:cachinmaymehta@gmail.com), with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

(xiii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) – Shareholders and e-voting user manual – Shareholders, available at the downloads section of [www.evoting.nsdl.co.in](http://www.evoting.nsdl.co.in)

B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depositories):

- I. Initial password is provided in the enclosed ballot form: EVEN (E-Voting Event Number), user ID and password.
- II. Please follow all steps from Sl. No. (2) to Sl. No. (13) above, to cast vote.

**Please note that:**

1. The voting period begins on 25/09/2014 at 11.00 A.M. and ends on 26/09/2014 at 5.00 PM. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date which is 22/08/2014, may cast their vote electronically. The voting rights of shareholders shall be in proportion to their shares in the paid-up equity share capital of the Company as on this cut-off date. The e-voting module shall be disabled by NSDL for voting after 05.00 P.M. ON 26/09/2014.
2. Mr.Chinmay Mehta, Chartered Accountant ( FRN – 133653W) , having his office at B-40, Dhanlaxmi Complex, Opp. Maangalya Hall, Harni Main Road, Vadodara(Guj.)-390022, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
3. The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in employment of the Company and forward his report of the votes cast in favour or against, to the Chairman or to any Director or Officer who may be authorized by the Chairman for this purpose.
4. The Results shall be declared on or after the Annual General Meeting (AGM). The Results declared along with the Scrutinizer's Report shall be placed on the Company's website and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.

Place : VADODARA  
Dated : 01/09/2014

By the Order of the Board of Directors

Sd/-

**MAHESH R SHAH**  
**Chairman**

**EXPLANATORY STATEMENT**

[Pursuant to Section 102 of the Companies Act, 2013]

**ITEM NO. 4**

Kalpana H Shah was appointed by the Board of director of the Company as an Additional Director of the Company w.e.f. 20/08/2014 pursuant to the relevant provisions of the Companies Act, 2013 and under the Articles of the Article of Association of the company and she holds such office only upto the date of this Annual General Meeting.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent directors by a listed company.

It is proposed to appoint her as Independent Director under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to 5 (five) consecutive years for a term up to March 31, 2019.

The Company has received notices in writing from members alongwith the deposit of requisite amount under Section 160 of the Act proposing his candidature for the office of Director of the Company.

The Company has also received declarations from appointee that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, appointee fulfills the conditions for appointment as Independent Director as specified in the Act and the Listing Agreement.

Brief resume of appointee , nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the draft letter for appointment as Independent Director setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The appointee is interested in the resolution set out at Item Nos. 4 of the Notice with regard to his appointment.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board commends the Ordinary Resolutions set out at Item Nos. 4 of the Notice for approval by the shareholders.

Place : VADODARA  
Dated : 01/09/2014

By the Order of the Board of Directors  
Sd/-  
**MAHESH R SHAH**  
**Chairman**

**DIRECTORS' REPORT**

To,  
The Members,

Your Directors have pleasure in presenting the 19<sup>TH</sup> Annual Report together with audited statement of accounts of the Company for the year ended on 31<sup>st</sup> March 2014.

**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>2013-14 (RS.)</b>	<b>2012-13 (RS.)</b>
Total Income	1107857	993240
Profit before Tax	51847	19594
Provision for Taxation	nil	6200
Net Profit / Loss	51847	13394

**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 Board of Directors of the company have appointed M/s Mukesh Choksy & Co., Chartered Accountants, Mumbai to be the auditors of the company for the audit of F.Y. 2014-2015 subject to the consent of the shareholders in AGM.

**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. 177 of the Company Act, 2013 and Corporate Governance as stated in Clause 49 of the Listing Agreement.

**11. DIRECTORS:**

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

During the year, Jangdish Jani resigned in his place Kalpana H Shah has been inducted in the Board of Directors of the Company and as per provisions of the Co.Act,2013, She has been appointed as an Ind. Director for 5 years.

**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 : 01/09/2014**

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

**Sd/-**  
**MAHESH R SHAH**  
**CHAIRMAN**

**Annexure – A to the Directors’ Report for the year ended 31<sup>st</sup> March, 2014****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 2013-14.

SR.NO	CATEGORY	NAME OF THE DIRECTORS
I.	Executive Chairman & M.D.	MAHESH R SHAH
II.	Director	JANAK B RAJA
III.	Non-Exe. Independent Director	KALPANA HEMANT SHAH

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

During the year under review, Six Board Meetings were held.. 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	
MAHESH R SHAH	Chairman & M.D.	6	Yes	4	3	-
JANAK B RAJA	Director	6	Yes	-	3	-
KALPANA H SHAH	Ind. Director	-	No	4	3	3

**3. Audit Committee:**

The Board reconstituted an Audit Committee as per the provisions of section 177 of the Co.Act,2013 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	KALPANA H SHAH	Ind. Non-Exe. Dir.- CHAIRMAN OF AUDIT COMMITTEE	5	-
3	JANAK B RAJA	MEMBER	5	5

**Terms of Reference u/s 177 of the Co.Act,2013 :-**

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. NOMINATION AND REMUNERATION COMMITTEE**

The company had constituted a Remuneration Committee to decide and fix payment of remuneration and sitting fees to the Directors of the Company earlier but as per new provisions u/s 178 of the Co.Act,2013, the said committee has been reconstituted w.e.f. 01.04.2014 consisting of Kalpana H Shah as Chairman and Mahesh Shah and Janak B Raja are the members of the said committee. This committee will look after the functions as enumerated u/s 178 of the new Act.

## 5. STAKEHOLDERS RELATIONSHIP COMMITTEE

### Composition:-

The said committee comprises of Kalpana H Shah as Chariman and Mahesh Shah and Janak B Raja are the members 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.

The functions and powers of the said committee include approval / rejection of transfer / transmission and rematerialisation of equity shares, issue of duplicate certificates and supervising of the operations of the registrar and transfer agents and also maintaining investor relations and review and redressal of shareholders / investor's grievances.

During the year 2013-14, the committee met 4 times.

In accordance with Clause 49(VI)(D) of the Listing Agreement with Stock Exchanges, the Board has Authorised Mr. Managing director to approve share transfer / transmissions and comply with other formalities in relation thereto. Mr. Mahesh R Shah has also been appointed as Compliance Officer of the Company.

There is no pending investor Complaints as on 31.03.2014.

There were no pending transfers as on 31<sup>st</sup> March 2014.

## 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
2010-11	30-9-2011	11.00 a.m.	AT THE REGD. OFFICE
2011-12	28-9-2012	11.00 a.m.	AT THE REGD. OFFICE
2012-13	30-9-2013	11.00 a.m.	AT THE REGD. OFFICE

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

## 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** 29<sup>TH</sup> Sept., 2014 at 11.00 a.m. the Registered Office of the Company at 206, Shivam Flats, Nr. Ayappa Temple, Gotri Road, Vadodara, 390021.

(ii) **Financial Calendar (tentative)**

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:** 25-09-2014 to 29-09-2014

[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 2014 to March 2014 to all the three Stock Exchanges listed above.

(vi) **Market Price data**  
During the financial year ended on 31-03-2014, the Equity Shares were traded at Mumbai Stock Exchange from the month of April, 2013 to March, 2014 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 31-03-2014 :**

Category	No. of Shares	%
Promoters /	1000	0.01
Public	5767472	72.10
NRIs / OCBs	1000	0.01
Bodies Corporate	2230528	27.88
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, 2014, 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 2014.

**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 : 01/09/2014

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

Sd/-  
**MAHESH R SHAH  
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 31-3-2014 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.

**Mukesh M Chokshi & Co.**  
**Chartered Accountants**

**Date : 01/09/2014**  
**Place :MUMBAI**

**Sd/-**  
**(Mukesh CHokshi)**  
**Proprietor**  
**M.No.31751**



**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, 2014 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, 2014, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2014 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, 2014;
  - 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 : 01/09/2014**

**Mukesh M Chokshi & Co.**  
**Chartered Accountants**  
**Sd/**  
**(Mukesh Chokshi)**  
**Proprietor**  
**M. No.31751**

**ANNUEURE TO THE AUDITRORS REPORT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2014**

- (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, 2014 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 31-03-2014.
- (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 : 01/09/2014

**Mukesh M Chokshi & Co.**  
**Chartered Accountants**  
**Sd/**  
**(Mukesh Chokshi)**  
**Proprietor**  
**M. No.31751**

**Balance Sheet as at 31st March, 2014**

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>8,01,09,906</b>	<b>8,00,58,060</b>
(a) Share Capital	1	8,00,00,000	8,00,00,000
(b) Reserves and Surplus	2	1,09,906	58,060
(c) Money received against share warrants			
<b>(2) Share application money pending allotment</b>		<b>-</b>	<b>-</b>
<b>(3) Non-Current Liabilities</b>		<b>-</b>	<b>-</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>2,77,09,266</b>	<b>2,64,36,784</b>
(a) Short-term borrowings		-	-
(b) Trade payables	3	1,27,07,482	1,14,35,000
(c) Other current liabilities	4	1,49,71,447	1,49,71,447
(d) Short-term provisions	5	30,337	30,337
<b>Total</b>		<b>10,78,19,173</b>	<b>10,64,94,844</b>
<b>II.Assets</b>			
<b>(1) Non-current assets</b>		<b>9,32,23,872</b>	<b>9,36,31,384</b>
(a) <i>Fixed assets</i>			
(i) Tangible assets	6	4,48,362	4,95,524
(ii) Intangible assets			
(iii) Capital work-in-progress			
(iv) Intangible assets under development			
(b) Non-current investments	8	7,89,33,148	7,92,83,148
(c) Deferred tax assets (net)	7	49,718	49,718
(d) Long term loans and advances	7	1,27,09,525	1,22,39,525
(e) Miscellaneous Expenditure	15	10,83,119	15,63,469
<b>(2) Current assets</b>		<b>1,45,95,301</b>	<b>1,28,63,460</b>
(a) Current investments			
(b) Inventories			
(c) Trade receivables	9	1,00,49,373	93,71,890
(d) Cash and cash equivalents	10	45,45,928	34,91,570
(e) Short-term loans and advances			
(f) Other current assets			
<b>Total</b>		<b>10,78,19,173</b>	<b>10,64,94,844</b>
<b>As per our report of even date attached</b>			
<b>For Mukesh M Chokshi &amp; Co</b>		<b>On or behalf of Board</b>	
<b>CHARTERED ACCOUNTANTS</b>		<b>For SAPAN CHEMICALS LTD.</b>	
Sd/-		Sd/-	Sd/-
(Mukesh Chokshi)		Mahesh Shah	Janak Raja
Proprietor		(M.D)	(DIRECTOR)
M.ship No. 31751			
PLACE : MUMBAI			
DATE : 01-09-2014			

**Profit and Loss statement for the year ended 31st March, 2014**

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>	11,07,857	993240
<b>III. Total Revenue (I +II)</b>		11,07,857	9,93,240
<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>	3,21,000	2,60,000
Financial costs			
Depreciation and amortization expense	<b>6</b>	47,162	75,438
Other expenses	<b>13</b>	2,07,498	1,57,858
Preliminary Expenses written off	<b>15</b>	4,80,350	4,80,350
<b>Total Expenses</b>		10,56,010	9,73,646
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		51,847	19,594
<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>		51,847	19,594
<b>X. Tax expense:</b>			
(1) Current tax			6,200.00
(2) Deferred tax			
<b>XI. Profit(Loss) from the period from continuing operations</b>		51,847	13,394
<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>		51,847	13,394
<b>XVI. Earning per equity share:</b>			
(1) Basic			
(2) Diluted			

As per our report of even date attached

For Mukesh M Chokshi & Co  
CHARTERED ACCOUNTANTS

Sd/-  
(Mukesh Chokshi)  
Proprietor  
M.ship No. 31751  
PLACE : MUMBAI  
DATE : 01-09-2014

On or behalf of Board  
For SAPAN CHEMICALS LTD.

Sd/-  
Mahesh Shah      Janak Raja  
(M.D)                      (DIRECTOR)

NOTES TO ACCOUNTS

PARTICULARS	AMOUNT CURRENT PERIOD	AMOUNT PRIVIOUS PERIOD
<b>NOTE NO.1 SHARE CAPITAL</b>		
A) <b>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>
C) <b>SHARES HELD MORE THAN 5%</b> Name and number of shares Gainda Mal Chiranji Lal Ltd 400000/- shares Viral V Mevadia 430000/- shares Dadimaa Capital Cornhill Trading Company Pvt Ltd		
D) <b>ISSUE OF FULLY PAID SHARES FOR OTHER THAN CASH</b> (for last 5 years)		
<b>NOTE NO. 2 RESERVES AND SURPLUS</b>		
H) <u>Surplus - Profit/(Loss)</u>	51,847	13,394
Add:	58,060	44,666
Less:		
<b>TOTAL</b>	<b>1,09,906</b>	<b>58,060</b>
<b>NOTE NO.3 OTHER LONG TERM LIABILITIES</b>		
(A) Trade payables	1,27,07,482	1,14,35,000.00
(B) Others		
<b>TOTAL</b>	<b>1,27,07,482</b>	<b>1,14,35,000.00</b>
<b>NOTE NO.4 OTHER CURRENT LIABILITIES</b>		
Current maturities of long term debt.		
Other Liabilities	1,49,71,447	1,49,71,447
Other payables		
<b>TOTAL</b>	<b>1,49,71,447</b>	<b>1,49,71,447</b>
<b>NOTE NO. 5 SHORT TERM PROVISIONS</b>		
(A) Provisions for taxation	<b>7,837</b>	<b>7,837</b>
(B) Others	<b>22,500</b>	<b>22,500</b>
<b>TOTAL</b>	<b>30,337</b>	<b>30,337</b>

<b>NOTE NO. 6 FIXED ASSETS</b>		
<b>(A) TANGIBLE ASSETS</b>		
(A) OFFICE BUILDING		
Opening balance	4,37,845	4,53,589
add Addition/ Deletion	-	-
less Depreciation	15,744	15,744
	<b>4,22,101</b>	<b>4,37,845</b>
OFFICE EQUIPMENT		
Opening balance	36,236	46,211
add Addition/ Deletion	9,975	9,975
less Depreciation	26,261	36,236

	Furniture & Fixture		
	Opening balance	21,443	71,162
<b>add</b>	Addition/ Deletion	-	-
<b>less</b>	Depreciation	21,443	49,719
		-	<b>21,443</b>
		<b>4,48,362</b>	<b>4,95,524</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	1,27,09,525	1,22,39,525
(E)	<b>TDS</b> (Secured, considered good, unsecured, considered good, Doubtful) (Due by directors or Officers)	49,718	49,718
	<b>TOTAL</b>	<b>1,27,59,243</b>	<b>1,22,89,243</b>

**NOTE NO. 8 CURRENT INVESTMENTS**

(A)	Investments in Equity Instruments	-	-
(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).	7,89,33,148	7,92,83,148
	<b>TOTAL</b>	<b>7,89,33,148</b>	<b>7,92,83,148</b>

**NOTE NO. 9 TRADE RECEIVABLES**

(A)	Outstanding more than 6 months		
(B)	<u>Classification</u> Secured, considered good Unsecured, considered good Doubtful	1,00,49,373	93,71,890
	(Due by directors or Officers)		
	<b>TOTAL</b>	<b>1,00,49,373</b>	<b>93,71,890</b>

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

(A)	Balance with banks	25,44,022	2,747
(B)	Cheques, drafts on hand		
(C)	Cash on hand	20,01,907	34,88,823
(D)	Others		
	(Banks deposits with more than 12 months)		
	<b>TOTAL</b>	<b>45,45,928</b>	<b>34,91,570</b>

**NOTE NO. 11 OTHER INCOME**

(A)	Interest Income	2,66,000	4,90,000
(B)	Commission		2,00,000
(C)	Net gain/loss on sale of Investment		
(D)	Other non operating Income	84,18,57	3,03,240
<b>Less:</b>	Expenses directly attributed to above income		
	<b>TOTAL</b>	<b>11,07,857</b>	<b>9,93,240</b>

**NOTE NO. 12 EMPLOYEES BENEFIT EXPENSES**

(A)	Salaries and wages	3,21,000	2,60,000
(B)	Contribution to provident and other funds		
(C)	Expenses on ESOP		
(D)	Staff welfare expenses		

<b>TOTAL</b>		<b>3,21,000</b>	<b>2,60,000</b>
<b>NOTE NO. 13 OTHER EXPENSES</b>			
(A)	demat chrges	10,112	
(B)	legal & professional charges	29,000	
(C)	printing & stationary	9,558	8,950
	Depository & Share Transfer Exp.	17,529	16,854
	Postage & Telephone & Internet Expenses	15,669	20,754
	Travelling Exp.	6,587	4,522
	Bank Charges	20,289	8,910
	Advt Exp	11,225	9,580
	Computer Exp	8,500	7,890
	Other General Expenses	14,779	15,460
	Electricity Expenses	20,596	21,848
	Listing Fees	28,654	28,090
<b>TOTAL</b>		<b>1,92,498</b>	<b>1,42,858</b>
<b>NOTE NO. 14 PAYMENT TO AUDITOR</b>			
(A)	As Auditor	15,000	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	15,63,469	20,43,819
	Balance of Profit & Loss Account	-	-
	Less : Written off during year	4,80,350	4,80,350
		<b>10,83,119</b>	<b>15,63,469</b>
<b>NOTE NO. 16 ANY ITEM MORE THAN RS.1 LAC OR 1% OF TOTAL REVENUE</b>			
(A)	Salaries and wages	3,21,000	2,60,000
<b>TOTAL</b>		<b>3,21,000</b>	<b>2,60,000.00</b>



**SAPAN CHEMICALS LIMITED**

<b>Cash Flow Statement for the Year ended on 31st March 2014</b>			
<b>PARTICULARS</b>		<b>2013-14</b>	<b>2012-13</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>			
Net Profit / (loss) before tax and ex.ordinary items		51846.5	19594.28
<b>Adjustment for :</b>			
Depriciation		47162	75438
Pre. & Pre. Op. Exps. Written off		480350	480350
Less : Deferred taxation		0	0
Less : Prov. For Taxation		0	0
Sub Total		527512	555788
Operating Profit before working Capital Changes		579358.5	575382.28
<b>Adjustment For:</b>			
Trade and other receivables		-677482.5	-1118518
Inventories		0	0
Loans & Advances		-470000	-972400
Liabilities & Porvisions		1272482	-2153800
Miscellaneous Expenses		0	0
Sub -Total		124999.5	-4244718
CASH GENERATION FROM OPERATION		704358	-3669335.72
Deferred taxation		0	0
Direct Taxes Paid			-6200
Sub - Total		0	-6200
<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>		704358	-3675535.72
<b>BALANCE CARRIED FORWARD</b>	(A)	704358	-3675535.72
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets		0	0
Sales of Fixed Assets		0	0
Purchase of Investment		350000	3999999.97
Sales of Investments		0	0
Interest Received		0	0
Dividend Received		0	0
Sub - Total		350000	3999999.97
<b>BALANCE CARRIED FORWARD</b>	(B)	1054358	324464.25
<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	(C)	1054358	324464.25
Opening Cash & Cash equivalents		3491570	3167105.15
Closing Cash & Cash equivalents		4545928	3491569.75

<b>As per our report of even date attached</b>		<b>On or behalf of Board</b>	
<b>For Mukesh M Chokshi &amp; Co</b>		<b>For SAPAN CHEMICALS LTD.</b>	
<b>CHARTERED ACCOUNTANTS</b>		<b>Sd/-</b>	
Sd/-		Sd/-	Sd/-
<b>(Mukesh Chokshi)</b>		<b>Mahesh Shah</b>	<b>Janak Raja</b>
<b>Proprietor</b>		<b>(M.D)</b>	<b>(DIRECTOR)</b>
<b>M.ship No. 31751</b>			
<b>PLACE : MUMBAI</b>			
<b>DATE : 01-09-2014</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.

- (9) Previous year's figures have been regrouped/rearranged wherever necessary so as to confirm to the balances of the current year.
- (10) Payments to Auditors is as under :-
- |                         |           |
|-------------------------|-----------|
| As Statutory Audit fee  | Rs.15,000 |
| As Tax Audit/Income Tax | Rs. NIL   |
| As Other Matter         | Rs. NIL   |
- (12) Earning per share is calculated by dividing profit by no. of shares.
- During the year the company shares were consolidated into shares of Rs.10 each from shares of Rs.1/- each. The EPS will be derived on the basis of new capital structure.
- (13) There is no Additional information pursuant to para (3) & (4) of part II of Schedule VI of the Companies Act, 1956.
- (14) The Company has not provided for impairment of assets as the company has discarded old assets and purchased new assets. The construction part is not yet completed, hence taken in to Capital-work-in-progress.

As per our attached Report of even date  
**For Mukesh M Chokshi & Co.**  
 Chartered Accountants

**Sd/-**  
**Mukesh Chokshi**  
**Raja**  
 Proprietor  
 M. Ship No. 31751

Place : Mumbai  
 Date : 01/09/2014

For and on behalf of the Board  
**For Sapan Chemicals Limited**

**Sd/-**                      **Sd/-**  
**Mahesh R. Shah**      **Janak B.**  
 M.D.                              Director

**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 31-3-2014 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 2013-14.

**Place :MUMBAI**  
**Date : 01/09/2014**

**Mukesh M CHokshi & Co.**  
**Chartered Accountants**  
**Sd/**  
**(Mukesh CHokshi)**  
**Proprietor**  
**M.No.31751**

**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 29TH Sept. 2014 or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

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 29TH Sept. 2014 or at any adjournment thereof.

Member's / Proxy Signature